Once upon a time, the world was spiky. Opportunities were unequal across countries, information was often walled and new economies were unheard of. But around the mid 1990s, things started changing. Wealth began to spread, opening up fresh markets. A baby-boomer generation aged in developed countries while a Gen-Y exploded in emerging ones, rebalancing the workforce and propelling new economies. Technology became ubiquitous, connecting people and information. Together, these disruptive forces rearranged and leveled the global business-scape. Braving the waves of complex regulations and changing customer expectations, a new breed of entrepreneurs arrived to claim the unexplored land. They found a flat world.

We live in exciting times.

Winning in the Flat World

Nandan M. Nilekani, *CEO and Managing Director*, Infosys Technologies Ltd., in conversation with Brianna Yvonne Dieter, *Executive – Academic Relations*, Infosys Technologies Ltd.

Recently you have been talking about the world becoming flat. Could you elaborate further?

We believe that four major trends are changing the business landscape. They are:

- The emergence of developing economies creating new markets and accessible talent pools,
- A global shift in demographics, driving companies to tap young and skilled talent pools outside of industrialized countries,
- The ongoing adoption of technology which is changing how consumers and companies use technology, and
- The new regulatory environment which is driving greater accountability and transparency.

Together, these disruptive forces are leveling the business playing field, in other words, making it "flatter". In order to succeed in the flattening business world, companies must not just become global, they must re-assess everything they do and shift their operational priorities.

What are these shifts in operational priorities?

In order for companies to win in the flattening world, they must embrace four shifts:

Fuel growth by becoming a globally efficient cost-competitive producer: Instead of fearing competition from low-cost competitors, companies should beat them by making their operations more cost-competitive and globally efficient.

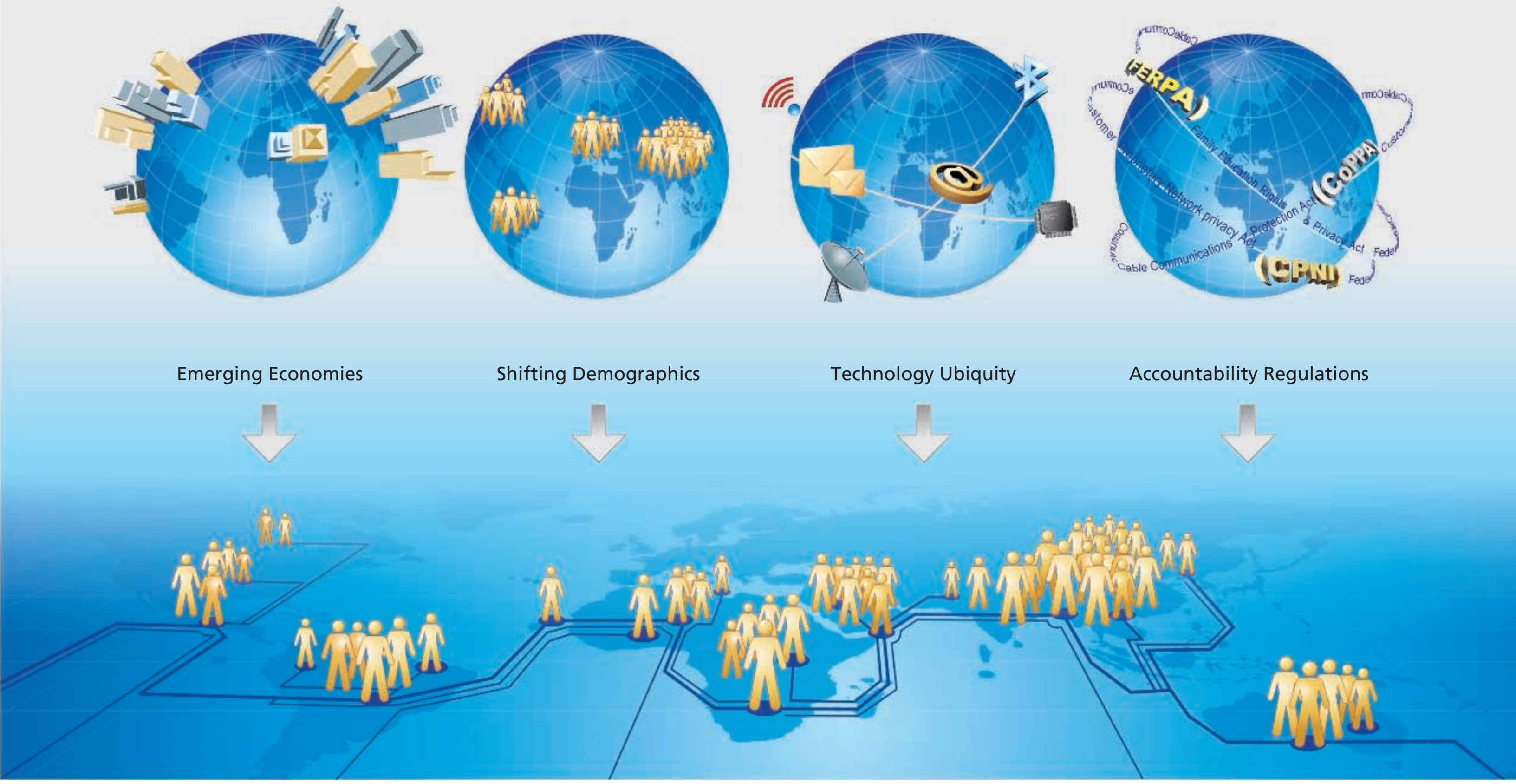
Create customer loyalty through faster innovation: Customers stay with companies which have the most innovative and useful products and services. Therefore, companies must be able to innovate rapidly to offer products and services that customers value. In many cases, this may require co-creating these offerings with customers or partners.

Make money from information: Despite years of investment in systems, few companies are truly able to leverage information to improve their operational or financial performance. By leveraging advanced analytical tools and global talent, companies should focus on making money from information already available to them internally, through partners and on the web.

Win in the turns: Most companies do well in a good market; it's in the downturns that companies should plan to overtake their competition. They should make their costs variable and build capability to respond fast to business cycles.

Why is this important? And, why now?

Today, companies are losing leadership positions at almost double the rate than 25 years ago. Globalization and technology ubiquity have led to high customer expectations, super-efficient competitors and sophisticated operational capabilities. While many companies acknowledge the challenges, few are looking at the new opportunities



such as building globally efficient operations, accessing global talent or leveraging the abundance of information. This is the right time for companies to shift their operational priorities instead of allowing their competition to get a head start.

Why is Infosys best positioned to help clients in this journey?

In many ways, we ourselves are a flat world company. The operational principles that we have been espousing since day one – global delivery model, global sourcing, and efficient use of technology – are key components of becoming a successful flat world company. Over the last 25 years, we have developed a business model and the capabilities that have challenged industry leaders. We understand what it takes to win in the flat world.

We are now tapping our experience of operating successfully in a flattening world to help our clients succeed. In addition, we are aligning our resources, offerings and intellectual property to help our clients win in the flat world through the four shifts. In other words, we have been gearing up to help clients define their end goal, create a roadmap to get there and also implement the changes required.

In what ways is Infosys a flat world company?

Our operational principles embody the same operational priorities that are required for winning in the flat world.

We have one of the lowest SG&A expenses in the industry because of our relentless focus on employing talent where best available.

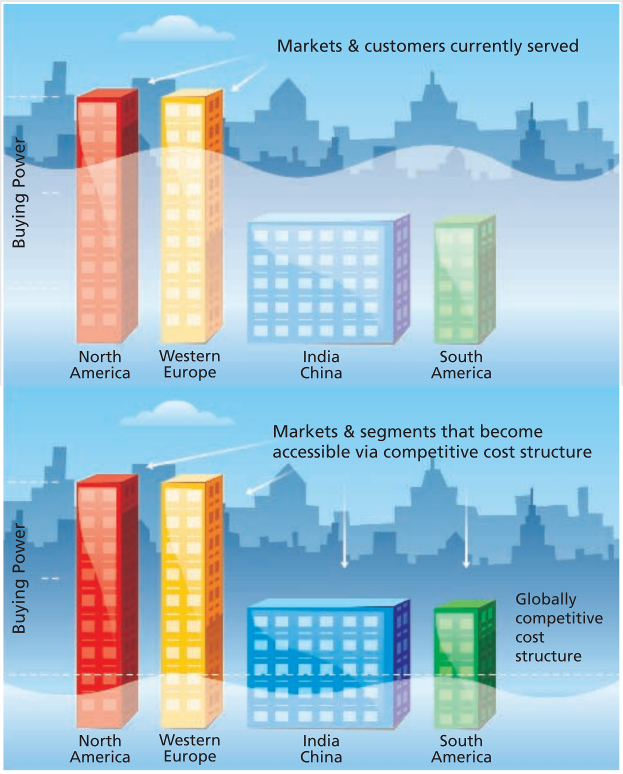
We have delivered on innovation – over 43% of our revenue comes from services that we introduced within the last five years. Our latest co-creation offering from our Software Engineering and Technology Labs (SETLabs) allows us to create technology of value to clients. We are extremely disciplined in forecasting, projecting, and measuring everything we do. It is the reason we are able to achieve financial closure within 15 days after quarter-end. We have created a disruptive business model that allows us to deliver superior performance to our clients and our investors.

What would a flat world company of the future look like?

A flat world company produces where it is most cost effective, sells where it is most profitable, uses information to its full capacity, collaborates to innovate faster and is well prepared for business cycles.

A flat world company has zero touch processes, is information-centric, achieves very low time-to-market, practices boundary-less behavior, and offers highly personalized services to its customers. It treats the whole world as a network of resources, and finds ways to reallocate work among them in the most optimal fashion. It manages operations using information on a real time basis, monitoring everything globally.

The result is a leaner, flatter and more adaptable enterprise, geared to work smarter.



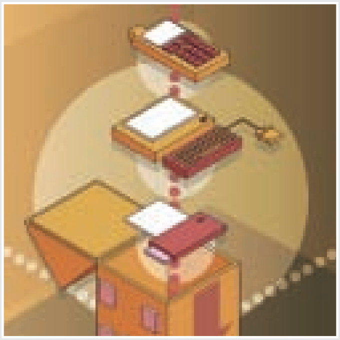
Fuel for Growth

How do you remain profitable, even if your average transaction size becomes $1/10^{th}$ of what it is today?

Businesses today must dramatically overhaul their cost structures, and then use the savings to invest in new products, customers and geographies. This means having the most competitive cost structure, along with the ability to develop new and differentiated offerings for emerging markets. Making this work requires proactive actions suchas creating technology-driven global collaboration platforms, developing management structures and the capability to work efficiently across borders, developing global sourcing as a functional capability within the organization, and continuous re-evaluation of best cost locations and vendors.

To fuel growth, companies should create the most cost-efficient global operations, leveraging global talent and technology.

Fuelling growth requires freeing up capital from operations by restructuring costs globally. Processes are redesigned and automated for efficient operations.



Material is sourced where most cost effective.

Talent is employed where best available.

The result? New products, varied offerings and new customers.

Leading Indian bank leverages technology to shrink operational costs

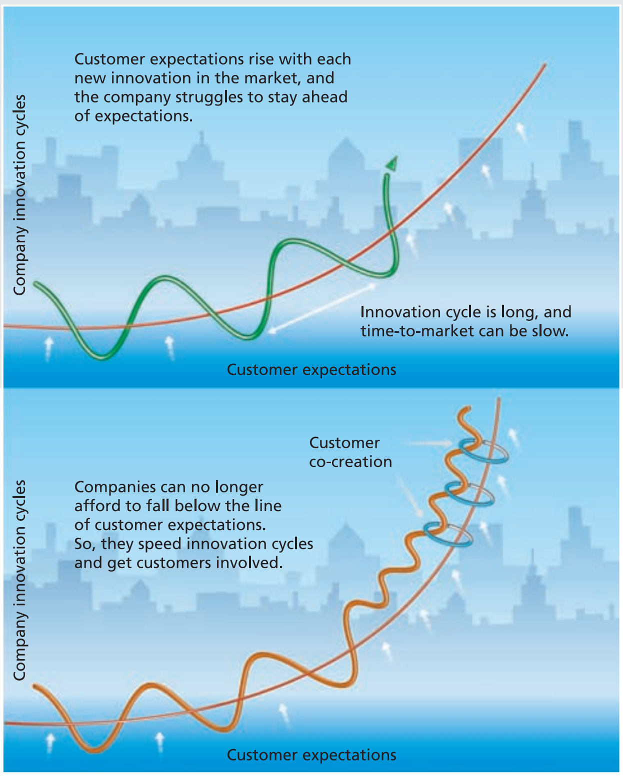
In emerging countries, banks have to operate profitably at transaction costs and sizes that would be considered unviable in developed countries. A leading Indian retail bank decided that the crux of its strategy would be highly efficient operations with a high reliance on a contemporary and robust technology platform. The bank identified Infosys as its technology partner and selected Finacle®, our universal banking solution, as its core banking and e-banking platform. Through efficient use of technology, the bank has successfully moved over 70% of its routine banking transactions from its branches to other delivery channels. This has enabled the bank to aggressively use its branch network as customer acquisition units. Today, it is one of India's largest banks and, on an average, adds up to 3,00,000 customers in a single month – among the highest in the world.

Networking OEM launches global dial plan

A global networking Original Equipment Manufacturer (OEM) was looking for a cost-effective VoIP solution that would work in multiple markets, despite the differences in call routing and regulations across countries. Infosys conceived, developed and tested an international "dial plan" application. The client has now applied for a patent for the application.

Hi-tech OEM accelerates order cycle and cuts costs by 50%

Traditional approaches to order management required a trade-off between customer experience and operational costs. Infosys provided the customer a comprehensive solution that improved effectiveness and lowered costs. Average productivity increased by 10-15% across multiple processes with continuous improvement through root cause analysis of problem areas. The order cycle was reduced by 25%, releasing up to US $30 million in working capital and annual business process costs were reduced by 50%.



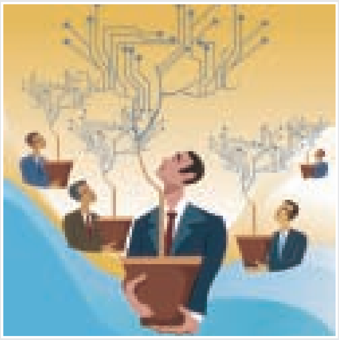
Faster Innovation

Could you retain current profitability while allowing your customers to design their own service or product?

In a flat world, providing high-quality, 24/7 customer service is not enough. Customers are hyper-informed and expect better products with greater customization. Rapid innovation becomes imperative as companies struggle to consistently exceed these growing expectations and earn customer loyalty. Infosys defines innovation as not just the "Eureka moment" but executing on that moment with a series of supporting innovations across processes and technologies. This requires a collaboration platform of partners and customers, leading to a better understanding of customer behavior. We should know, 43% of our revenues come from services we did not have five years ago.

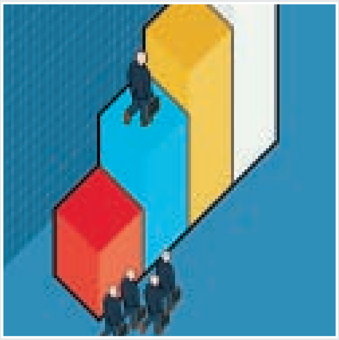
To stay ahead, companies should increase the speed of innovation, focus on customer experience, understand customer behavior and co-create with customers and partners.

An innovative thought triggers a series of supporting innovations across processes and technologies.



Global collaboration platforms result in faster innovation across teams.

Co-creating with customers helps deliver better value to end customers.



Products and services now offer increased customization and personalization, leading to stronger customer loyalty.

Rapid Product Introduction (RPI) benefits insurance company

For an insurance company, time-to-market for new products was not keeping up with market demand due to issues with legacy applications and non-standard product definition practices. Infosys re-designed the client's application and product introduction processes. This reduced impact analysis and testing time by more than 40%.

European bank partners with Infosys from concept to creation

A large European bank asked Infosys and other knowledge services companies for ideas on the next-generation of offerings for investors. We recommended an algorithmic trading offering which the bank decided to pursue further. We are working with the bank to develop the solution.

Co-creating technology solutions with clients

Focused workshops with clients are designed to explore technology-driven innovative ideas for business. These innovation workshops help develop client-specific technology roadmaps, leveraging Infosys' intellectual property, with the objective of optimizing technology investments and enhancing clients' competitiveness. Workshops have been conducted with clients in industries such as retail, financial services and aerospace, among others.

Money from Information

Would a dedicated data analytics team pay for itself?

Companies have spent billions trying to capture information. But, it always required a significant investment of time, people and money, and all it generated was an after-the-fact report. Winning in a flattening world requires harvesting information for profit opportunities. From e-mails to ERP and blogs to product evaluation, information across the company is combined to build a globally accessible and searchable information repository. With analytics talent and technology, it provides right-time information to decision makers.

To make information pay, companies should combine advanced analytics capabilities with seamless information. This delivers the information a company needs at the exact time it needs it.

A team of analytics specialists, that studies and examines information, is created at best-cost geographies. The team functions as an organizational shared service.

Information from all sources is combined – internal with external, structured with unstructured – to create seamless exchange. Proprietary information is protected.

Advanced analytics capabilities combined with business intelligence technology, drive supply chain and working capital management decisions.

The company can finally shift from spending money on information to making money from it.

Data analysis alone saves US $60 million for telecom company

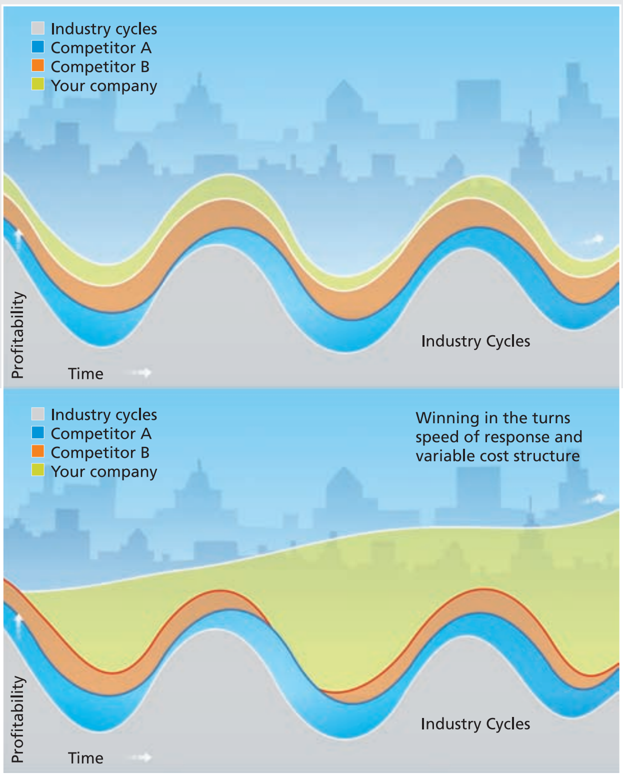
Telecom companies often undertake revenue assurance initiatives to identify revenue leakage. One of Infosys' telecom clients has gone a step further. The company captured US $60 million in revenue leakage by investing in information stewardship and analysis. To prevent future revenue leakage, we created a dedicated team to continuously cleanse data, analyze billing and provisioning, and reconcile revenue. This team is based in India to minimize the cost.

Inventory visibility boosts productivity for telecom OEM

Infosys helped a telecom OEM's production-cum-distribution centers double production and triple shipments. This was accomplished through a combination of workflow redesign and systems enhancements. We streamlined workflow in bottlenecked areas, instituted work material sharing to reduce inventory fragmentation, and introduced a system of "checks and balances" for exception management. Visibility of inventory, enabled managers to track inventory at each location, and take informed decisions on availability, movement and handling of material.

Seamless information flow enhances efficiency

Infosys helped a consumer electronics company increase working capital efficiency and collect inventory payment faster, by integrating the client systems with Wal-Mart's Retail Link™ systems. The application reconciled invoices faster by matching 'items shipped' information from the manufacturer and 'items received' information from the retailer. It achieved this by intelligently retrieving data from Retail Link™ and integrating it with the client's outbound shipment information. The application dramatically improved the speed and accuracy of the invoice verification process between the client and Wal-Mart and accelerated payment collections. It also helped reduce the costs associated with invoice reconciliation and avoided incorrect charge backs – all adding up to higher working capital efficiencies.



Winning in the Turns

Could you grow by 30% within 12 months and still remain profitable?

In traditional companies, most costs are fixed, and their profits ebb and flow with the industry's cycles. In the flat world, leading companies will convert much of their fixed costs to variable ones, so they can respond more quickly than competitors to industry turns. We ourselves practice this approach. For example, we limited our exposure to dotcom projects to less than 20% of revenue, in anticipation of a downturn. And, when the downturn did occur, we hired packaged application experts to build up our enterprise solutions practice at a time when other companies were laying off talent.

To win in the turns, companies should migrate to a variable cost structure, manage business risk and increase the speed of response to business cycles.

The company, instead of just reacting to business cycles and disruptive turns, prepares and strategizes for it.

It modifies the operating model and converts fixed costs to variable. Operational processes are redesigned for flexibility and speed.

Business risks are managed with better visibility into lead indicators. Early consensus on necessary actions is obtained across management teams.

By creating de-risking strategies and preparing in advance, the company adapts to change, delivers high, and gains significantly over competition.

Converting regulation-driven down cycle into an advantage

A telecom operator's industry had been de-regulated, requiring it to share its network with rivals and meet other regulatory requirements. Traditionally, such a scenario would be seen as a low point in the telecom industry business cycle. However, Infosys took a different view. We proposed and developed a virtual "third-party verification service" for network provisioning to competitors. This ensured transparent and compliant process flow for customer orders and complaints. All processes were tested end-to-end on this virtual harness to ensure full compliance. This service not only meets the regulatory requirements but helps establish the "bread-crumbs" that a regulator would require to show compliance. Because it was provided as a managed service, it raised competitors' confidence in regulatory compliance – thereby turning a potential low point in an industry cycle to the client's advantage.

Passing the management baton

N. R. Narayana Murthy
Chairman and Chief Mentor

I have a sense of great satisfaction as Nandan Nilekani passes the CEO baton to Kris Gopalakrishnan, and Kris in turn passes the COO baton to Shibulal. There are many reasons for this. First, all three of them worked with me in their twenties and have turned out to be wonderful leaders. Second, Nandan has continued the tradition of voluntarily giving up his position, at the height of his career, so that his colleague too could have his day in the sun. Third, this transition has demonstrated the depth in management talent at Infosys.

Nandan has been hugely successful as a CEO. His strengths are big-picture thinking, simplification of complex ideas, and articulation. He is a quintessential team player, always putting the interest of Infosys ahead of his own. On behalf of all of us, I would like to extend our appreciation to Nandan for a job well done and for his sacrifice.

Kris is gentle but firm, consultative yet decisive, and thoughtful yet action-oriented. Kris is clearly the most intelligent among the founders. He is our leader in technology. He is every bit a team player and gets the best out of people. In the future, I see huge opportunities and tremendous challenges for Infosys. I am sure Kris will be as successful as his predecessors, perhaps even more. On behalf of all of us, I wish Kris a brilliant future.

Shibu is smart, focused, target-oriented, and has a keen eye for detail – ideal attributes for a COO. He is a disciplinarian who believes in leading by example. He is a strict believer in systems. He has been a huge success as the Head of Sales and Customer Delivery. I have no doubt he will be a very successful COO. On behalf of all of us, I wish Shibu great success.

Infosys has always had a high-performance work ethic and Infoscions have consistently proved their ability to take on challenges. I am sure Nandan, Kris and Shibu will together perform extremely well with the outstanding team they have.

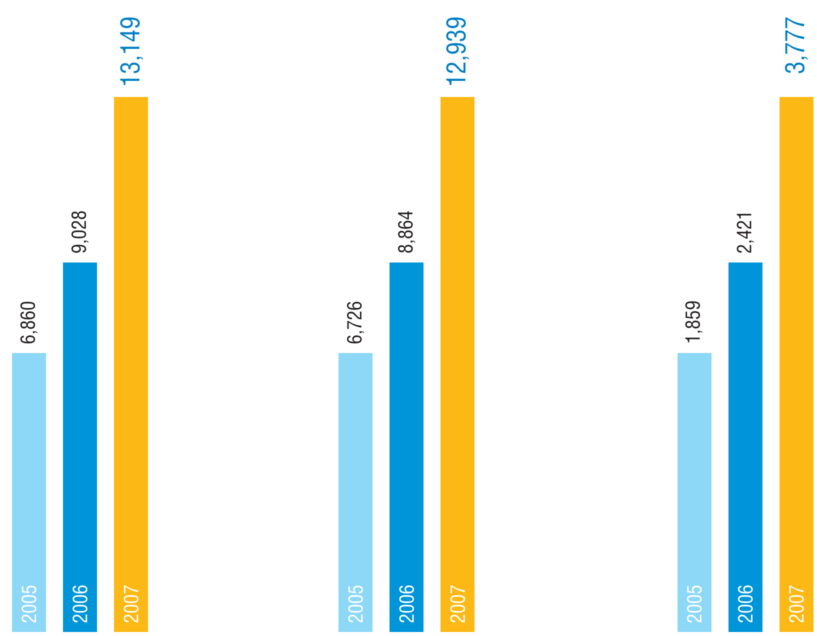
My best wishes to all of them.

The year at a glance

in Rs. crore, except per share data

	2007	2006	Growth (%)
Financial performance			
Income	13,149	9,028	45.6
Export income	12,939	8,864	46.0
Gross profit	5,871	4,141	41.8
Operating profit (PBIDTA)	4,225	2,989	41.4
Profit after tax*			
Before exceptional items	3,777	2,421	56.0
After exceptional items	3,783	2,421	56.3
EPS before exceptional item* (par value of Rs. 5 each)			
Basic	67.82	44.34	53.0
Diluted	66.33	43.10	53.9
Dividend (excluding silver jubilee special dividend in 2006)			
Per share	11.50	7.50	53.3
Amount	649	412	57.5
Gross profit margin (%)	44.6	45.9	
Operating profit margin (%)	32.1	33.1	
PAT before exceptional items* / total income (%)	28.7	26.8	
PAT after exceptional items* / total income (%)	28.8	26.8	
Return on average net worth (%)	41.9	39.9	
Capital expenditure	1,443	1,048	37.7
Financial position			
Fixed assets	3,107	2,133	45.7
Cash and cash equivalents (including liquid mutual funds)	5,650	4,463	26.6
Net current assets	7,137	3,832	86.3
Total assets	11,162	6,897	61.8
Debt	–	–	
Equity	286	138	107.3
Net worth	11,162	6,897	61.8
Debt equity ratio (%)	–	–	
Cash and cash equivalents / total assets (%)	50.6	64.7	
Market capitalization	1,15,307	82,154	40.4

Note: The figures above are based on unconsolidated Indian GAAP financial statements.
1 crore equals 10 million.
**The net profit for 2007 includes a reversal of tax provision of Rs. 125 crore.*



Income (Rs. crore)

Exports (Rs. crore)

PAT before exceptional items (Rs. crore)

Contents

Letter to the shareholder

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer, Joint Managing Director, and Head – Customer Service Technology

Dear Shareholder,

This landmark year for Infosys has seen the culmination of an exhilarating odyssey marked by many distinctions and firsts. Working closely with our clients, we have demonstrated thought leadership and grown into a trusted partner to define their agenda for transformation. We have successfully fostered a unique and disruptive business model – one that is attractive to our clients because it is faster, better, more economical and more innovative than that of our competitors.

In July, we celebrated our 25th anniversary by becoming the first company to remotely ring the NASDAQ opening bell from India. The event was a telling testimony to the maturity of our business model in a world that is fast becoming 'flat' due to the interplay of globalization with technological, demographic and regulatory forces.

To taste success in this milieu, we believe that companies must make four decisive shifts in the way they operate – they must innovate rapidly, profit from information, build globally-competitive cost structures, and shrink response time to business turns. We call this the ability to 'think flat'.

For nearly three decades, Infosys has built the expertise and acumen to be an effective and trusted transformation partner. We help shape our clients' strategy and empower them to shift their operational priorities. Our unique approach helps companies become more innovative, information-intensive, adaptive and competitive – the qualities essential for winning in the flat world.

In terms of transformation, Infosys has led by example. Our customers have endorsed the success of our global delivery model, which we pioneered in the IT industry. Our litmus test for creating winning solutions is to live the ideal and be the change.

This fiscal, we report revenue growth of about $1 billion. At the beginning of the financial year, we offered a guidance of 28.7% – 30.7% growth in revenues and 26.4% – 28.4% growth in earnings in Rupee terms. The success of various initiatives has helped us achieve revenue growth of 45.9% and 48.5% growth in earnings from ordinary activities and excluding tax reversals.

We added 160 clients during the year. Client accounts have seen all-round growth, with million-dollar relationships increasing from 221 to 275. In the last 12 months, we have had one client contributing over $200 million, three clients contributing over $100 million and 12 clients contributing over $50 million. Our top client contributes 7.0% of the total revenue while the top ten collectively contribute 31.4%. Our customers' faith in our business model is reinforced by the fact that repeat business accounts for 95.3% of our revenues.

In November, we completed a sponsored secondary offering of 3,00,00,000 American Depositary Shares (ADSs), representing 3,00,00,000 equity shares (one equity share represents one ADS) at a price of US $53.50 per ADS, excluding underwriting discounts and commissions. The aggregate size of the offering exceeded US $1.6 billion, making it the largest international equity offering from India at that time.

We achieved important milestones in our endeavor to become a mainstream global stock. We were included in the NASDAQ Global Select Market in July 2006. The NASDAQ Global Select Market has the highest initial listing standards of any exchange in the world, based on financial and liquidity requirements. In December, we joined the NASDAQ-100 Index, which comprises the 100 largest non-financial stocks on the NASDAQ Stock Market in terms of market capitalization. We are the first Indian company to be added to the NASDAQ-100 Index. We are the only Indian company to be part of any major global index.

We have recommended a final dividend of Rs. 6.50 per share (130% on par value of Rs. 5 per share) for fiscal 2007 amounting to Rs. 371 crore. Including the interim dividend of Rs. 5 per share (100% on par value of Rs. 5 per share) amounting to Rs. 278 crore, the total dividend recommended for the year is Rs. 11.50 per share (230% on par value of Rs. 5 per share), amounting to Rs. 649 crore.

Our investments in enriching and synergizing our portfolio of services have created compelling value propositions for our clients, who are leveraging our capability to drive their transformation programs. We saw strong growth in consulting, engineering services and package implementation. Services such as infrastructure management, business process management and independent validation also grew steadily.

In Europe, revenues grew in the banking and financial services sector as well as in telecom, retail and manufacturing. We strengthened our relationship with a large European Bank with a strategic multi-year, multi-million-dollar application development and maintenance engagement. In the UK, we enabled a large telecom client to rapidly launch high-speed broadband. We announced a global alliance with a large oilfield and information services company for exploration and production information management.

Our expertise in key technology-driven services continued to boost our clients' competitiveness. Our Service Oriented Architecture (SOA) offerings powered a large European energy company's initiatives for business-IT alignment. We deployed SAP solutions for Radio Frequency Identification (RFID) for the Global Track and Trace System of a customer who is a world leader in pallet and container pooling services.

Our performance in the Banking and Financial Services sector won the appreciation of analysts and industry bodies. A leading analyst ranked us the fastest growing Technology and Service Provider (TSP) to the US financial services market. We ranked 18th on the prestigious FinTech 100 list and eighth among the FinTech top 10 companies serving the insurance industry. A large financial services company in the US named Infosys its 'IT Vendor of the Year' for 2006.

Finacle®, the universal banking solution from Infosys, forged ahead with wins in Europe and the Middle East. Finacle® was positioned in the Leader Quadrant in the Magic Quadrant for International Retail Core Banking Solutions released by Gartner. Finacle® also emerged a leader in a retail banking platform study by a leading analyst.

We added 30,946 employees (net 19,526) during the year, growing our global strength, including subsidiaries, to 72,241. Our investments in the education system through our Campus Connect and Project Genesis initiatives have qualitatively enhanced the talent pool in educational institutions to meet future demand.

InStep, our global internship program, turned graduates into brand ambassadors. The program, which was endorsed by leading American universities, received over 12,000 applications for 125 positions this year, enabling us to select the top 1% of applicants.

To support future growth, we are making substantial investments in creating a scalable training engine at our campus in Mysore, which houses the world's largest corporate university. By December 2007, we will be able to train 13,500 employees at a time.

Managing and retaining talent is critical for success in a flattening world and we believe Infosys draws strength from its people. We won the 2006 SHRM (Society for Human Resource Management) Human Capital Leadership Award under the Innovative Business Solutions Category. We also won the Optimas award presented by *Workforce Management* magazine in the 'Global Outlook' category.

We are continuously honing competencies and refining our expertise to improve the range and depth of our service offerings. About 31,000 Infosys employees were certified at various levels during the year. We also expanded our Enterprise Architecture capabilities with a record number of architects certified by The Open Group Architecture Framework (TOGAF).

Progeon Limited, our business process outsourcing subsidiary, was renamed Infosys BPO Limited effective August 29, 2006. On June 30, 2006, Infosys acquired 87,50,000 equity shares of Infosys BPO Limited from Citicorp International Finance Corporation for a consideration of Rs. 530 crore. On December 8, 2006, the shareholders of Infosys BPO approved a buyback of up to 12,79,963 equity shares at a fair market value of Rs. 604 per equity share. Pursuant to the buyback offer, Infosys BPO bought back 11,39,469 equity shares, which were subsequently cancelled on December 29, 2006. In January 2007, the Company initiated the purchase of all the share and outstanding options in Infosys BPO from its shareholders and option holders comprising current and former employees of Infosys BPO. The shareholders were given a choice to sell their shares at fair market value and the option holders were given the choice to sell their options and / or swap Infosys BPO options for Infosys options at a swap ratio based on fair market value. Consequent to this proposal, Infosys has paid an aggregate of Rs. 71 crore for the purchase of shares and options, and granted 1,51,933 Infosys options under the 1999 plan valued at Rs. 12 crore. Accordingly, the investment in Infosys BPO has increased by Rs. 83 crore and reserves have increased by Rs. 12 crore. Additionally, the Company has committed to a deferred share purchase with the shareholders of Infosys BPO. As per the agreement, Infosys will purchase 3,60,417 Infosys BPO shares for Rs. 22 crore by February 2008. The same will be accounted as investment on conclusion of the agreement along with the transfer of title in the shares. Upon conclusion, Infosys' holding in Infosys BPO would be 99.98%.

Additionally, our subsidiary Infosys Technologies (Shanghai) Company Limited was renamed Infosys Technologies (China) Company Limited.

Our vision to disseminate information technology and create jobs in India's tier-2 cities received a boost with the inauguration of the Infosys BPO center in Jaipur, Rajasthan.

Team leadership of the highest quality has been one of the pillars of our success and it is our top priority to ensure its continuity. We have among our leaders a wealth of talent, vision and gravitas, which enables us to lay down a long-term succession plan and propel the company to its next stage of growth.

On August 20, 2006, Mr. N. R. Narayana Murthy, Chairman and Chief Mentor, retired from the services of the company. The Board resolved to appoint him as an Additional Director of the Company, as well as the Non-Executive Chairman of the Board and Chief Mentor with effect from August 21, 2006.

Nandan M. Nilekani, CEO and Managing Director, will assume the role of Co-Chairman of the Board of Directors. S. Gopalakrishnan (Kris), currently Chief Operating Officer, President and Joint Managing Director, will take over as Chief Executive Officer and Managing Director. S. D. Shibulal, currently serving as Member of the Board and Group Head – World-wide Customer Delivery & Sales, will now be the Chief Operating Officer. They will execute their new roles with effect from June 22, 2007.

We have now embarked on the most critical part of our journey – the next 25 years. With renewed commitment to our stakeholders, we will continue to partner with the world's leading companies to help them win in the flat world by enhancing their competitiveness. With gratitude to our investors, employees, customers and all stakeholders, we look forward to your continued support in our endeavor.

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer, Joint Managing Director, and Head – Customer Service and Technology

Bangalore
April 13, 2007

The Infosys Board of Directors

Dr. Omkar Goswami
Independent Director

Rama Bijapurkar
Independent Director

Mohandas Pai T. V.
Director and Head – Administration, Education & Research, and HRD

Prof. Marti G. Subrahmanyam
Independent Director

Claude Smadja
Independent Director

David L. Boyles
Independent Director

Srinath Batni
Director and Group Co Head – World-wide Customer Delivery

Sridar A. Iyengar
Independent Director

Jeffrey S. Lehman
Independent Director

Dinesh K.
Director and Head – Communication Design Group, Information Systems, and Quality & Productivity

Shibulal S. D.
Director and Group Head – World-wide Customer Delivery and Sales

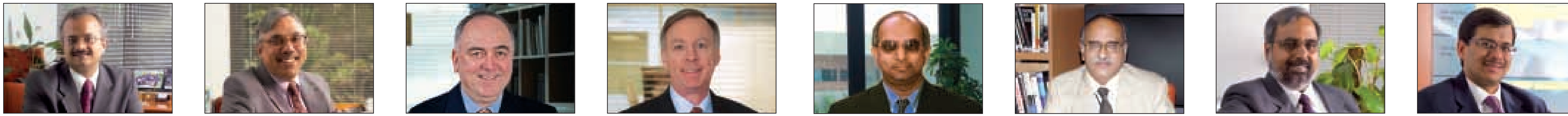
Deepak M. Satwalekar
Lead Independent Director

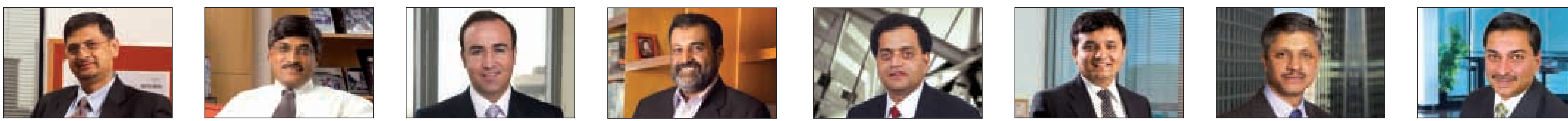
Nandan M. Nilekani
Chief Executive Officer and Managing Director

Narayana Murthy N. R.
Chairman and Chief Mentor

Gopalakrishnan S.
President, Chief Operating Officer, Joint Managing Director, and Head – Customer Service and Technology

The Infosys Management Council




Nandan M. Nilekani
Chief Executive Officer, Managing Director, and Chairman – Management Council

Sanjay Purohit
Associate Vice President – Corporate Planning and Member Secretary – Management Council

Amitabh Chaudhry
Chief Executive Officer and Managing Director – Infosys BPO Limited

Arun Ramu
Vice President – Independent Validation Services

Ashok Vemuri
Senior Vice President – Banking & Capital Markets

Balakrishnan V.
Chief Financial Officer

Bikramjit Maitra
Vice President and Head – Human Resources Department

Binod H. R.
Senior Vice President – Commercial & Facilities

Chandra Shekar Kakal
Senior Vice President – Enterprise Solutions

Deepak Sinha
Vice President – Computer & Communications Division

Dheeshjith V. G.
Vice President – Transportation & Services

Dinesh K.
Director and Head – Communication Design Group, Information Systems, and Quality & Productivity

Eric S. Paternoster
Vice President – Insurance, Healthcare & Life Sciences

Frank A. J. Gonsalves
Vice President – Automotive & Aerospace

Gary Ebeyan
Chief Executive Officer and Managing Director – Infosys Technologies (Australia) Pty. Limited

Girish G. Vaidya
Senior Vice President – Infosys Leadership Institute

Gopalakrishnan S.
President, Chief Operating Officer, Joint Managing Director, and Head – Customer Service and Technology

James Lin
Chief Executive Officer and Managing Director – Infosys Technologies (China) Company Limited

John K. Conlon
Senior Vice President – Global Alliances

Merwin Fernandes
Vice President and Global Head – Finacle Sales and Marketing

Mohandas Pai T. V.
Director and Head – Administration, Education & Research, and HRD

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Vice President – Systems Integration

Narendran Koduvattat
Vice President – Energy, Utilities & Resources

Padmanabhan Venkataraman
Vice President – Canada

Parameswar Y.
Vice President – Product Engineering

Prasad T. P.
Senior Vice President – Hi Tech & Discrete Manufacturing

Pravin Rao U. B.
Senior Vice President – Retail, Distribution & Consumer Products Group

Priti Jay Rao
Senior Vice President – Infrastructure Management Services, and Head – Pune Development Center (Phase 1)

Ramachandran K. G.
Consultant – Infosys Leadership Institute

Ramadas Kamath U.
Senior Vice President and Head – Administration, Infrastructure & Security

Ranganath Dwarakanath M.
Vice President – Domain Competency Group

Ravindra Muthya Pranesha Rao
Senior Vice President – Education & Research

Satyendra Kumar
Senior Vice President – Quality & Productivity

Shibulal S. D.
Director and Group Head – World-wide Customer Delivery and Sales

Sivashankar J.
Vice President – Information Systems

Srinath Batni
Director and Group Co Head – World-wide Customer Delivery

Srinivas B. G.
Senior Vice President – Europe, Middle East & Africa

Srinivas Uppaluri
Associate Vice President – Corporate Marketing

Sriram V.
Senior Vice President – Asia Pacific

Stephen Pratt
Chief Executive Officer and Managing Director – Infosys Consulting, Inc.

Subhash B. Dhar
Vice President – Communication Service Providers

Subramanyam G. V.
Vice President – Microsoft Technology Centre and Software Engineering & Technology Labs

Suketu Patel
Associate Vice President – Strategic Global Sourcing

Valmeeka Nathan
Vice President – Product Lifecycle & Engineering Solutions

Winners forget they are in a race, they just love to run.

– Joe Pesci, Academy Award-winning actor

Awards for Excellence 2006-07

At the heart of Infosys, is the passion to excel and every Infoscion is on a subliminal journey – to cross set boundaries, surpass limits, win and deliver, over and over again. The journey has no end in itself and competition is of no consequence. Our fascination is in the pursuit of excellence and what lies beyond it. That's the indomitable spirit the Awards for Excellence seeks to recognize.

First Prize

Account Management

British Telecom team

Ashutosh Saxena
Lalit Kumar Bansal
Mandeep Singh Kwatra
Ravi Meenakshi

Brand Management

Finacle marketing team

Anil Kumar N. S.
Girish Vishwanath Chirravoori
Gita Jayanth
Navin Chempakvilas Rammohan
Sujeet Pramanik
Sumit Virmani

Business Solutions

Infosys Catalytic IT team

Balaji Sampath
Brad Sommer
Charles Anthony McNamara
Colin Pinto
Krishnan Narayanan
Manish Srivastava
Nagaraj S.
Pradeep Prabhu
Prasad Joshi
Srinivasan Natarajan

Infosys Transformational Order Management (ITOM) solution team

Ajay Venkatesh
Krishnan Parasuraman
Manoj Kumar Singh
Partha Bose
Rajesh Kumar Dubey
Rajiv Raghunandan
Romit Dey
Sajjad Jaffer
Satish P. Nair
Sourabh Deshmukh

Customer Delight

EMP local loop unbundling E2E testing team

Abhishek Gautam
Dinesh C. V. Reddy
Jai Pratap Vadnere
Jayasundar Rajagopalan
Nazhat Aysha
Raghuram Chilakamarri
Ravi Kumar Desigan Seshadhri
Vinay Ramesh Vasudeva

Department Management

Computers and Communications Division

Development Center Management

Chennai Development Center
Mangalore Development Center

Infy Champion

Domain

Jayanth M. S.

Programming Skills

Dinesh Babu Govindarajan
Kishore Gopinath
Paramjyot Singh

Technology

Raghavan S.
Vinay Kumar Jha

Innovation

Innovation for Initiatives

British Telecom products and services design team

Anamika Mahajan
Ankur Bhan
Lokendra Singh
Rajesh Rameshchandra Khanduja
Sanjay Jaishing Awari
Sanjeev Kumar

Intellectual Property Creation

Grid computing systems and methods

Anirban Chakrabarti
Anirban Ghosh
Dheepak R. A.
Ira Gupta
Shakeb Mohammed Ali

Internal Customer Delight

Sparsh team

Gaurav Kumar
Lakshmi Mangalassery
Pushpalee Lobo
Ravi Panghat
Sridhar Marri
Varshesh Joshi

One Infy Excellence

One Infy – Account

British Telecom team

Ishwar C. Halalli
Milind Vinod Dikshit
Mukul Gupta
Naveen Mehta
Ramanan Ramakrishna
Ritesh Gandhi
Sanjeev Arya
Sundareshwar V.
Sushil Agarwal
Viraj Malik

Internal Cross-functional Team

Infosys Catalytic IT team

Jim Shand
Marc R. Grau
Mohamed Anis
Neeraj Vasudeo Kulkarni
Pradeep Sanyal
Sambhav Jain
Sohrab Peshoton Kakalia
Srikanth Srinivasan
Stephen Charles Vincent Kelly
Vivek

People Development

CSG competency development program team

Amit Kumar
Neeraj Kumar
Patricia Ann Martin
Sushanth Michael Tharappan
Suyash Vilas Lad
Vinay Rao

Project Execution Excellence

Team for a leading specialty retailer of consumer electronics goods

Amit Singi
Anitha Shenoy
Dileep Krishna T. G.
Guneet Singh Paintal
Justin Jacob
Madhavan Kandhadai Vasantham
Sreekanth S.
Venkata Sai Giridhar Kuppili
Vikram Somaraj
Vinayak A. Hegde

CISCO – SDS IT finance managed services team

Bhupendra Singh Chauhan
Dipti Gupta
Krishna Prasad C. N.
Mihir Hemendrakumar Gandhi
Nitesh Kumar Aggerwal
Pradeep C.
Ritu Prasad
Saraswati Sivasankar
Sourav Ghosh

Equity trading and compliance team

Anantha Padmanabhan Raghavan Kannan
Ashwani Nag
Ganesh Kumar M.
Giridhar Agoram
Kalaivani K. G.
Karen Ponnudurai
Meenakshi N.
Shanmugam Jayavelu Kolasi
Srinivasan Govindarajan

Usage processing team for a large communication service provider

Ashok Kumar Saxena
Gokul Raj Nandagopal
Harikrishnan Umapathy
Karkuzhali Thiruvengadam
Lalitha G.
Muruganantham
Pavithra Kannan
Sowmya V. S.
Srihari Gopalan
Vivek S.

Sales Management

ABB OsA pursuit team

Anoop Jain
Balasubramanian Venkatachalam
Jitin Goyal
Nivedita Krishnamurthy
Prabhakaran Loganathan
Rajesh Rao A.
Samiksha Nanda
Venkata Sesha Chalapathy Rao Tenneti

Team for a leading fashion apparel retailer

John Kalil
Prateek Sinha
Sandeep Deepak Dadlani
Sanjay Dalwani
Sanjay Saigal
Shivaprakash Rao
Sivakumar H.
Sridhar Honnavali Sharma

Special Category

International corporate tax team

Krishnan S.
Narayanan Ramaswamy
Rajesh Prabhu
Sathyendra Bhat
Sriram V.
Sunil K. Dhareshwar

Systems and Processes

The Foundation Program deployment methodology in Campus Connect initiative

Amrita Deo
Mukundh Nagarajan
Nagendra R. Prasad
Sivasubramanyam Yanambakkam
Soudamini Randhir Patil
Zamir Rafique Sayyed

The Infosys Customer Satisfaction Survey 2006

Communication Service Providers
Independent Validation Solutions
Retail Distribution & Consumer Products Group

The Infosys Internal Partnership Survey 2006

Facilities Department

Unit Management

Communication Service Providers

Value Champions

Hemalatha Murugesan

Second Prize

Account Management

Team for a leading agribusiness company

Avinash G. S.
Balwinder Singh Salaria
Dilip Porwal
Jyotirmay Padhi
Krishnaprakash D.
Mohan Devumal Motiani
Saurav De Purkayastha
Zafar Ahmed

Brand Management

Online branding team

Bijoy Venugopal
Pavana
Sanjay Eknath Nayak
Sanjay Sahay

Business Solutions

Multi-channel commerce solution team

Arthur Albert Schattschneider
Ashish Subashchandra Jandial
David Austin Sauls
Maruthi V. S. R. Kaza
Michael J. Klinefelter
Ming Tsai
Patrick T. Ogawa
Satyajeet Chawla
Seth David Lively
Venkateswaran Suriyanarayanan

Customer Delight

LMH development team for a large European bank

Anil Kumar Saggam
Pankaj Jaiprakash Kankatti
Raghu Ram K. S.
Ravikrishnan K.
Satya Muralidhar Bandi
Siddharth Ravindra Bohra
Sri Krishna V. R. Arardhi
Sudheer Dhurjati

Infy Champion

Domain Champion

Joy Prakash Somani

Innovation

Innovation for Initiatives

RFID solutions core team

Akash Deep Batra
Girish A. R.
Navalkishore Ranjeet Arya
Sateesh Seetharamiah
Shashi Shekhar Vempati
Vibin Balakrishnan

Innovation for IP Creation

Location-based delivery system and methods

Kartik Muralidharan
Kavitha Damodhiran
Puneet Gupta

One Infy Excellence

One Infy – Account

Team for a leading global energy company

Anthony B. Gerth
Bhaskar Chicknanjundappa
Dattatraya Kulkarni
Eric Rich
Ganesh M.
Murali Vasudevan
Rajesh K. Murthy
Robin Goswami
Suraj Ramprasad
Suraj Rangashayi

Team for a large investment banking account

Amit Sagar Bhagat
Aniruddha Majumder
Karthik Ganeshan
Pankaj Kulkarni
Partha Pratim Ghosh
Praveen Kumar
Rajneesh Malviya
Rama Murthy Prabhala
Sudarshan Mandayam
Venkatachalam P. K.

Internal Cross-functional Team

Infosys Tools Group

Amit Gulati
Chandrakanth Desai
Indhuja R.
John Kuriacose
Koushik R. N.
Naresh Balaram Choudhary
Naveed Pasha Mohammed
Raja Ranjan Senapati
Vikas Ahuja

People Development

Infosys project management certification team

Aman Kumar Singhal
Neeraj Arvind Joshi
Om Prakash Gupta
Prashant Pungliya L.
Satyendra Kumar
Vinay Chousalkar

Program Management

Network operations center team

Bhushan Rajaram Malshe
Kiran Karunakar Naik
Manish Bhisham Bhatia
Mitesh Indravadan Bhatt
Parag Subhash Hadas
Ravinder Pal Singh
Sadhanandhan P. T.
Sunil Amrutrao Bhamare
Varsha Dattatraya Bankar
Vivek Shroff

Ulster integration program team

Ambar Bandyopadhyay
Atul Soneja
Narahari Narasimha Murthy
Parag Prasad
Rajagopal P. K.
Raman Veezhinathan C. V.
Satish Grampurohit
Satrajit Pal
Vaibhav Vasantrao Pandhari
Venkataramana Narayana Prasad

Project Execution Excellence

British Telecom 21 Century Network

Amandweep Suresh Goel
Mary George
Rajat Das
Rajnish Chandra
Subramanian Thangavelu
Sunitha S. P.
Venu Kozhummal

Team for a leading coalition loyalty program provider in the U.K.

Diwhagaran Palanivelu
Normanjai Singh Pauldurai
Purushothaman Varadharajan
Sabari Jothi H.
Sachin Bagla
Srinivasa Raghavan
Sunil Vatsanath Reguna
Tabraze Humayun

Retail Diary team

Badarinath Sathyanarayan Chegu
Lavanya Jayant Uchil
Manish Gupta
Ratna Madhav Burugadda Kandalie
Rishi Gera
Satish Venkatraman
Shiva Kumar Satyanarayan
Shrirang Raddi A.
Sitangshu Supakar
Sreekumar Madathil

Vitria maintenance team for a U.K. based client

Adithya Kumar
Anu Mahesh
Bipin Chandra Joshi
Jayant Kumar
Karthik Rao Bappanad
Leena Mala Bhaskaran
Rajjit Kaur Bal
Renju S. Rose
Somnath Basu
Sundeep Shivaramu

Sales Management

The One Infy pursuit team for a U.S. based insurance service company

Amit Mahajan
Bellur Nirmalkumar Shanthinath
Mark Richard Seeley
Muthusubramanian B.
Rahul Laxmikant Bhattad
Sanjay Mohan
Tim Bilali
Vijay Rajan

Leading CPG manufacturer team
Arindam Maitra
Arun Raghavapudi
Dinesh R.
Krishna K. V.
Lavanya R. Iyer
Manish Tandon
Nitesh Mittal
Yashwant Agastwar

Team for a retail chain in the mideast region of the U.S.
Achin Sahay
Aniket Rajiv Maindarkar
Anirudh Goel
Balaraj D. A.
Gopal Devanahalli
Mona Madan
Praveen Kumar K.
Srikanth M. Ramesh Iyengar

Social Consciousness

Hinjawadi Foundation team
Gayatri Manohar Patil
Jagdish Mahendra Majethiya
Karan Nalin Kumar Shah
Maninder Kaur
Neha Chhabra
Priti Budhia
Priyank Mishra
Ram Ramesh Kariya
Sanjay Bipinchandra Pancholi
Shilpa Hemal Shah
Yamini Wasudeo Nafde

Systems and Processes

BrITE team
Anuradha Balasubramaniam
Hareshkumar Mahadevrao Amre
Jayeeta Dutta
Prakash Viswanathan
Sujatha Balasundaram
Thangappan Muthusamy

Third Prize

Account Management

Microsoft account management team
Anand Swaminathan
Guru S. Sangameshwar
Mandeep Singh
Mathias Herzog
Ravindra Shivaji Mohite
Santhanakrishnan S.
Venkatesh R. L.
Venugopal S.

Brand Management

Retail & Consumer Products Group marketing team
Anantha Radhakrishnan
Atul Mehra
Kishor Seshadri Gummaraju
Vijay Sairam Pratap

Business Solutions

Enterprise performance testing solutions team
Kaushik Ramakrishnan
Krishna Seshadri Thirukarangudi
Late Anand Baliga
Shubha Bellave
Venkataraghavan Seshadri

Product development effectiveness solution team
Ajai Vasudevan
Ameer Saithu
Gopalan A.
Jaismon Emmanuel
Mihir Kumar
Rajiv Puri
Ravi Kumar G. V. V.
Srinivaskumar Prasadarao Akunuri
Sudip Singh
Sumeet Bhatia

Customer Delight

Team for a leading specialty retailer of consumer electronics goods
Gopikrishnan Konnanath
Satya Prakash Singh

Team for a leading retail grocery in the northeast region of the U.S.
Francis Dale Vaz
Krishna Murthy Raghavulu
Maju Devassy
Sangamesh Bagali
Shaihbaz Ali Mastan

Infy Champions

Domain
Robert Semple Eichler

Technology
Vishnu Sharma

Innovation

Innovation for Initiatives

APAC Academy team
Dhanalakshmi
Nitesh Banga
Pramod Prakash Panda
Rakesh Mohan Pandey
Samson David
Suparna Shankar

Infosys ASPEN framework team
Dheeraj Agarwal
Hari Gopal K. B. Ponnapalli
Maneesh Kumar Ponnath
Mohammad Amir Siddiqui
Vishal Krishna Saxena

Innovation for IP Creation

A software system for modelling architecture for business systems and methods
Kapadia Riaz J.
Santonu Sarkar
Srinivas Thonse

People Development

Foundation Program GEC team
Ravindra Muthya Pranesha Rao
Rekha Talakad Shanmukha Swamy
Satheesha B. N.
Shivakumar K. S.
Subraya B. M.
Sundar K. S.

IVS Academy team
Ajay Prasad Pandey
Aruna Banavar Shankar
Kartik Krishnaswamy
Rajasekhar Veeramachaneni
Shishank Gupta
Veda Srinivasan Suraj

Program Management

ABN AMRO Bank North America 'Harvest' transition program team
Ashwini Abhijit Kuber
Mohan Narayanan
Nitesh Jain
Rajesh Shashikant Pandit
Ramaswamy Kumaraswamy Rajaram
Ramnath Sankaran
Rekha Dipanjan Dey
Roger George Mellor
Steven Lee Bruss
Urvesh Bipin Shah

Systems and Processes

ALERT – Accelerated risk prediction team
Ashoka K. R.
Ramakrishnan M.
Shivram R.
Sravan Kumar

Value Champions

Kiran Ramchandra Shirgaonkar

Special Winners

Social Consciousness

Team Sanjeevani
Ajish Murali
Ansu A. S.
Asha Kurup
Indu Thankamma Ponnappan
Lakshmy B. Nair
Pyari Krishnan
Rajeev Raghavan Paranganatt
Ravikumar Balan
Sankar Satish
Vinod Gopalakrishnan

Team SNEHAM
Blesson George
Gopalakrishnan Kalyanaraman
Kavitha Badhri
Rajadurai Pandidurai
Sankara Narayanan Arumugam
Srikanth Ganesan
Sujith Kumar John Peter
Thothadri Srinivasan

The Board of Directors

Infosys Technologies Limited

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Chairman and Chief Mentor

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Chief Executive Officer and Managing Director

Gopalakrishnan S.
President, Chief Operating Officer, Joint Managing Director, and Head – Customer Service and Technology

Deepak M. Satwalekar
Lead Independent Director

Prof. Marti G. Subrahmanyam
Independent Director

Dr. Omkar Goswami
Independent Director

Rama Bijapurkar
Independent Director

Claude Smadja
Independent Director

Sridar A. Iyengar
Independent Director

David L. Boyles
Independent Director

Jeffrey S. Lehman
Independent Director

Dinesh K.
Director and Head – Communication Design Group, Information Systems, and Quality & Productivity

Shibulal S. D.
Director and Group Head – World-wide Customer Delivery and Sales

Mohandas Pai T. V.
Director and Head – Administration, Education & Research, and HRD

Srinath Batni
Director and Group Co Head – World-wide Customer Delivery

Infosys BPO Limited

Mohandas Pai T. V.
Chairperson

Amitabh Chaudhry
Chief Executive Officer and Managing Director

Jayanth R. Varma
Independent Director

Sridar A. Iyengar
Independent Director

Shibulal S. D.
Director

Srinivas B. G.
Director

Eric S. Paternoster
Director

Infosys Technologies (China) Co. Ltd.

Shibulal S. D.
Chairperson

James Lin
Chief Executive Officer and Managing Director

Narayana Murthy N. R.
Director

Mohandas Pai T. V.
Director

Srinath Batni
Director

Sriram V.
Director

Prasad T. P.
Director

Infosys Technologies (Australia) Pty. Ltd.

Dinesh K.
Chairperson

Gary Ebeyan
Chief Executive Officer and Managing Director

Armen Kocharyan
Director

Srinath Batni
Director

Balakrishnan V.
Director

Sriram V.
Director

Subhash Dhar
Director

Pravin Rao U. B.
Director

Infosys Consulting, Inc.

Gopalakrishnan S.
Chairperson

Stephen Pratt
Chief Executive Officer and Managing Director

Narayana Murthy N. R.
Director

Shibulal S. D.
Director

Balakrishnan V.
Director

Ashok Vemuri
Director

Chandra Sekhar Kakal
Director

Supervisory Board of Infosys BPO S.R.O.

Amitabh Chaudhry
Chairperson

Srinivas B. G.
Director

Ritesh Mohan Idnani
Director

Board Committees

Audit committee

Deepak M. Satwalekar, *Chairperson*
David L. Boyles
Prof. Marti G. Subrahmanyam
Dr. Omkar Goswami
Rama Bijapurkar
Sridar A. Iyengar

Compensation committee

Prof. Marti G. Subrahmanyam, *Chairperson*
Deepak M. Satwalekar
Jeffrey S. Lehman
Sridar A. Iyengar

Nominations committee

Claude Smadja, *Chairperson*
David L. Boyles
Deepak M. Satwalekar
Jeffrey S. Lehman
Dr. Omkar Goswami

Investor grievance committee

Rama Bijapurkar, *Chairperson*
Claude Smadja
Jeffrey S. Lehman
Dr. Omkar Goswami

Risk management committee

David L. Boyles, *Chairperson*
Claude Smadja
Prof. Marti G. Subrahmanyam
Sridar A. Iyengar

Management Council Invitees

Aashish Bansal
Associate Vice President – Energy, Utilities and Resources (Sales)

Abhay M. Kulkarni
Associate Vice President – Transportation and Services (Delivery)

Abhimanyu Acharya
Member – Engagement Management – Banking and Capital Markets (Sales)

Alexandre Elvis Rodrigues
Associate Vice President – Transportation and Services (Sales)

Anand Nataraj
Associate Vice President – Communication Service Providers (Sales)

Ankush Patel
Associate Vice President – Energy, Utilities and Resources (Sales)

Anup Uppadhayay
Associate Vice President – Europe, Middle East and Africa (Sales)

Anurag Vardhan Sinha
Associate Vice President – Insurance, Healthcare and Life Sciences (Sales)

Ardhendu Sekhar Das
Divisional Manager and Head – Bhubaneswar Development Center

Balaji Yellavalli
Associate Vice President – Banking and Capital Markets (Delivery)

Balakrishnan J. P.
Associate Vice President – Systems Integration (Sales)

Col. Sadananda S. Nayak
Chief Security Officer – Facilities

Deepak Nanjunda Swamy
Associate Vice President – Communication Service Providers (Sales)

Dharmendra Patwardhan
Associate Vice President – Operations, Infosys BPO Limited

Dinesh R.
Associate Vice President – Energy, Utilities and Resources (Delivery)

Ganesh Gopalakrishnan
Vice President – Insurance, Healthcare and Life Sciences (Delivery)

Gaurav Rastogi
Associate Vice President – Sales Overhead

Geetha Kannan
Associate Vice President – Human Resources Department

Gopinath Sutar
Associate Vice President – Hi Tech and Discrete Manufacturing (Sales)

Haragopal M.
Vice President – Finacle

Jamuna Ravi
Associate Vice President – Banking and Capital Markets (Delivery)

Jeffrey Anderson Bannister
Associate Vice President – Infrastructure Management Services (Sales)

Joydeep Mukherjee
Associate Vice President – Operations, Infosys BPO Limited

Kaushik Ray
Corporate HR Manager – Compensation & Benefits, Human Resources Department

Krishnamoorthy Ananthasivam
Vice President – Retail, Distribution & Consumer Products Group (Delivery), and Head – Thiruvananthapuram Development Center

Meera Innanje
Associate Vice President – Operations, Infosys BPO Limited

Ming Tsai
Managing Director – Infosys Consulting, Inc.

Mohit Joshi
Associate Vice President – Banking and Capital Markets (Sales)

Mukul Gupta
Associate Vice President – Communication Service Providers (Sales)

Nagarajan Venkateswaran
Associate Vice President – Sales Overhead

Narsimha Rao Manepalli
Associate Vice President – Enterprise Solutions and Head – Hyderabad Development Center

Patrick T. Ogawa
Associate Vice President – Retail, Distribution & Consumer Products Group (Sales)

Prabhakar Devdas Mallya
Vice President – Security Audit and Architecture

Praveen Kumar
Associate Vice President – Europe, Middle East and Africa (Sales)

Rajesh K. Murthy
Associate Vice President – Enterprise Solutions (Sales)

Rajiv Bansal
Associate Vice President – Finance

Ram C. Kumar
Associate Vice President – Product Engineering (Sales)

Rama N. S.
Vice President – Product Engineering (Delivery), and Head – Bangalore Development Center

Ramaa Sivaram
Associate Vice President – Hi Tech and Discrete Manufacturing (Sales)

Rangarajan V. R.
Chief Operating Officer – Infosys Technologies (China) Company Limited

Ravi Kiran
Associate Vice President – Systems Integration

Ritesh Mohan Idnani
Vice President – Sales, Infosys BPO Limited

Sameer Goel
Delivery Manager – Europe, Middle East and Africa, and Head – Chandigarh Development Center

Samson David
Associate Vice President – Asia Pacific

Sanat Rao
Associate Vice President – Finacle (Sales)

Sandeep Deepak Dadlani
Associate Vice President – Retail, Distribution & Consumer Products Group (Sales)

Sanjay Jalona
Associate Vice President – Europe, Middle East and Africa

Sathisha B. K.
Associate Vice President – Product Lifecycle and Engineering Solutions (Sales)

Senthil Kumar Nallasamy
Delivery Manager – Corporate

Seshadri Parthasarathy
Delivery Manager – Canada Operations (Sales)

Shaji Mathew
Associate Vice President – Insurance, Healthcare and Life Sciences (Delivery), and Head – Mysore Development Center

Shiv Shankar N.
Associate Vice President – Strategic Sourcing Differentiated Delivery, and Head – Chennai (Sholinganallur) Development Center

Sohrab Peshoton Kakalia
Vice President – Systems Integration

Sreenivas Bhashyam Asuri
Associate Vice President – Automotive and Aerospace (Sales)

Sridhar Marri
Associate Vice President – Communication Design Group

Srikantan Moorthy
Vice President – Communication Service Providers (Delivery)

Sudhir Albuquerque
Associate Vice President – Hi Tech and Discrete Manufacturing (Delivery), and Head – Mangalore Development Center

Sudhir Singh
Associate Vice President – Banking and Capital Markets (Sales)

Surya Prakash K.
Associate Vice President – Automotive and Aerospace (Delivery)

Uday Bhaskarwar
Associate Vice President – Asia Pacific (Sales)

Thothathri V.
Associate Vice President – Retail, Distribution and Consumer Products Group, and Head – Chennai (Mahindra City) Development Center

Vibhuti Kumar Dubey
Delivery Manager – Enterprise Solutions, and Head – Pune Development Center (Phase 2)

Vishnu G. Bhat
Associate Vice President – Australia Operations (Delivery)

Management Council – Voice of Youth

Amar Deep Singh
Project Manager – Energy, Utilities and Resources (Delivery)

Bela Gupta
Lead – Corporate Planning

Francis Dale Vaz
Project Manager – Retail, Distribution and Consumer Products Group

Hai Tao Sun
Project Manager – Infosys Technologies (China) Company Limited

Kaushik Ramakrishnan
Consultant – Independent Validation Solutions

Malay Shah
Engagement Leader – Infosys Consulting, Inc.

Nandan Vasudev Shetiya
Project Manager – Product Engineering (Delivery)

Pawanraj Gokulnath Sadhwani
Business Analyst – Automotive and Aerospace

Peter David Norlander
HR Support Manager – Human Resources Development

Prithvi Prabhu
Project Manager – Insurance, Healthcare and Life Sciences (Delivery)

Shiraz Mishra
Consultant – Enterprise Solutions

Shruti Bopaiah
Assistant Manager – Infosys BPO Limited

Vishwesh Umeshchandra Sharma
Programmer Analyst – Strategic Sourcing Differentiated Delivery

Infosys Foundation Trustees

Sudha Murty, *Chairperson*
Srinath Batni
Sudha Gopalakrishnan

CEO and CFO Certification

We, Nandan M. Nilekani, Chief Executive Officer and Managing Director, and V. Balakrishnan, Chief Financial Officer of Infosys Technologies Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the Company's disclosure, controls and procedures:
   d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions)
   a) all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
   b) 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) instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
9. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Nandan M. Nilekani
Chief Executive Officer
and Managing Director

V. Balakrishnan
Chief Financial Officer

Bangalore
April 13, 2007

Directors' report

To the members,

We are delighted to present our report on the business and operations of the Company for the year ended March 31, 2007.

Results of operations

in Rs. crore, except per share data

	2007	2006
Income from software services and products	13,149	9,028
Software development expenses	7,278	4,887
Gross profit	5,871	4,141
Selling and marketing expenses	719	499
General and administration expenses	927	653
Operating profit before interest and depreciation	4,225	2,989
Interest	–	–
Depreciation	469	409
Operating profit before tax and exceptional items	3,756	2,580
Other income, net	375	144
Provision of investments	2	–
Net profit before tax and exceptional items	4,129	2,724
Provision for taxation(1)	352	303
Net profit after tax and before exceptional items	3,777	2,421
Income on sale of investments, net of taxes	6	–
Net profit after tax and exceptional items	3,783	2,421
Balance brought forward	2,195	1,428
Less: Residual dividend paid	4	–
Dividend tax on the above	1	–
Amount available for appropriation	5,973	3,849
Dividend		
Interim	278	177
Final	371	234
Silver jubilee special dividend	–	827
Total dividend	649	1,238
Dividend tax	102	174
Amount transferred to general reserve	378	242
Balance in profit and loss account	4,844	2,195
EPS(2) before exceptional items		
Basic	67.82	44.34
Diluted	66.33	43.10
EPS(2) after exceptional items		
Basic	67.93	44.34
Diluted	66.44	43.10

Note: 1 crore equals 10 million

(1) Includes tax reversal of Rs. 125 crore and Rs. 18 crore for fiscal 2007 and 2006 respectively

(2) Equity shares are of par value Rs. 5/- each

Business

Total income increased to Rs. 13,149 crore from Rs. 9,028 crore in the previous year, at a growth rate of 45.6%. Our software export revenues aggregated Rs. 12,939 crore, up by 46.0% from Rs. 8,864 crore the previous year. 63.8% of the revenues came from North America, 25.8% from Europe, and 8.7% from the rest of the world. The revenue from Europe increased from Rs. 2,187 crore to Rs. 3,393 crore, with a growth rate of 55.1% which is higher than other regions. The share of the fixed-price component of the business was 28.0%, as compared to 29.3% during the previous year. Blended revenue productivity, in dollar terms, increased by 5.7% during the year. Prices have been stable with an upward bias.

The gross profit amounts to Rs. 5,871 crore (44.6% of revenue) as against Rs. 4,141 crore (45.9% of revenue) in the previous year. The onsite revenues have increased from 49.8% in the previous year to 51.7%. The onsite person months comprised 30.1% of the total billed efforts as compared to 29.2% during the previous year. The operating profit amounted to Rs. 4,225 crore (32.1% of revenue) as against Rs. 2,989 crore (33.1% of revenue) in the previous year. Sales and marketing costs were 5.5% of our revenue during the year ended March 31, 2007 and 2006. General and administration expenses decreased from 7.2% in the previous year to 7.0%. We continue to reap the benefits of economies of scale. The net profit after tax and exceptional item was Rs. 3,783 crore (28.8% of revenue) as against Rs. 2,421 crore (26.8% of revenue) in the previous year. The net profit for the year includes a tax reversal of Rs. 125 crore. The tax provisions were reversed as it was no longer required in overseas jurisdictions on conclusion of assessment as well as expiry of the limitation period.

We seek long-term partnerships with clients while addressing their various IT requirements. Our customer-centric approach has resulted in high levels of client satisfaction. We derived 95.3% of our revenues from repeat business (i.e. a customer who also contributed to revenues during the prior fiscal year). We added 160 new clients, with a substantial number of large global corporations. The total client base at the end of the year stood at 500. Further, we have 275 million-dollar clients (221 in the previous year), 107 five-million-dollar clients (81), 71 ten-million-dollar clients (54), 12 fifty-million-dollar clients (9), and 3 hundred-million clients (Nil in the previous year). During the year, one of our client contributed more than $200 million of revenues.

We continued scaling up our infrastructure by adding another 29.38 lakh sq. ft. of physical infrastructure space. The total available space now stands at 119.65 lakh sq.ft. The number of marketing offices as of March 31, 2007 was 43.

Finacle®

Finacle®, the universal banking solution from Infosys, helps banks win in the flat world by enabling them to shift their strategic and operational priorities. It maximizes their opportunities for growth, while minimizing the risks that come with large-scale business transformation. This modular solution addresses the core banking, treasury, wealth management, consumer and corporate e-banking, mobile banking and web-based cash management requirements of universal, retail and corporate banks worldwide.

Finacle® currently powers 91 banks across 54 countries, helping them serve over 100 million customers, 150 million accounts, 80,000 users and supporting over 36 million peak banking transactions per day spread across multiple installations. In the recently released reports by renowned research firms Gartner and Forrester, Finacle® has emerged among the leaders in a global evaluation of retail core banking vendors. Finacle® has also emerged as one of the most scalable core banking solutions in the world by achieving an unparalleled performance benchmark of 104 million effective transactions per hour (29,010 ETPS).

Liquidity

We continue to be debt-free, and maintain sufficient cash to meet our strategic objectives. Liquidity in the balance sheet needs 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. During the current year, internal cash flows have more than adequately covered working capital requirements, capital expenditure, investment in subsidiaries and dividend payments, leaving a surplus of Rs. 659 crore. As on March 31, 2007, we had liquid assets including investments in liquid mutual funds, of Rs. 5,650 crore as against Rs. 4,463 crore at the previous year-end. These funds have been invested in deposits with banks and highly rated financial institutions.

Increase in share capital

During the year, upon the approval of the shareholders, a bonus issue of 1:1 was made by capitalizing a sum of Rs. 138 crore from the general reserve. To provide for the issue of these additional shares, the authorized capital of the Company was increased to Rs. 300 crore consisting of 60 crore equity shares of Rs. 5/- each. Also, the Company issued 1,88,11,706 shares on the exercise of stock options under the 1998 and 1999 employee stock option plans. Due to this, the outstanding issued, subscribed and paid-up equity share capital increased from 27,55,54,980 shares to 57,12,09,862 shares as of March 31, 2007.

Secondary American Depositary Shares (ADSs) offering

During the year, we successfully sponsored a Secondary American Depositary Share Offering. 3,477 valid applications comprising 8,40,32,322 equity shares were received during the Offer Period (November 9, 2006 to November 17, 2006).

On November 21, 2006, 3,00,00,000 ADSs representing 3,00,00,000 equity shares were sold in the Sponsored Secondary ADR Offering at a price of US $53.50 for each ADS, before underwriting commission and discounts and other offer expenses. The gross proceeds from the sale of 3,00,00,000 ADSs representing 3,00,00,000 equity shares, aggregate to over US $1.6 billion.

As part of this offering, 50,00,000 ADSs representing 50,00,000 equity shares were placed with Japanese investors through a Public Offer Without Listing (POWL).

This is the largest ever international equity offering from India at that time.

NASDAQ-100 Index

We were added to the NASDAQ-100 Index, effective with the market opening on Monday, December 18, 2006. The NASDAQ-100 Index is composed of the 100 largest non-financial stocks on the NASDAQ Stock Market in terms of market capitalization. We are the first Indian company to be added to the NASDAQ-100 Index and are the only Indian company to be part of any major global index.

Appropriations

Dividend

In October 2006, we paid an interim dividend of Rs. 5/- per share (100% on par value of Rs. 5/-). We recommend a final dividend of Rs. 6.50 per share (130% on par value of Rs. 5/- per share). The total dividend amount is Rs. 649 crore, as against Rs. 1,238 crore (including silver jubilee special dividend of Rs. 827 crore) for the previous year. Dividend (including dividend tax) as a percentage of profit after tax is 19.9% as compared to 19.4% (excluding silver jubilee dividend) in the previous year.

The register of members and share transfer books will remain closed from June 8, 2007 to June 22, 2007, both days inclusive. The Annual General Meeting of the Company has been scheduled for June 22, 2007.

Transfer to reserves

We propose to transfer Rs. 378 crore to the general reserve. An amount of Rs. 4,844 crore is proposed to be retained in the profit and loss account.

Subsidiaries

We have four subsidiaries – Infosys BPO Limited, Infosys Technologies (Australia) Pty. Limited, Infosys Technologies (China) Company Limited and Infosys Consulting, Inc. and one step-down subsidiary Infosys BPO S.R.O. (wholly-owned subsidiary of Infosys BPO Limited).

Majority-owned subsidiary

Infosys BPO Limited (IBPO)

Infosys BPO Limited (formerly Progeon Limited) was incorporated in April 2002, in India, to address opportunities in the Business Process Management space. As of March 31, 2007 we hold 98.92% of the equity share capital and voting power of Infosys BPO. During the year, Infosys BPO serviced 74 clients, added 22 clients, and generated Rs. 650 crore in revenue, with a net profit of Rs. 153 crore. The employee strength as on March 31, 2007 was 11,226.

On June 2006, we acquired 87,50,000 equity shares of IBPO from Citicorp International Finance Corporation for a consideration of Rs. 530 crore. In December 2006, the shareholders of Infosys BPO approved a buyback of up to 12,79,963 equity shares at a fair market value of Rs. 604 per equity share. Pursuant to the buyback offer, IBPO bought back 11,39,469 equity shares, which were subsequently cancelled. In January 2007, we initiated the purchase of all the share and outstanding options in IBPO from its shareholders and option holders comprising current and former employees of IBPO. The shareholders were given a choice to sell their shares at fair market value and the option-holders were given the choice to sell their options and / or swap IBPO options for Infosys options at a swap ratio based on fair market value. Consequent to this proposal, we paid an aggregate of Rs. 71 crore for the purchase of shares and options, and granted 1,51,933 Infosys options under the 1999 plan valued at Rs. 12 crore. Accordingly, our investment in IBPO has increased by Rs. 83 crore and reserves have increased by Rs. 12 crore. Additionally, we have committed to a deferred share purchase with the shareholders of IBPO. As per the agreement, we will purchase 3,60,417 IBPO shares for Rs. 22 crore by February 2008. The same will be accounted as investment on conclusion of the agreement along with the transfer of title in the shares. Upon conclusion, our holding in IBPO would be 99.98%.

Our total investment in Infosys BPO as of March 31, 2007 is Rs. 637 crore.

Wholly-owned subsidiaries

Infosys Technologies (Australia) Pty. Limited

In January 2004, the Company acquired, for cash, 100% of the equity in Expert Information Services Pty. Limited, Australia, for US $24.3 million (Rs. 66 crore). The acquired company was renamed "Infosys Technologies (Australia) Pty. Limited". During the year, Infosys Technologies (Australia) Pty. Limited serviced 59 clients and generated Rs. 446 crore in revenue, with a net profit of Rs. 71 crore. The employee strength as on March 31, 2007 was 306.

Infosys Technologies (China) Company Limited

Infosys Technologies (China) Company Limited (Infosys China) is a wholly-owned subsidiary and was formed to expand Infosys' business operations in China. We have invested US $10 million (Rs. 46 crore) of capital in Infosys China and advanced a loan of US $5 million (Rs. 22 crore) as of March 31, 2007.

During the year, Infosys China serviced 50 clients, and generated a revenue of Rs. 60 crore, with a net loss of Rs. 29 crore. The employee strength as on March 31, 2007 was 669.

Infosys Consulting, Inc.

In April 2004, we established Infosys Consulting, Inc., a wholly-owned subsidiary, in Texas, U.S., to add high-end consulting capabilities to our Global Delivery Model. The Board had approved an investment of up to US $20 million in the share capital of Infosys Consulting, Inc. We have invested US $20 million (Rs. 90 crore) as of March 31, 2007.

During the year, Infosys Consulting serviced 89 clients, and generated a revenue of Rs. 213 crore, with a net loss of Rs. 111 crore. The employee strength as on March 31, 2007 was 209.

Particulars under Section 212 of the Companies Act

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. We had applied to the Government of India for an exemption from such an attachment as we present the audited consolidated financial statements in the Annual Report. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition and is accepted globally. The Government of India has granted exemption from complying with Section 212. Accordingly, the Annual Report does not contain the financial statements of these subsidiaries. We will make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our investors. These documents will also be available for inspection during business hours at our registered office in Bangalore, India.

Development centers

In FY 2007, we incurred capital expenditure aggregating Rs. 1,194 crore on physical infrastructure, up from Rs. 849 crore during the previous year. Further, we incurred Rs. 249 crore on technological infrastructure, up from Rs. 199 crore last year. In all, Rs. 1,443 crore has been invested, up from Rs. 1,048 crore last year.

As of March 31, 2007, in India, we had 119.65 lakh sq. ft. of space with 58,488 seats, and an additional 103.12 lakh sq. ft. under construction that would provide 32,967 seats.

Quality

Improving "Execution Excellence" through continuous productivity improvement and maintaining high quality deliveries is the prime focus for every Infoscion. We have continuously benchmarked our processes against world-class standards and models such as ISO 9001-TickIT, SEI-CMM / CMMI, ISO 20000, ISO 27000, AS 9100, TL 9000 and ISO 14001. Regular and rigorous assessments are conducted by reputed external assessors. Our process performance has been benchmarked and has emerged as a better performer in comparison with other players in the industry.

We embarked on various strategic improvement initiatives last year:

- Baldrige-based assessment of units for business excellence
- Organization-wide reuse and tools initiatives for productivity improvement
- Patent application filed for PROSO, our project scheduling model
- Program management framework to enable execution of large deals
- Proactive risk assessment model and approach to mitigate execution risks
- eSCM Level 4 assessment for Infosys BPO. eSCM is the eSourcing Capability Model from SEI
- Internal quality certification to equip Infoscions with required skill sets quickly

Branding

During the year, Infosys came of age as a global brand. In July 2006, Infosys celebrated its 25th anniversary, an occasion that received wide coverage in the global media.

USA Today, in a news story that traced seminal moments in our 25-year history, saluted the vision of our founders, and described Infosys as India's most admired and best-known global brand. Leading global newspapers and magazines, including *The Times, BusinessWeek, The Financial Times* and *Computerworld,* echoed similar sentiments.

On July 31, 2006, we launched our 'Win in the Flat World' marketing campaign with the ringing of the NASDAQ opening bell from our campus at Mysore. On the occasion, Bob Greifeld, President and CEO, The NASDAQ Stock Market, Inc., commented, "Infosys has defined what it means to be in the flat world. It is the global transformation partner of choice." As part of the 'Win in the Flat World' campaign, we also leveraged key online properties to reach out and build awareness.

A survey conducted by *BusinessWeek* and Boston Consulting Group of the 'World's Most Innovative Companies' placed us at No. 10 in the Asia-Pacific region and No. 32 in the world. The Reputation Institute ranked us among the 200 most respected companies in the world. The Bloom Group named www.infosys.com among the most 'prospect-friendly' professional services websites.

As a strategic partner and key sponsor of the World Economic Forum, we led discussions on economic and social issues at the Davos round in January. We helped the Forum shape its agenda by actively participating in the 'Forum of Young Global Leaders' and the 'Global Growth Companies' programs.

We were a prime sponsor at several flagship events like Gartner Sourcing Summit, Sapphire, Oracle OpenWorld, World Wide Web Consortium's W3C Conference and The Open Group Summit. Infosys' annual client meet, Confluence, was a resounding success.

As a part of our branding strategy, we were also a sponsor at many industry-specific events in various domains such as Retail, Financial Services, Aerospace, Telecommunications, Testing and Validation, and Product Engineering, among others.

In the financial services sector, the brand made deep inroads. *Gartner* named us among the top six systems integrators to the U.S. financial services market and further identified us as the fastest growing technology and services provider to the financial services industry. The readers of *Waters*, a leading industry publication in the U.S., ranked us among the top three outsourcing services providers to the financial services industry.

We have been rated as one of the leading players in the Service Oriented Architecture (SOA) space by *Forrester*. The analyst pointed out our strengths in implementing SOA in the North American market and modernizing legacy applications in the European market.

We partnered with The Open Group, a vendor-and-technology-neutral consortium focused on open standards and global interoperability within and between enterprises, in the area of Enterprise Architecture. We have the largest number of TOGAF 8 certified professionals at one company in the world and are involved in two Open Group committees to define next-generation standards for SOA and Enterprise Architecture.

We continued to consolidate our position as a global sourcing leader. A series of brochures titled *Global Sourcing Essentials* have been launched to serve as a primer on this topic. We have expanded our relationship with sourcing-specific platforms such as International Association of Outsourcing Professionals (IAOP), Sourcing Interests Group (SIG), and Information Technology Association of America (ITAA).

We continued to strengthen our service offerings through alliances with leading technology providers. The Infosys-Microsoft alliance, in particular, had a very successful year. For the second successive year, we won four Microsoft Partner Awards at the 2006 Annual Microsoft Partner Awards program.

Our Campus Connect program has been extended to over 300 engineering colleges, with over 58,000 registered students.

Awards

We are happy to report some of the awards that we received during the financial year.

- Ranked as the 'Best company to work for in India 2006' in the BT-Mercer-TNS survey published in *Business Today*
- *BusinessWeek* cover story cited Infosys as one of the companies turning the technology services industry on its head
- *BusinessWeek* named Infosys as one of the 10 global companies to watch
- Ranked No. 11 in Wired 40 (in 2006)

- Ranked the '*Businessworld* Most Respected Company' in a survey. The special issue featured rankings of top companies from all sectors
- Ranked No. 36 on the worldwide list of the World's Most Innovative Companies
- Named among 74 Global High Performers chosen from *Forbes*' Global 2000 list
- *BusinessWeek* ranked Infosys No.10 among World's Most Innovative Companies in the APAC region
- ICAI judged *Infosys Annual Report* 2006 best in 'Information Technology, Communication and Entertainment Enterprises' category
- Best Presented Accounts in Communication and Information Technology Sector in SAFA (South Asian Federation of Accountants) BPA Awards, 2005. Overall winner of the SAFA Best Presented Accounts 2005
- Rated among the top five investor relations websites in APAC / Africa by *IR* magazine
- Named the most admired company for the sixth consecutive survey by Asia *Wall Street Journal*
- Gartner placed Finacle®, the universal banking solution from Infosys in the leaders quadrant
- Finacle® the Asian Banker Best Implementation award 2006 for implementations in large and mid-sized banks
- Rated as leader by Forrester in strategy with the highest overall score amongst 13 leading providers of application outsourcing

Human resource management

Employees are vital to Infosys. We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high caliber employees. We added 15,173 (net) and 22,567 (gross) employees, taking the total strength to 59,831 up from 44,658 at the end of the previous year. Our attrition rate stands at 13.7% compared to 11.2% for the previous year. Over the last year, 13,02,368 people applied to us for employment and we continue to remain an employer of choice in our industry.

Education and research initiatives

Global Education Centre (GEC) conducts the Foundation Program and is the largest software engineering institute in the corporate sector. It caters to a peak training need of 4,500 trainees currently and manages the overflows into other development centers. Modern, futuristic training facilities and methodologies are the norm at GEC. Trainees have 24/7 access to online classrooms, cyber café and library. The residential training program also fosters good team building.

We trained 15,176 employees as part of the Foundation Program last year. We continued our efforts in training alternate pools of talent in qualifications as also engineering degree holders from multiple geographies. We believe this will give us a definite competitive advantage as we expand our foot print in the world.

Certification programs

In keeping with our tradition of continuous improvements on every aspect of our business, we have conceived and implemented a competency framework for certifications across all roles in technology and domain. After a pilot, we have rolled out this framework for all the roles, covering over 40,000 people. This was done by delivering learning opportunities aggregating to 9,12,903 trainee days. This is possibly one of the largest such programs and directly reaffirms our mission statement of having best-in-class people as a key differentiator.

Infosys Leadership Institute

The Infosys Leadership Institute (ILI) continues to successfully deliver against its mandate to develop leaders who help achieve organizational vision, enhance managerial capabilities across all levels to better customer satisfaction, and equip entry-level Infoscions with the skills to meet the challenges of globalization and growth. ILI has focused on driving the creation of the Leadership funnel at different levels of the organization. The work starts at the Business Finishing School and then moves into milestone programs for middle management and culminates in a competency-based leadership development program for its senior leaders. The development is supported through systemic processes such as Personal Development Plans (PDP), Mentoring, "Leader's Teach" sessions, 360 Degree Feedback, Action Learning, Distinguished Faculty-led Programs, Ivy League courses, etc. ILI has been instrumental in the selection of leaders to its three-tiered program and the subsequent developmental activities to meet our needs in a high growth environment.

AcE – Building global academic relationships

AcE (Academic Entente), our academic branding program, is a strategic initiative to consolidate and formalize our academic relationships worldwide, in recognition of their importance in building a global brand and attracting multi-cultural talent.

Through initiatives under the program, our brand message extends beyond campuses to customers, shareholders, partners and other stakeholders associated with the academia. Case studies written by faculty at Harvard, Stanford and Tuck School of Business this year on topics related to consulting and innovation have showcased our migration up the value chain. Infoscions invited to participate in industry-academia conferences and guest lectures at prestigious forums such as the balanced scorecard hall of fame have positioned us as thought leaders. Ongoing collaborative research discussions with faculty at leading universities, in technical and functional areas, have expanded our knowledge network and enabled access to a wide array of resources to build innovative solutions. Student groups and faculty visiting our campuses (over 60 this year) have allowed us to showcase our corporate culture and diverse service offerings.

InStep – Global internship program

InStep is our global internship program to attract students from the best academic institutions around the world to work on live, organizationally relevant projects. While students benefit from learning first-hand in a corporate environment, we gain brand equity, value addition to current projects and enhanced awareness at universities. Further, interns have co-authored and published papers in journals of international repute like *Institute of Electrical and Electronics Engineers* (IEEE). This has helped position Infosys as a global technology leader.

InStep also promotes a multi-cultural environment at Infosys. Last year, the program received over 12,000 applications and enabled 125 interns representing over 30 different nationalities to share their experiences and perspectives. We recruited interns from diverse academic backgrounds, spanning technology students from Stanford to business students from Oxford. To match our expanding global footprint, the program targeted universities in geographies like Spain, Italy, Denmark, Norway, Chile, Colombia and Israel for the first time this year. Keeping in line with our objectives of building a global workforce, the program has also enabled recruitment of over 10 interns for full-time positions this year.

Campus Connect

Campus Connect, the high impact and the largest academic initiative of Infosys, is the industry-academia collaboration program, and was initiated in May 2004. It has now scaled to over 330 engineering colleges across India. We have signed MoUs with the state governments of Rajasthan and Orissa to include engineering colleges in their states to the program.

We share our educational experience with the faculty of partnering colleges through a structured Faculty Enablement Program (FEP). During the year, 412 faculty members from over 200 partnering colleges attended this program. This takes the total number of trained faculty to 600. Several FEPs are planned during the next financial year.

The trained faculty members in turn conduct the Infosys Foundation Program (Generic Courses) in their colleges. 13,656 students are undergoing the Foundation Program in 152 colleges. 7,268 students from 60 colleges have already completed the training program.

A typical shortcoming observed in engineering students has been the lack of soft skills. To address this concern, the Campus Connect team has been conducting faculty workshops which have been received very well by colleges. During the year, 268 faculty members from over 100 colleges have been trained on soft skills through this program. The trained faculty members will in turn impart soft-skills training to their students. This is expected to reduce the gap in the industry readiness of the graduates.

Campus Connect also hosted a conference on "Excellence in Engineering Education" in which leading industry representatives, academicians and AICTE participated. This was one of our attempts to introduce changes to engineering education from a top-down approach. This is expected to yield good results in the coming years.

Campus Connect program was of particular interest to the Deputy Prime Minister of Malaysia, during his visit to Infosys. Based on the request from the Ministry of Higher Education (MOHE), Malaysia, we visited colleges in Malaysia to study the IT education system and presented a report. Based on this report, MOHE has decided to partner with us to develop knowledge workers based on Campus Connect offerings. The team has successfully conducted a conclave in Kuala Lumpur to create the initial awareness.

The Campus Connect portal, an online collaboration platform, has been an asynchronous channel to share our educational and professional experience in technology with the students / faculty of engineering colleges. The usage of this portal among the colleges is consistently on the rise. We are planning to share more useful content through the portal in the coming years.

Looking ahead, the Campus Connect program is poised to touch more students, faculty members and use technology to enhance knowledge delivery effectiveness and create an abundant pool of talent for the industry.

Research and knowledge absorption

Through sustained research, Education and Research (E&R) has published a book, *Principles of Enterprise IT Architecture*, authored by our employees Dr. Sudeep Malik, S. V. Subrahmanya and Manoj Subhadevan. The book was published by John Wiley. E&R has also published in several journal and conference publications.

E&R arranged 12 seminars at Infosys, inviting eminent personalities including Don Ferguson and Jonathan Adams from IBM. We are also hosting technical seminar series every month at various development centers.

Software Engineering and Technology Labs

Software Engineering and Technology Labs (SETLabs) is the center for applied technology research in software engineering and enterprise technology areas. SETLabs' research forays into emerging technology areas for improving engineering effectiveness and developing client focused business solutions.

During the year, SETLabs built several Intellectual Property (IP) assets in the areas of Software Engineering, High Performance and Grid Computing, Convergence Technologies and Information Management. SETLabs, along with other business units, also conducted multiple innovation workshops for our clients. During the same period, more than 100 articles were published by SETLabs researchers in leading journals, magazines and conference proceedings. Our IP cell, which is a part of SETLabs, filed 38 patents applications during the year taking our cumulative number of applications to 81.

Project Management Centre of Excellence

Project Management Centre of Excellence (PMCoE) was established in December 2002 to initially focus on competency development in project management areas. This has progressed well by building a knowledge base that is globally adopted as project management standards, allowing us to take higher challenges in a competitive business environment. It has also helped us build a project management experiential knowledge base, providing expert consultancy internally to specific needs of business units on project and program management, developing innovative approaches / methods of project management for deriving benefits to higher project success.

As project execution has to be flawless for our business success, we have focused on enhancing project management competency of our employees to meet the changing project environment across geographies and customers. To date, we have over 1,400 managers / senior managers certified as Project Management Professionals of PMI, USA, the de-facto world body in promoting professional project management. We continue to innovate and bring new methodology and techniques that enhance our project management skills at different levels. We are piloting a new concept of Project Management Councils that helps in leveraging the group knowledge to develop project management capacity.

Knowledge management

Mature Knowledge Management (KM) practices continue to be key elements of organizational strategy in propelling growth and differentiation amongst organizations. In new age organizations such as ours, it is imperative that we incessantly work towards making KM more relevant, effective and vibrant through reaching out to an ever larger number of communities within the organization. This year saw us successfully experiment with new methodologies and practices of knowledge sharing and adoption. Blogs as a medium of collaboration were launched for the entire Infosys community early this year, and customized Wiki solutions are presently being rolled out to help communities seamlessly, and more effectively, collaborate across geographical, time and project boundaries. In addition, a few other KM solutions directed toward enhancing collaboration and institutional memory retention, and intended to cater to specialized business groups, have been designed and are on the verge of being rolled out.

While the group explores new ways of inviting participation in KM activities, the central knowledge repository continues to elicit significant participation across the organization, and presently hosts over 24,000 knowledge assets, most of which are experiential documents derived from different facets of our business. This, in addition to around 50,000 assets in the collaborative systems across the organization, and a similar number of documents that are prepared in projects as part of formal customer deliverables and process-mandated artifacts. Induction of key knowledge agents into KM activities is being streamlined and people networks are being established and renewed at different organizational levels.

Abstracting from our experiences, Dr. J. K. Suresh and Dr. Kavi Mahesh from the KM group have recently authored a book titled, *Ten Steps to Maturity in Knowledge Management: Lessons in Economy,* that focuses on KM from the practitioner's view-point. This book presents a comprehensive set of lessons for the KM practitioner, covering all phases of planning, design, implementation and assessment of knowledge management.

Benchmarking and Continuous Improvement of Competency Building Initiatives

We are conscious of the need to continuously strengthen our competency building initiatives, to equip Infoscions with the skills necessary to support the Company's business plans. Our faculty must be in the forefront of acquiring and assimilating the knowledge and skills demanded by the rapidly evolving technology and business landscape. To help ensure this, an Agile Capability Framework that covers strengthening of conceptual foundations of Computer Science, Technology-Business linkage and Technology Agility has been defined, and deployment has begun with a set of programs led by experts drawn from world-class education and research institutions.

We constantly endeavor to benchmark our competency development initiatives against the best in class. External recognition is a key mechanism that helps us evaluate our capabilities in this regard. This year, we have received the American Society for Training and Development's (ASTD) BEST Award, the Golden Peacock National Training Award, and the Corporate University Exchange Award.

Corporate social responsibility in education

E&R has the pride of anchoring the Infosys Extension Program (IEP) which consists of Infosys Fellowship Program, Rural Reach program, Catch Them Young and Train the Trainer.

Infosys Fellowship Program

The Infosys Fellowship Program, instituted at 12 premier academic institutions in India, supports research work leading to a Ph.D. The well-received program, at present, has 58 Infosys Fellowship awardees undergoing Ph.D programs at various institutions. 18 Infosys fellows have submitted their doctoral research while many have already been awarded a Ph.D by the respective institutions.

Rural Reach Program

The Rural Reach Program is a one-day program delivering basic knowledge of computers to students of classes 5, 6 and 7 in rural schools. This year, about 7,742 students from 56 schools across India benefited from the program.

Catch Them Young

Catch them young and watch them grow. Aimed at students of Standard 9, Catch them young (CTY) focuses on encouraging students to dream big and aim high. It opens a world of knowledge on computers and how friendly and useful they can be. Written tests are conducted for Standard 9 students wherein 30-40 students are selected each year. The selected students are trained on computer languages like C, and are introduced to areas such as multimedia and e-commerce for about 15 days.

Two students are then selected from this group and are allowed to do a small real-time project with us. During this period, we also give a stipend amount as a sign of recognition for their efforts, which also serves as an encouraging factor for the students. This year, CTY was conducted in eight development centers and covered about 3,552 students from 466 schools across India.

Train the Trainer

The Train the Trainer program (TTT) is organized to reach out mostly to faculty and professors in various engineering institutions. The objective of TTT is to provide college faculty with industry experiential knowledge that focuses on the latest trends and technologies in the IT industry, so that they can in turn share the knowledge with their students during the appropriate course curriculum. This year, six such programs were conducted at various development centers of Infosys, attracting 231 faculty members from renowned engineering institutions in the country.

Corporate governance

We continue to be a pioneer in benchmarking our corporate governance policies with the best in the world. Our efforts are widely recognized by investors in India and abroad. We have undergone the corporate governance audit by ICRA and CRISIL. ICRA has rated our corporate governance practices at CGR 1. CRISIL has assigned CRISIL GVC Level 1 rating to us.

We have complied with the recommendations of the Narayana Murthy Committee on Corporate Governance constituted by the Securities and Exchange Board of India (SEBI). For fiscal year 2007, the compliance report is provided in the *Corporate governance report* section of this Annual Report. The auditors' certificate on compliance with the mandatory recommendations of the committee is annexed to this report.

We have documented our internal policies on corporate governance. In line with the committee's recommendations, the management's discussion and analysis of the financial position of the Company is provided in this Annual Report and is incorporated here by reference.

We continue our practice of providing a report on our compliance with the corporate governance requirements of six countries, in their national languages, for the benefit of our shareholders in those countries.

During the year, we continued to fully comply with the US Sarbanes-Oxley Act of 2002. Several aspects of the Act such as the Disclosure Committee Requirements, Whistleblower Policy, Code of Conduct for Senior Officers and Executives have already been instituted.

Directors

Mr. N. R. Narayana Murthy turned 60 on August 20, 2006, and as per our service rules, he retired from the services on that date. We inducted Mr. Murthy as an Additional Director with effect from August 21, 2006, and decided that Mr. Murthy will serve as the Non-Executive Chairman of the Board and Chief Mentor from that date. Mr. Murthy's appointment requires the approval of the members at the ensuing Annual General Meeting.

As per Article 122 of the Articles of Association, Mr. Deepak M. Satwalekar, Prof. Marti G. Subrahmanyam, Mr. S. Gopalakrishnan, Mr. S. D. Shibulal and Mr. T. V. Mohandas Pai retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible, offer themselves for re-appointment.

At the threshold of a new financial year and an upbeat mood in the economy, we have decided to chart a new course in leadership.

Nandan M. Nilekani, CEO and Managing Director, will assume the role of Co-Chairman of the Board of Directors. S. Gopalakrishnan (Kris), currently Chief Operating Officer, President and Joint Managing Director, will take over as Chief Executive Officer and Managing Director. S. D. Shibulal, currently serving as Member of the Board and Group Head – World-wide Sales & Customer Delivery, will now be the Chief Operating Officer. They will assume their new roles with effect from June 22, 2007.

Auditors

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

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.

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 names and other particulars of employees are set out in the annexure to this report. The Department of Company Affairs has amended the Companies (Particulars of Employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India, not being directors or their relatives, drawing more than Rs. 24 lakh per financial year or Rs. 2 lakh per month, as the case may be, need not be included in the statement. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

Fixed deposits

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

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

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

Employee Stock Option Plan (ESOP)

We had introduced various stock option plans for our employees. The details of options granted under the 1998 Stock Option Plan (the 1998 plan) and the 1999 Stock Option Plan (the 1999 plan) are given in the table.

The Securities and Exchange Board of India (SEBI) has issued the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. This is effective for all stock option schemes established after June 19, 1999. In accordance with these guidelines, the excess of the market price of the underlying equity shares as of the date of the grant over the exercise price of the option, including up-front payments, if any, is to be recognized and amortized on a straight line basis over the vesting period. Our 1994 option plan came to an end in fiscal 2000.

We have the 1998 stock option plan and 1999 stock option plan, where the options are issued to the employees at an exercise price not less than the fair market value. If the compensation cost on account of stock option granted after June 30, 2003 under 1998 and 1999 plans was computed using the fair value method, our compensation cost would have been higher by Rs. 1 crore and Rs. 2 crore and our profit would hence be less by Rs. 1 crore and Rs. 2 crore for fiscal 2007 and 2006 respectively. The impact on EPS for fiscal 2007 and 2006 would be Rs. 0.02 and Rs. 0.04 respectively.

During the fiscal 2007 and 2006, there have not been any grant of stock options under 1998 Plan, hence the weighted average fair values of grant during these years are nil.

During the fiscal 2007 we granted 6,38,761 options under the 1999 Plan with a weighted average fair value of Rs. 582 per option. During fiscal 2006, there have not been any grant of stock options under 1999 Plan and hence the weighted average fair values of grant during fiscal 2006 is nil.

	**The 1998 plan	**The 1999 plan
Total grants authorised by the plan (Nos.)	1,17,60,000 ADS	5,28,00,000 shares
Pricing formula on date of grant	Not less than 90% of fair market value	Fair market value
Variation in terms	NA	NA
Ratio of ADS to equity shares	1 ADS = 1 equity share	NA
Options granted during the year* (Nos.)	–	6,38,761
Weighted average price per option granted (Rs.)	NA	2,120.95
Options vested as of March 31, 2007 (Nos.)	20,84,124	12,59,079
Options exercised during the year (Nos.)	22,91,213	1,78,08,689
Money raised on exercise of options (Rs. crore)	197	1,019
Options forfeited and lapsed during the year (Nos.)	1,71,143	1,11,306
Total number of options in force at the end of the year (Nos.)	20,84,124	18,97,840
Grant to senior management***	–	1,27,400
Employees receiving 5% + of the total number of options granted during the year***	–	1,27,400
Employees granted options equal to or exceeding 1% of the issued capital	–	–
Diluted EPS on issue of shares on exercise calculated in accordance with AS 20	Rs. 66.44	Rs. 66.44

** Granted to employees of Infosys BPO Limited (majority owned subsidiary of the Company)* *** Adjusted for 1:1 bonus issued in July 2006*
**** Granted to Mr. Amitabh Chaudhry, CEO & Managing Director, Infosys BPO Limited*

	2007		2006	
	No. of Options	Weighted average exercise price	No. of Options	Weighted average exercise price
1998 Plan:				
Outstanding at the beginning of the year	45,46,480	908	61,08,580	873
Forfeited and expired	(1,71,143)	1,845	(1,90,696)	1,131
Exercised	*(22,91,213)	860	(13,71,404)	793
Outstanding at the end of the year	20,84,124	900	45,46,480	908
Vested at the end of the year	20,84,124	900	38,10,724	961
1999 Plan:				
Outstanding at the beginning of the year	1,91,79,074	575	2,81,09,874	563
Granted	6,38,761	2,121	–	–
Forfeited and expired	(1,11,306)	552	(3,33,342)	557
Exercised	**(1,78,08,689)	572	(85,97,458)	536
Outstanding at the end of the year	18,97,840	1,121	1,91,79,074	575
Vested at the end of the year	12,59,079	613	1,69,54,352	593

** Includes 90,275 options / shares excersised prior to issue of bonus shares* *** Includes 11,97,921 options / shares excersised prior to issue of bonus shares*

Significant assumptions used to estimate the fair value of options granted during the year:

	Year ended March, 31	
	2007	2006
Risk free interest rate (%)	7.0-7.3	NA
Expected life	2-6 years	NA
Expected volatility (%)	34-54	NA
Dividend yield (%)	0.2	NA
Market price on grant date	2,120.95	NA

Employees Welfare Trust

In 1994, we had issued 7,50,000 warrants to the Infosys Technologies Limited Employees Welfare Trust (the Trust), for the benefit of the employees, by creating a stock option plan, namely, the 1994 Employees Stock Offer Plan. The Trust has successfully completed the administration of the 1994 Stock Offer Plan, which expired in September 2004. As of date, the Trust has in its ownership, 28,33,600 shares which are unutilized. These shares have been irrevocably granted to the Trust and are to be used for the benefit and welfare of the employees.

Infosys Foundation

We are committed to contributing to the society and established Infosys Foundation in 1996 as a not-for-profit trust to support our social initiatives. The Foundation supports programs and organizations devoted to the cause of the destitute, the rural poor, the mentally challenged, and the economically disadvantaged sections of the society. The Foundation also helps preserve certain cultural forms and dying arts of India. Grants to the Foundation aggregated Rs. 19 crore during the year, as compared to Rs. 13 crore in the previous year.

A summary of the work done by the Foundation is given in the *Infosys Foundation* section of the Annual Report. On your behalf, we express our gratitude to the honorary trustees of the Foundation for sparing their valuable time and energy for its activities.

Community service

Through our Computers@Classrooms initiative launched in January 1999, we donated 2,567 computers to various institutions across India. Additionally, we have applied to the relevant authorities for permission to donate computers to educational institutions on an ongoing basis in the future. Microsoft Corporation continues to participate in this initiative by donating relevant software. We would like to place on record our appreciation for their continued support.

Additional information to shareholders

We continue to provide additional information in the form of intangible assets score sheet, human resources accounting, value-added statement, adjusted financial statements, and financial statements in substantial compliance with the GAAP of six countries.

Acknowledgments

We thank our clients, 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 the United States of America, Republic of China, Australia, Mauritius and the Czech Republic. We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Customs and Excise Departments, the Income Tax Department, the Software Technology Parks – Bangalore, Chennai, Hyderabad, Jaipur, Mohali, Mysore, Pune, Bhubaneswar, Mangalore, Thiruvananthapuram and New Delhi, the Ministry of Commerce, the Ministry of Finance, the Reserve Bank of India, the state governments, and other government agencies for their support, and look forward to their continued support in the future.

For and on behalf of the board of directors

Nandan M. Nilekani
Chief Executive Officer and Managing Director

N. R. Narayana Murthy
Chairman and Chief Mentor

Bangalore
April 13, 2007

Annexure to the directors' report

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

Conservation of energy

Our operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and by purchasing energy-efficient equipment. We constantly evaluate new technologies and invest to make our infrastructure more energy-efficient. Currently, we use CFL fixtures and electronic ballasts to reduce the power consumption in the Illumination system. A building automation system is in place to control the working of air conditioners and to make them more energy-efficient by installing 'Variable Frequency Drives.' Centralized Air conditioners with energy-efficient Centrifugal VSD System & Screw compressors are installed. In addition, air-conditioning with VRV system and split air conditioners with scroll compressors are used for independent cooling. High efficiency, hydro-pneumatic pumps are used in water pumping systems.

We also use amorphous core transformers in place of conventional transformers at all our locations, which operate at an efficiency of over 99%. We have installed power factor correctors at the grid power supply level & at building distribution levels to maintain the power factor & to achieve high energy efficiency. We use solar water heating system for water heating in our staff hostels.

As energy costs comprise a very small part of our total expenses, the financial impact of these measures is not material.

Research and Development (R&D)

Research and development of new services, designs, frameworks, processes and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous innovation.

R&D initiative at institutes of national importance

We collaborated with the Indian Institute of Science, Bangalore in the area of Game Theoretical Algorithms for Formation of Supply Chains. This project addresses the issue of the optimal mix of supply chain entities and their protocols interaction to deliver better value to the customers. Based on this research project, multiple papers have been published in international conferences. We also collaborated with Indian Institute of Technology, Kanpur on Smart RFID and its applications to biometric devices. We have filed a patent as part of this project at US PTO.

Specific areas for R&D

The Business Process Management (BPM) and requirements management suite of methodologies and tools, 'InFlux™', launched the InFluxconnect platform. This platform enables community based collaboration on business process & practice designs, execution and management. Multiple reference models and patterns based business systems are available on this internet based platform.

The Convergence research group developed a mobile middleware platform called mConnect. This platform takes away the complexity of developing mobile solutions for multiple devices trying to access a web service. This solution has been successfully piloted in multiple banking and retail clients.

The Security and Privacy research group has developed a secure development lifecycle methodology with detailed guidelines on J2EE and .NET platforms. The methodology covers security focused activities to be carried out at different software development lifecycle stages. Based on this methodology, an Infosys wide awareness and training initiative on secure application development has been rolled out.

A book titled, "Grid Computing Security" was published by one of the researchers from the High Performance and Grid Computing Team. This is one of the few books on the emerging and important topic of security in the context of grid computing. Grid computing based technology platforms have been created to offer services in the area of infrastructure and data virtualization.

We successfully collaborated with a faculty member at Purdue University in the area of software modularization. Based on this work, Infosys developed a unique set of metrics that measure the quality of modularization of a non-object oriented software system. This has resulted in the conceptualization of a new service offering. Services are now being offered to large clients that have large legacy-code business applications. A paper based on this collaboration was published by the IEEE Transactions in Software Engineering.

R&D activities in other enterprise IT areas such as Service Oriented Architecture (SOA), Knowledge Engineering, Data Mining, Business Intelligence and Knowledge Management has also resulted in providing unique services to multiple clients. Many researchers from these areas have published in prestigious journals and participated as speakers in several international and domestic conferences.

We incurred Rs. 48 crore on R&D in the fiscal 2007, on enhancing and developing new functionalities in the banking product suite Finacle® and on developing platforms in emerging technologies.

Benefits

Our R&D efforts have helped us offer new services to clients in the areas of Enterprise Architecture, IT Governance and emerging technological areas such as Web 2.0 and Service Oriented Architecture. Based on the technology platforms developed by multiple research groups, we are creating client focused business solutions.

Our R&D capabilities play an instrumental role in our winning a deal with a large global BFSI client. Our researchers are designing an innovative next generation business platform. The research team convinced the client's Group CIO to approach this project by breaking it into smaller technical projects that involve research, modeling of alternative implementation possibilities, prototyping and proof-of-concept testing. This research intensive engagement is an example of the many collaborative research projects being executed.

Future plan of action

We will collaborate with leading universities, product vendors and technology startups to conduct collaborative research in the areas of Software Engineering, High Performance and Grid Computing, Mobility, Security, Information Management, Analytics, Knowledge Management etc. Infosys will also undertake a focused effort to improve its R&D effectiveness.

Expenditure on R&D

in Rs. crore

	2007	2006
Revenue expenditure	167	102
Capital expenditure	–	–
Total	167	102
R&D expenditure / total revenue	1.3%	1.1%

Technology absorption, adaptation and innovation

We have identified three thought leadership areas: Knowledge Management, Collaborative Technologies and Convergence Technologies. We have created technology roadmaps in these areas that anticipate changes based on the evolution of technology in two to five years. Based on these technology roadmaps, we have created various scenarios in vertical industry segments and have developed proof-of-concept applications along with clients and technology partners. For instance, we have created proof-of-concept applications in collaborative technologies such as .NET along with Microsoft. This has been demonstrated to our clients, and has resulted in getting several new projects in the .NET technology area.

Foreign exchange earnings and outgo

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans

During the year, 98.4% of revenues were derived from exports. Over the years, we have established a substantial direct-marketing network around the world, including North America, Europe and the Asia Pacific regions. These offices are staffed with sales and marketing specialists, who sell the company's services to large, international clients.

Foreign exchange earned and used

in Rs. crore

	2007	2006
Earnings	12,156	8,655
Outflow	5,653	3,546
Net foreign exchange earnings	6,503	5,109
NFE / Earnings	53.5%	59.0%

For and on behalf of the board of directors

Nandan M. Nilekani
Chief Executive Officer and Managing Director

N. R. Narayana Murthy
Chairman and Chief Mentor

Bangalore
April 13, 2007

Annexure to the directors' report

b) Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the directors' report for the year ended March 31, 2007

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Abhay M. Kulkarni	AVP, TNS (Delivery)	BE	40	26-Feb-90	19	50,83,542	TISCO, Graduate Trainee
Abhijit Sen	DM, HTDM (Delivery)	BE	40	14-Jan-02	18	31,70,563	Visa International, Dept. Head
Abhijit Vishwas Ghaskadbi	DM, PLES	BE	41	26-Dec-97	19	25,55,910	Telco, Senior Engineer
Abhishek	AVP, ES	B.Tech.	34	1-Jul-93	14	31,83,427	–
Acharya K. N. S.	University Head, PLES	BE, M.Tech.	42	27-Feb-06	21	24,25,487	Honeywell Technology Solutions Lab Pvt. Ltd., Learning Lead
Aditya Nath Jha	AVP, Corporate Marketing	B.Tech. (H)	41	10-Nov-03	20	31,64,185	Big Leap, CEO
Ajay Kumar Bohra	Product Manager, Finacle	BE, MBA	39	13-Feb-01	15	29,11,371	Honkong And Shanghai Banking Corporation Ltd., Relationship Manager
Ajayan Pillai	DM, Retail (Delivery)	B.Sc., MCA	36	2-Apr-01	13	26,77,743	IT Solutions (India) Pvt. Ltd., Accounts Manager, Delivery
Ajit Kumar Sarangi	DM, EMEA (Delivery)	BE, M.B.M.	40	20-Feb-98	19	25,25,747	Union Pacific Rail, PL
Akhila Ramachandran Jha	Senior Manager, Quality	B.Sc., MCA	40	14-Dec-04	18	28,92,021	American Express Pvt. Ltd., Director
Amit Gaonkar	SPM, HTDM (Delivery)	B.Tech., PGD	33	31-Aug-98	10	25,56,172	TCS, Systems Analyst
Amit Kumar Bhadra	Unit Operations Manager, BCM (Delivery)	B.Sc., M.Sc.	41	22-Jan-98	21	27,67,778	Unit Trust Ltd. India, Asst. General Manager
Amit Singh	GPM, EMEA (Delivery)	BE, PGD	35	16-Mar-98	13	27,61,344	Infosys, General Engineer.
Amiteshwar D. S.	DM, HTDM (Delivery)	B.Sc. (H), M.Sc.	36	24-Jun-96	11	24,19,635	–
Ammayappan Marimuthu	Unit Operations Manager, Retail (Delivery)	BE	33	22-Jan-01	10	27,64,227	Sony India Ltd., System Engineer
Amol Barbare	GPM, IHLS (Delivery)	BE	31	15-Jul-96	11	24,23,814	–
Amruta Kumar Mohanty	GPM, Corporate	B.Sc. (H), MCA	39	24-Aug-98	16	26,58,659	James Martin & Co., Consultant
Anand Ganapathy Chennira	Group Manager, ES	BE, PGD	34	12-Oct-98	10	28,27,448	Asian Paints, Executive
Anand J. Raghavan	Unit Operations Manager, PE (Delivery)	BE	35	27-Nov-95	13	28,43,257	Wipro Infotech, Customer Support Engineer
Anand Krishna	Group Manager, Go-to-Market (Marketing)	BE, MBA	41	12-Jul-00	17	31,52,283	PWC, Senior Manager Transaction Services
Anand Sam	DM, ES	BE	34	7-May-01	12	29,20,849	TCS, IT Analyst
Ananth Chandramouli	Principal Architect, REU (Delivery)	BE, M.Tech.	34	26-Aug-96	11	27,23,583	Carborundum Universal, Trainee
Ananth Vaidyanathan	AVP, SGS (Sales)	BE	38	16-Jan-92	16	33,23,769	Tata Electric Com, Trainee
Ananthashayana S.	Senior Associate, HTDM (Delivery)	BE, PGD	33	14-Oct-04	11	25,35,986	E. C. S. Ltd., Principal Consultant
Anil Kumar P. N.	DM, REU (Delivery)	B.Tech., M.E.	35	5-Aug-96	12	27,07,866	Bajaj Auto Ltd., Engineer
Anoop Nambiar	Principal Architect, SETLabs	B.Tech.	39	17-Apr-03	15	24,68,188	Venturi Technology Partners, Senior Consultant
Anuj Kumar	DM, IHLS (Delivery)	BE	34	6-Jan-97	13	30,48,652	Rourkela Steel Plant, Manager
Anuradha Biswas	AVP, IVS	B.Sc.	34	24-Sep-01	14	39,08,225	Aztec Software, Senior Manager, QA
Ardhendu Sekhar Das	Divisional Manager & Head, Bhubaneswar DC	BE	41	23-Jan-98	19	36,26,708	Fujitsu Network Communications Inc., Database Administrator
Arindam Das	DM, ANA (Delivery)	B.Tech., M.Tech.	38	27-Mar-01	15	27,54,589	TCS, Assistant Consultant
Arun Kumar H. R.	Unit Operations Manager, TNS (Delivery)	BE	34	7-Nov-94	12	27,02,674	–
Arun Ramu	VP, IVS	B.Tech.	46	28-Aug-00	24	59,04,611	Trigent Software, General Manager
Ashok Kacker	Principal Consultant, ILI	B.Tech., MBA	59	24-Jan-05	37	37,30,538	Success Dynamics, Director
Ashwathanarayana Shastry	AVP, HTDM (Delivery)	BE, M.E.	39	24-Feb-92	15	30,85,634	–
Atul Alase	DM, EMEA (Delivery)	BE	41	2-May-05	17	31,59,651	Target Case Technologies, Director
Atul Mehra	Group Manager, Go-to-Market, Corporate Marketing	B.Sc., B.A.	44	24-Jan-05	22	30,54,040	Mastercard International, Director
Atul Soneja	DM, EMEA (Delivery)	B.Tech. (H)	34	26-Jun-95	12	30,78,934	–
Aveejeet Palit	Principal Solutions Manager, SI	BE, M.Sc.	40	31-Dec-96	18	29,00,743	CBSI, Developer
Avinash Chandrakar	DM, EMEA (Delivery)	B.Tech.	33	27-Jun-94	13	31,20,316	–
Babu N. S.	DM, Finacle	B.Sc., M.Sc.	34	4-Sep-95	13	29,10,625	Aadson Computers, Developer
Babuji S.	AVP, PE (Delivery)	Diploma, BE	57	17-Dec-97	34	34,57,353	Mahindra British Telecom Ltd., Chief Manager
Balachandran T. R.	Manager, Lateral Recruitment, HRD	B.A., M.A.	37	12-Oct-00	15	27,17,611	ICICI Personal Financial Services Ltd., Business Manager, South
Balaji R.	DM, PLES	Diploma, BE	36	2-Feb-98	17	26,37,874	IISc, Associate
Balaji R. Iyengar	Principal Consultant, BCG, BCM (Sales)	B.Tech., PGD	39	1-Aug-03	15	27,47,009	HSBC, Manager – Retail Assets
Balaji Sampath	Group Manager, Go-to-Market, Corporate Marketing	BE, MBA	36	23-Dec-04	12	33,71,980	Microsoft Corporation, Business Manager
Balaji Srinivasa Rao Ghat	Senior Manager , CCD	BE	37	7-Feb-00	15	29,43,610	Zen Computers, Networking Consultant
Balakrishna D. R.	Divisional Manager, REU (Delivery)	BE	35	7-Feb-94	13	33,15,242	HCL-HP, Customer Engineer
Balakrishnan M.S.	DM, Retail (Delivery)	B.Sc., M.Sc.	41	12-Oct-00	20	28,25,365	DSQ Software Ltd., Assistant Consultant
Balakrishnan V.	Chief Financial Officer	B.Sc., A.C.S., C.A., AICWA	42	2-Sep-91	20	77,56,379	Amco Batteries Ltd., Senior Accounts Executive
Balashankar	AVP, PE	BE	51	17-Dec-97	28	33,17,352	Bharat Electronics Ltd., Manager & Dept. Head of R&D
Balasubramanian V.	DM, ES	AMIE, Diploma, PGD	35	13-Aug-99	17	25,71,204	Tata Technologies India Ltd., Dy. Manager Sap
Bharadwaj K. P.	DM, CSP (Delivery)	BE	43	1-Dec-97	21	26,58,100	L&T, Executive
Bhaskar Babu K.	DM, HTDM (Delivery)	BE	34	7-Nov-94	12	26,21,103	–
Bhaskar Chakravarty	Group Lead, Corporate Planning	B.Tech.	34	26-Jun-95	12	27,63,914	–
Bhaskar Chicknanjundappa	AVP, REU (Delivery)	BE, M.S.	40	2-Sep-98	14	36,91,947	Indus International, PL
Bhaskar Kakuturu	DM, ANA (Delivery)	B.Tech.	35	13-Dec-96	14	24,12,936	Hindustan Cables Limited, Engineer
Bhuvanesh Kumar Shukla	Principal Architect, MS Solutions Practice	BE	38	29-Mar-04	17	25,10,932	Ness Technologies India Limited, Program Manager

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Bhuvaneswari Sundaram	AVP, BCM (Delivery)	B.Sc., MCA	42	28-Aug-00	19	34,93,334	CITIBANK, Asst. VP
Bikramjit Maitra	VP & Head, HRD	B.Sc., B.Tech	52	22-Feb-99	26	59,83,005	R. S. Software, VP
Binod H. R.	Senior VP, Commercial & Facilities	BE	44	2-Aug-93	21	60,14,873	MICO, Senior Engineer, Technical Sales
Brundhabhan M. S.	DM, REU (Delivery)	BE	36	27-Nov-95	15	24,80,888	L&T, Engineer – Marketing Services
Chandra Shekar Kakal	Senior VP, ES	Diploma, BE, MBA, PGD	46	1-Mar-99	23	55,29,825	Ramco Systems, Product Manager
Chandradeep B.	SPM, ES	BE	31	25-Aug-97	10	25,93,440	–
Chandrakanth Desai	AVP, CCD	B.Tech., M.Tech.	51	17-Jan-00	30	29,80,383	Indian Air Force, Wing Commander
Chandraketu Jha	Associate Vice President, Sr. General Manager, Finance	B.Com., C.A.	43	26-Jun-00	19	37,25,680	Global Business Dimensions, Head of Accounts & Finance
Charles Henry Hawkes	AVP, Facility	B.Sc.	47	15-Nov-96	22	33,79,324	Trans Oceanic Travel, Manager
Chetan Kumar Gupta	DM, PE (Delivery)	BE	35	13-Mar-95	13	25,50,001	ITI Limited, Systems Software
Deepak Agrawal	DM, ES	B.Tech., PGD	35	13-Mar-00	13	27,94,986	Price Water House Coopers, Consultant
Deepak Bhalla	GPM, IS	B.Com., A.C.A.	33	29-Jun-98	11	30,54,878	JK Corp Ltd., Manager
Deepak Gupta	GPM, Retail (Delivery)	B.Tech.	34	26-Aug-96	11	24,33,377	–
Deepak Kamath B.	DM, Retail (Delivery)	BE	40	15-Feb-93	17	24,15,450	BPL Sanyo Tech. Ltd., Assistant Engineer
Deepak N. Hoshing	AVP, Finacle	B.Tech.	44	10-Oct-96	22	41,59,185	UNISYS, Technical PL
Deepak Natraj Ramamurthi	AVP, Corporate Finance and Chief Risk Officer	B.Com (H), C.A.	41	10-Jul-00	17	44,00,826	Ernst & Young, Head, Assurance Services - Chennai
Deepak Sinha	VP, CCD	B.Sc. (H)	59	6-Apr-98	38	55,72,815	Indian Air Force, Section Head
Deependra Moitra	AVP, SETLabs	B.Tech.	37	12-Dec-02	14	43,28,681	Bell Labs, General Manager
Devapriyo Ghose	Principal Consultant, ILI	B.A., MBA, M.A.	48	7-Oct-02	24	29,49,858	ICFAI Business School, Faculty Member
Dhanaraj Thekkayil Parambath	GPM, EMEA (Delivery)	B.Sc., MCA	38	29-Mar-01	14	29,48,273	TCS, Assistant Consultant
Dhanasekaran Kalimuthu	DM, IVS	BE	38	27-Nov-95	17	24,64,803	ITI Limited, Assistant
Dheeshjith V. G.	VP, TNS (Sales)	B.Sc., M.E.	43	14-Sep-87	19	52,96,781	–
Dinesh Ganesan	Senior Manager, Quality	B.Sc., M.Sc., MBA	38	14-Dec-98	17	28,72,721	CMC Limited, Manager – Systems Integration
Dinesh Krishnaswamy	Director and Head CDG, IS, Quality & Productivity	B.Sc., M.Sc.	52	1-Sep-81	34	51,20,715	Patni Computers Systems Pvt. Ltd., Senior Software Engineer
Dinesh Mohan	GPM, ES	BE, MBA	36	1-Aug-05	12	25,28,974	California Software Co. Ltd., VP
Dinesh R.	AVP, REU (Delivery)	BE	38	1-Oct-90	17	40,04,478	–
Dorpo Narayan Chaudhuri	SPM, Strategic Sourcing Differentiated (Delivery)	B.C.S	37	3-Nov-05	13	25,36,066	IBM Global Services India Ltd., Senior Development Manager
Eshan Joshi	AVP, Immigration Operations, HRD	B.Tech., PGD	34	2-Sep-98	10	37,35,509	Infosys Technologies Ltd., Software Engineer
Feroz Syed	GPM, BCM (Delivery)	BE	37	15-Jul-96	15	24,63,862	Aptech Computers, Educ, Executive
Ganesan Arunachalam Kaushik	Senior Manager, Quality	BE (H), M.E.	48	1-Jul-05	25	26,56,986	Karna Softek India Pvt. Ltd., Project Director & CTO India
Ganesh Gopalakrishnan	VP, IHL (Delivery)	BE (H), PGD	44	2-May-94	20	53,15,930	Asian Paints India Ltd., Systems Executive
Gaurav Gupta	GPM, APAC (Delivery)	B.Tech.	37	1-Jul-93	14	24,39,408	–
Gautam Khanna	GPM, IHLS (Delivery)	B.Tech., PGD	33	8-Jun-98	10	24,73,146	Reliance India Ltd., Graduate Engineer Trainee
Geetha Das	GPM, IS	B.Tech., M.Tech.	43	24-Sep-01	17	31,39,188	Trigyn Technologies Ltd., Practice Manager
Geetha Kannan	AVP, HR Business Partner, HRD	B.Com., MBA	42	1-Apr-93	18	36,07,354	NIIT Coimbatore, Business Manager
Ghanashyam Wagle	Principal Architect, APAC (Delivery)	BE	38	10-Jun-96	16	31,01,308	Godrej & Boyce Mfg., Manager
Girish A. R.	DM, Retail (Delivery)	BE, PGD	34	8-May-95	12	25,70,042	MICO, Trainee
Girish G. Vaidya	Senior VP, ILI	BE, PGD	56	22-Jan-99	32	62,13,090	ANZ Grindlays, Head & Director Operations
Gomatam Srishail Chari	AVP, E&R	B.Tech.	44	8-Nov-00	22	30,28,572	CBSI, Development Manager
Gopal Devanahalli	AVP, Corporate Planning	PGD, M.Sc. (Tech)	39	1-Oct-99	15	30,82,617	Ford Credit Kotak Mahindra Ltd., Regional Manager
Gopal Krishna Sharma	Practice Manager, Finacle	BE, M.Tech., Ph.D	43	23-Feb-96	13	25,32,553	Islamiah Institute, Lecturer – Civil Engineering
Gopal Sondur	Head, Product Strategy & Management, Finacle	BE, M.E.	51	2-Oct-02	27	30,77,180	A. T. Kearney Management Consulting, Senior Principal
Gopal T. N.	AVP, Finacle	B.Sc.	45	8-Sep-94	25	32,25,089	Marketing Business Services, Executive
Gopalakrishnan S.	President, COO, Joint MD and Head – Customer Service & Technology	B.Sc., M.Tech., M.Sc.	51	1-Feb-81	28	51,74,567	Software Sourcing Company, Technical Group, VP
Gopikrishnan G. R.	DM, ES	B.Tech., PGD	35	3-Oct-00	12	29,17,479	Intelligroup Asia, Manager, Business Development
Gopikrishnan Konnanath	Practice Manager, ES (Delivery)	BE	36	7-Nov-94	13	33,72,675	BPL Systems & Projects, Trainee Engineer
Govindaprakasha C. H.	DM, Retail (Delivery)	BE	35	7-Feb-94	13	24,67,520	Tata Electronics, Trainee
Guru Anand K. C.	DM, PE (Delivery)	BE, MBA	48	8-Aug-97	24	25,74,562	Axes Technologies, Senior Software Design Engineer
Guruprasad R. A.	DM, PE (Delivery)	BE	38	5-Oct-98	17	28,20,456	Spectrum Infotech, Senior Design Engineer
Haragopal Mangipudi	VP, Finacle	L.L.B, B.Sc., PGD	45	8-Dec-93	20	46,95,666	Canara Bank, Officer
Haresh Amre	Senior Manager, Quality	BE, PGD	36	1-Nov-04	14	27,43,300	GE, Asst. Vice President / Senior Manager
Harish Srinivas Gudi	DM, Retail (Delivery)	BE	35	6-Jan-97	12	27,91,147	HPCL, Production In-charge
Hasit G. Trivedi	DM, APAC (Delivery)	BE	33	28-Apr-97	12	26,66,088	Global Tele Systems, Member Strategic Planning
Hemalatha Murugesan	Group Test Manager, IVS	Diploma, BE	36	7-Jun-04	11	24,65,251	Network Associates, Quality Assurance Manager
Indira Krishnamurthi	GPM, APAC (Delivery)	B.Sc., MCA	35	1-Dec-00	12	25,04,860	TCS, IT Analyst
Indranil Mukherjee	DM, ES (Delivery)	AMIE	36	4-Dec-95	12	33,31,763	Chipsoft Technologies, Customer Relations
Ishwar C. Halalli	AVP, CSP (Delivery)	BE, M.Tech.	44	19-Jan-96	21	33,72,068	AT&T SSTL, Manager
Jagdish Krishna Vasishtha	AVP, CSP (Delivery)	BE	36	17-Apr-97	15	34,17,337	AT&T, Senior Engineer
Jamuna Ravi	AVP, BCM (Delivery)	BE	44	19-Nov-01	22	39,25,774	Trigent Software Limited, VP and Head – Operations

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Janardan P.	Principal Consultant, IMS	BE	42	15-Jul-02	21	26,05,227	DCM Data Systems, Specialist
Jatadhari K. Sharma	DM, Finacle	B.Sc. (H), MCA	39	10-May-94	15	28,80,711	CMC Ltd., Associate IT Engineer
Jayaram B. G.	AVP, E&R	B.Sc. (H), M.Sc.	54	10-Dec-99	30	32,19,283	Raffles Software, PM
Jayaraman Nair	AVP, CSP (Delivery)	M.Sc. Integrated	36	22-Jun-92	15	31,82,479	–
Jayesh Sanghrajka	General Manager, Finance	B.Com., C.A., ICWA	33	17-Jul-00	9	24,25,831	KPMG, Asst. Manager
Jaymalya Palit	Product Manager, Finacle	B.Tech. (H)	35	26-Jun-95	12	24,56,989	–
Jitendra Sangharajka D.	GPM, IS	Diploma, BE	39	1-Sep-99	18	31,63,619	L&T Ltd., Executive - Information Systems
John Premkumar R.	DM, ANA (Delivery)	BE	34	9-Dec-96	13	25,05,072	L&T(ECC), Electrical Engineer
Joydeep Mukherjee	AVP, REU (Delivery)	B.Tech.	38	22-Jun-92	15	46,13,769	–
Jyothi Shriranga Nayak	DM, IHL (Delivery)	BE	38	22-Feb-93	16	25,81,062	IISc, Project Assistant
Kannan Amaresh	Principal Consultant, DCG	B.A., C.A.	38	22-Jun-00	14	33,69,246	Standard Chartered Bank, Business Development Manager
Kannan Vaikom Krishnan	GPM, ES	B.Sc., B.Tech.,	44	13-Feb-06	19	26,05,880	Tata Technologies Limited, PM
Kaushik Ray	Corporate HR Manager, C&B, HRD	BE, PGD	35	11-Sep-00	11	31,08,923	GE Capital Services India Ltd., Manager
Kiran M. Potdar	DM, APAC (Delivery)	B.C.S, M.C.S	36	1-Feb-99	14	28,99,967	Kale Consultants Limited, SA
Ramachandran K.G.	Senior VP, ILI	B.Laws, B.Com., CAIIB	61	1-Mar-04	39	37,13,558	BHEL, Chairman & MD
Koushik R. N.	AVP, CCD	B.Sc.	38	2-May-91	16	31,34,642	Frazer Techno Circuit, Marketing
Krishnamoorthy Ananthasivam	VP, Retail (Delivery) and Head – Thiruvananthapuram DC	B.Tech., M.Sc. Engg.	46	13-Jan-86	24	46,85,832	Urban Transport Development Corp., Research Assistant
Krishnan Ganapathy	Principal Architect, SI	B.Tech.	33	27-Jun-94	13	27,38,201	–
Krishnan S.	AVP, Global Taxation, Finance	B.Com., ACA, ICWA	39	15-Sep-97	15	43,63,719	Bennett Coleman & Company Limited, Senior Business Correspondent
Krishnan Subramanian	DM, APAC (Delivery)	B.Tech.	34	26-Jun-95	12	24,08,499	–
Krishnaswamy S.	DM, Strategic Sourcing Differentiated (Delivery)	BE	37	2-May-94	15	27,30,222	Malnad College of Engg, Teacher
Kshitij Kumar	DM, BCM (Delivery)	B.Tech.	34	27-Jun-94	13	30,01,535	–
Kumar B. V.	Principal Researcher & Technologist, E&R	B.Sc., M.Tech., M.Sc., Ph.D.	47	21-Apr-03	17	28,54,511	Sun Microsystems, Senior Technology Consultant
Lakshmanan G.	DM, EMEA (Delivery)	BE, M.E.	40	2-Jan-95	18	39,94,172	L&T Ltd., Executive
Lakshmi Balasubramanian	SPM, EMEA (Delivery)	B.Com., C.A.	37	1-Dec-00	15	24,67,708	HSBC, VP, Global Payments & Cash Mgmt.
G. L. N. Rao	DM, APAC (Delivery)	Diploma, B.Tech., M.Tech.	37	13-Feb-95	12	28,16,814	–
Lalit Suresh Kathpalia	DM, APAC (Delivery)	Diploma, BE	40	14-Apr-04	18	33,58,054	HSBC Software Development (India) Pvt. Ltd., Delivery Head
Latha A.	Group Manager, E&R	BE, M.E.	40	24-Sep-93	17	28,71,338	PSNA College of Engg., Teacher
Madhav A. Soundalgekar	Solution Architect, Finacle	BE, MBA	34	28-Apr-97	11	28,05,439	Mailhem Engineers Pvt Ltd., Project Engineer
Madhavan V. B.	DM, CSP (Delivery)	BE, M.E.	36	14-Dec-98	14	27,64,349	TCS, Consultant
Madhu Krishna Iyengar	DM, Finacle	BE	34	6-Oct-05	12	24,68,163	Accenture Services Ltd., Manager
Madhusudan Katti	Divisional Manager, PE (Delivery)	BE	56	19-Apr-00	35	27,84,194	ITI Ltd., Deputy General Manager, R&D
Madhusudhan B. S.	DM, PLES	BE, M.Tech., Ph.D.	45	22-Jul-02	21	29,33,431	GE India Tech. Centre, Mechanical Engineer
Mahalingeshwar S. Dhaded	DM, IHL (Delivery)	BE	36	19-Jun-00	14	27,03,227	TCS, Asst. Consultant
Mahesh Dutt Kolar	Regional Manager, Finacle	BE, PGD	37	3-Jun-96	13	25,85,825	Wipro Fluid Power, Executive
Mahesh Kamath P.	DM, IHL (Delivery)	BE	38	8-May-95	16	28,52,269	Aptech Computers, Teacher
Mala Chandrasekhar	General Manager, Finance	B.Com., A.C.A.	34	6-Sep-99	9	25,68,441	Ford India Ltd., Financial Analyst
Mangesh Ravji Mallewadikar	Principal Consultant, ES	BE, M.Tech.	33	15-May-00	10	27,19,813	Oracle Software India Ltd., Consultant
Manish Kumar Mehta	DM, BCM (Delivery)	B.Tech.	34	27-Jun-94	13	24,84,930	–
Manish Srivastava	Principal Architect, MS Solutions Practice	B.Tech.	32	24-Jun-96	11	27,83,841	–
Manjula M. K.	DM, HTDM (Delivery)	B.Tech., M.S.	36	1-Apr-97	15	25,53,194	Kanbay Software, Consultant
Manohar Madgula Atreya	Unit Operations Manager, IMS	B.Tech., PGD	35	28-Apr-97	13	25,25,686	L&T Ltd., Sales Manager
Mayank Gupta	Principal Architect, SETLabs	BE, PGD	31	11-Dec-00	8	27,37,108	Asian Paints (I) Ltd., Area Manager
Md. Iqbal	DM, HTDM (Delivery)	B.Tech.	35	2-May-94	13	33,11,556	Kirloskar Computer Services, Associate Engineer
Meera Govind Rajeevan	AVP, SGS (Sales)	B.Tech., PGD	39	7-Aug-95	16	31,23,417	Srishti Open Systems, Associate
Merwin Fernandes	VP and Global Head – Finacle Sales & Marketing	B.Com.	47	6-Aug-97	26	50,51,837	DSQ Software Ltd., Business Development Manager
Milind Govind Kolhatkar	Product Manager, Finacle	B.Tech., PGD	37	5-Sep-01	15	26,95,609	Concio Technologies, Business Analyst & Practice Manager
Milind Vinod Dikshit	Practice Manager, IMS	B.Tech., PGD	35	5-Apr-04	10	31,57,831	Bangalore Labs Pvt. Ltd., Director & Head – Global Delivery
Mohammed Sayeeduddin	DM, BCM (Delivery)	BE, MBA	39	4-Dec-95	18	26,69,508	ITI Limited, Assistant
Mohan Kumar K. L.	Group Test Manager, Finacle	B.Sc., CAIIB	40	3-Nov-97	19	26,88,623	Vijaya Bank, In-charge
Mohandas Pai T. V.	Director and Head-Administration, E&R and HRD.	LLB, B.Com., FCA	48	17-Oct-94	25	91,65,861	Prakash Leasing Limited, Executive Director
Mohit Saxena	DM, TNS (Delivery)	B.Tech.	32	26-Jun-95	12	24,69,473	–
Mritunjay Kumar Singh	DM, EMEA (Delivery)	B.Tech.	35	7-May-01	15	35,17,590	Systems Solutions and Services Consulting Inc., Account Manager
Muthuvel Gajapathi	AVP, TNS (Delivery)	B.Sc., MCA	38	27-Aug-92	16	36,04,654	PSI Bull, System Executive
Nabarun Roy	DM, Corporate	B.Tech.	35	29-Aug-94	13	28,32,943	–
Nagabhushana Samaga	DM, PE (Delivery)	BE	38	3-Jul-97	16	24,11,637	Axes Technologies, Developer
Nagaraj N. S.	AVP, SETLabs	BE	37	22-Jun-92	15	43,58,681	–
Nagaraj Nanjundaram	GPM, EMEA (Delivery)	BE, PGD	36	4-Oct-00	13	26,47,132	TCS, Assistant Consultant
Nagaraj R. N.	Head, User Education, Finacle	L.L.B, B.Sc., CAIIB, M.A.	52	6-Mar-95	31	27,93,113	State Bank of Hyderabad, Manager (Credit)
Nagaraj S.	AVP, SI (Delivery)	BE, M.E.	41	23-Mar-92	9	35,29,031	STUP Consultants, Design Engineer

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Nagarajan Srinivasan	DM, CSP (Delivery)	BE	37	10-Feb-92	15	27,33,897	–
Nagendra R. Prasad	Group Manager, E&R	BE	50	2-May-05	27	28,72,115	Innosoft Consultants Pvt. Ltd., Director
Nallasivan G.	DM, ANA (Delivery)	B.Tech., B.Sc.	41	5-Jan-98	19	28,89,912	BEML, Manager
Nandan M. Nilekani	CEO, MD and Chairman, Management Council	B.Tech.	51	1-Jul-81	29	51,35,076	Patni Computers Systems Pvt. Ltd., Assistant PM
Narayan B.	DM, CSP (Delivery)	B.Tech.	37	5-Jul-93	15	26,58,052	BPL Systems & Proj., Assistant Engineer
Narendra Kumar Gogula	Unit Operations Manager, REU (Delivery)	B.Tech.	35	5-Jul-93	14	27,77,670	–
Narendran Koduvattat	VP, Energy, Utilities & Resources	B.Sc.	40	8-Mar-93	20	56,83,173	PSI Data Systems Ltd., Senior Software Engineer
Naresh Kumar K.	DM, Finacle	BE	38	17-Dec-90	16	28,83,468	–
Naresh Nath Kumar Duddu	GPM, IHL (Delivery)	B.Tech.	34	27-Jun-94	13	29,01,045	–
Narsimha Rao Mannepalli	AVP, ES and Head, Hyderabad DC	BE, PGD	39	29-Jan-01	17	41,36,875	Ramco Systems, Project Director, E-commerce Solutions
Neeraj Arvind Joshi	DM, IHL (Delivery)	BE	33	28-Apr-97	12	24,36,708	Thermax Fuji Elec., Executive
Niladri Prasad Mishra	General Manager, Corporate Accounting Group, Finance	B.Com., C.A.	35	9-Apr-97	13	26,37,395	Fauna International, Manager
Nilanjan Chatterjee	Principal Consultant, ES	BE	34	15-Jul-02	13	25,33,288	Price Waterhouse Coopers, Consultant
Nilesh Padmakar Bakhle	GPM, BCM (Delivery)	B.Sc., MCA	39	1-Sep-05	17	26,23,900	Mphasis, Senior Arcitect
Niranjan V. S.	DM, IVS	Diploma, BE	36	13-Feb-95	14	31,64,763	Siemens Limited, Executive
Nishikant Nigam	Practice Manager, IMS	B.Tech.	33	28-Aug-95	12	28,17,349	–
Nithya Prabhakar	Unit Operations Manager, HTDM (Delivery)	B.Sc., M.Sc.	43	5-Jan-98	20	30,22,783	EID Parry (I) Ltd., Senior Systems Executive
Nithyanand Y.	DM, IVS	BE	38	5-Feb-96	18	31,97,315	L&T Ltd., Executive
Nithyanandan R.	AVP & General Counsel, Legal, Finance	B.A., LLB (H)	31	7-Dec-98	9	48,91,051	RIL, Lawyer
Nitin Govind Kulkarni	AVP, EMEA (Delivery)	BE, M.Tech.	40	18-Apr-05	16	24,79,842	Persistent Systems Pvt. Ltd., VP
Nitin Tularam Mahajan	DM, CSP (Delivery)	BE, PGD	41	25-Jan-01	20	25,06,746	Tata Infotech Limited, Senior Manager, Wap Competency Centre
Padma Kumar	GPM, CSP (Delivery)	BE, M.E.	38	30-Dec-02	14	25,34,552	Bisys, Senior PM
Padma Gopalswami	GPM, EMEA (Delivery)	BE	33	5-Jan-01	13	24,30,826	Harita Infoserve Limited, Assistant Manager
Padmanabha Thirumalaiah	GPM, IHL (Delivery)	BE	35	7-Nov-94	13	25,48,325	Central Manf. Tech., Assistant
Pankaj Kumar Sharma	Principal Consultant, DCG	BE, PGD	37	5-Aug-02	14	24,16,007	Credit Agricole, Manager
Parameswar Y.	VP, PE	BE, M.Tech.	51	14-Oct-96	27	56,48,911	C-Dot, Divisional Manager
Parthasarathy M. A.	AVP, SGS (Sales)	Diploma, BE, PGD	57	30-Aug-99	35	46,89,460	IMR Global Ltd., Group Manager
Pinaki Ghosh	Principal Researcher, SETLabs	B.Sc., M.Sc., Ph.D.	41	14-Mar-05	10	26,09,460	GE Medical Systems India Pvt. Ltd., IP Leader
Piyush Jain	DM, PE (Delivery	BE	35	10-Jun-96	14	25,93,505	Square D S/W Limited, Developer
Prabhakar Devdas Mallya	VP, SA&A	B.Tech., M.Tech.	52	15-Dec-86	37	35,51,960	IDS, AVP
Prabhat Kumar Das	DM, HTDM (Delivery)	BE	34	28-Jun-04	13	26,34,653	Soft Projex Inc, Director Project
Pradeep Jain	GPM, BCM (Delivery)	BE	34	28-Aug-95	12	25,38,116	–
Pradeep Kumar M.	Principal Architect, SI	BE	35	16-Jan-95	13	24,15,862	Square A Systems, Consultant
Pramod Prakash Panda	Unit Operations Manager, APAC (Delivery)	B.Tech.	33	9-Feb-04	11	30,85,143	Accenture, Associate Manager
Pranav N. Rao	DM, ES	BE	37	1-Jul-93	16	25,11,802	Ashok Leyland Ltd., Executive Plant Engineer
Prasad Subramanian C. S.	DM, Finacle	B.Sc., M.Sc.	36	1-Mar-94	15	31,35,633	CMC Limited, Design
Prasanna S. R.	GPM, Software as a Service	BE	34	7-Nov-94	12	31,50,452	–
Prasanth Samavedam	DM, BCM (Delivery)	B.Tech.	34	26-Jun-95	12	26,91,505	–
Praveen Kumar	DM, Finacle	B.Tech.	35	26-Feb-96	13	29,10,689	National Mineral Development Corp., Developer
Praveen Kumar K.	AVP, Retail (Delivery)	BE	37	21-Mar-92	15	34,78,186	Aruna Software Technologies, Systems Software
Pravin Chandra Bolar	Principal Consultant, IMS	BE, MBA	35	14-Nov-05	15	25,62,132	DHL, IS Director
Pravin Rao U. B.	SVP, Retail	BE	45	4-Aug-86	22	66,38,826	IISc, Trainee
Preeti Chandrashekhar	Principal Consultant, DCG	B.Sc. (H), M.Phil., M.Sc.	41	31-Jul-00	17	29,33,899	LIC of India, Admin Officer
Priti Jay Rao	SVP, IMS and Head – Pune DC (Phase 1)	B.Sc., M.Sc.	47	2-Jul-97	26	55,87,888	L&T Ltd., Head – Software Development Centre
Priya Kurien	Principal Architect, EMEA (Delivery)	BE, M.S.	34	6-Feb-97	13	25,34,445	EDS, Developer
Purushotham K.	Senior Manager, CCD	B.Sc., PGD	43	19-Mar-94	19	25,12,616	Indian Computer Academy, Coordinator
Pushpak Banerjee	GPM, REU (Delivery)	BE	36	26-Dec-02	14	26,28,117	Apar Technologies, Consultant
Rabindra Kumar Sahoo	GPM, Retail (Delivery)	B.Sc., M.E., M.Sc.	43	6-Nov-00	17	25,14,551	TCS, Associate Consultant
Radhika Santhanakrishnan	DM, Finacle	B.Sc., M.Sc.	43	6-Jul-98	11	25,86,257	Tata Interactive Systems, Manager - Instructional Design
Raghavendra Sai Vissa	Senior Principal Consultant, ES	BE, M.Sc. Engg	44	25-Nov-02	19	31,25,391	Nutech Systems Inc., Principal SAP Consultant
Raghu Ram K. S.	DM, ES	BE	35	10-Jun-96	14	29,08,793	Humming Bird Automat, Manager
Raghunath Basavanahalli	Senior Principal, HTDM (Sales)	B.Sc. Engg	40	9-Mar-01	19	26,69,853	HCL Technologies America Inc., Account Manager
Raghunath K.	DM, Finacle	LLB, B.Com., CAIIB	53	16-Sep-99	30	24,82,992	Canara Bank, Manager
Raghuveer B. K.	DM, PE (Delivery)	BE	39	16-Apr-92	18	24,18,314	Ashok Leyland Ltd., Head
Rajaram Venkataraman	DM, BCM (Delivery)	BE, B.Sc., MBA	43	20-Sep-04	21	33,13,574	CMH India, VP
Rajasekaran K. S.	Principal Consultant, Finacle	B.Sc., PGD, M.Sc.	48	8-Nov-83	23	29,14,853	–
Rajasekhar Ramadas	Principal Consultant, SI	BE, PGD	34	15-Jan-01	11	24,46,808	HCL Comnet Systems & Services Ltd., Area Sales Manager
Rajashekara V. Maiya	Product Manager, Finacle	B.Com., C.A., M.Com.	34	9-Sep-97	12	28,41,661	Vishnu Bharat & Co., Auditor
Rajeev Rajagopalan	DM, BCM (Delivery)	B.Tech.	32	24-Jun-96	11	25,35,084	–

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Rajeev Ranjan	DM, ES	B.Tech., MBA	34	16-Aug-99	11	30,53,056	Nexgen Information Solutions, Associate Consultant
Rajendra Kumar K. L.	Solution Architect, Finacle	Diploma, B.Tech.	37	10-Nov-94	18	27,21,429	DDE - Org Systems, Senior Customer Support Engineer
Rajendra Prasad P. V.	Solutions & Alliances Manager, Finacle	B.Sc., PGD	35	30-May-96	15	24,08,798	SRG Systems (P) Ltd., Associate Manager -Marketing
Rajesh Gupta	AVP, SI	B.Tech., M.Tech., PGD	39	29-Apr-02	19	25,43,001	Spice Telecom, Head, ITO
Rajesh Rao A.	AVP, ES (Delivery)	B.Tech., M.S.	38	21-Mar-92	15	41,54,480	–
Rajeswar Rao K.	Divisional Manager, BCM (Delivery)	B.Sc. (Engg), MBA	41	3-Apr-00	19	31,56,677	IIS Infotech, Associate Consultant
Rajinder K. Gandotra	Principal Technical Consultant, SI (Delivery)	AMIE	40	15-Dec-98	17	33,58,829	Microland Ltd., Consultant
Rajiv Bansal	AVP, Delivery Finance Manager, Finance	B.Com. (H), C.A., ICWAI	34	11-Oct-99	13	44,04,201	Tata Technologies (I) Limited, Manager Finance
Rajiv Raghu	AVP, BCM (Delivery)	BE (H)	37	17-Jun-91	17	35,45,960	Continental Device, Trainee
Rajkumar R.	Principal Architect, CCD	BE	32	20-Jul-98	11	27,00,763	Crompton Greaves Ltd., Network Engineer
Rajneesh Malviya	DM, IVS	B.Tech.	36	27-Jun-94	13	25,21,949	–
Rajnish Sharma	DM, TNS (Delivery)	B.Tech.	35	8-Oct-01	14	30,11,845	Poorva Consultants, PM
Rajshekhar G. Hiremath	DM, APAC (Delivery)	B.Sc., MCA	40	18-Nov-97	15	24,99,570	ICIL, Developer
Raju Goteti	Group Manager, Go-to-Market, Corporate Marketing	B.Tech., M.E.	44	19-Jul-02	20	24,25,665	Oracle Corporation, Sr. Solution Manager
Rakesh Ramchandra Shinde	Principal Architect, EMEA (Delivery)	B.C.S, M.C.S.	33	2-Dec-02	13	28,82,673	Van Alen Inc., Consultant
Ramakrishna Chinta	Principal Architect, SETLabs	B.Tech.	40	23-Sep-04	18	27,73,538	Satyam Computers Services Ltd., Delivery Head
Rama N. S.	VP, PE (Delivery) and Head, Bangalore DC	BE	57	31-Mar-99	36	49,60,604	Satyam Computer Services, Consultant
Ramachandran Kallankara	AVP, ES (Delivery)	B.Tech., PGD	44	10-May-93	20	42,33,189	Canbank Financial Services, Project Executive
Ramadas Kamath U.	SVP and Head, Administration, Infrastructure & Security	B.B.M, C.A.	46	1-Jul-94	22	70,05,930	Manipal Printers and Publishers Ltd., Accountant
Ramakrishna K. P.	DM, REU (Delivery)	BE	38	22-Dec-97	16	27,80,555	PCL Mindware, Project Lead and D.B.A.
Ramakrishna Kalluri	AVP, HTDM (Delivery)	B.Tech.	38	22-Jul-90	17	27,30,165	–
Ramakrishnan K. R.	Group Test Manager, Finacle	B.Com., ACS, CAIIB	44	4-Jun-99	23	24,21,869	Canara Bank, Officer
Ramakrishnan M.	AVP, (Quality)	B.Sc., CAIIB	50	4-Sep-96	29	36,32,095	Canara Bank, Officer
Ramamurthy P.	Practice Manager, Finacle	BE, M.E.	39	4-Sep-92	16	28,67,613	National Infomatics, System Analyst
Ramana Venkata Udathu	Unit Operations Manager, Finacle	BE, M.E.	42	3-May-00	21	28,50,740	Temenos Systems India (P) Ltd., Associate PM
Ramanarayanan S.	DM, ANA (Delivery)	B.Sc., M.Sc.	45	5-Jun-02	23	28,63,392	Eclaton Ebusiness Development Unit, Chief Technical Officer
Ramarathinam Sellaratnam	Principal Solutions Manager, SI (Delivery)	B.Tech., B.Sc., MBA	46	20-Mar-02	23	31,40,662	Synova Inc., PM
Rambabu Pallavalli	DM, CSP (Delivery)	B.Tech.	35	8-May-95	14	26,22,265	L&T Ltd., Trainee
Rambabu Sampangi Kaipa	DM, Retail (Delivery)	B.Sc., MCA	38	21-Oct-91	16	25,99,420	–
Ramesh Adiga	DM, PE (Delivery)	BE, M.Tech.	38	5-Mar-96	16	28,41,977	INSAT – MCF (ISRO), Engineer
Ramesh Amancharla	DM, EMEA (Delivery)	B.Tech.	33	14-Oct-96	12	28,36,352	Sail, Trainee
Ramesh Babu S.	Group Manager, E&R	BE, M.Tech., Ph.D.	38	23-Jul-97	11	28,02,355	TCS, Trainee
Ramesh G.	GPM, IS	B.Sc., MCA	34	24-Jun-96	11	28,71,373	–
Ramesh S.	AVP, HR Consulting & Internal Communications, HRD	B.Tech., PGD	39	18-Sep-96	16	32,59,752	VST Industries Ltd., Personnel Executive
Ramesh Srinivasan	Principal, ANA (Delivery)	BE, MBA, MS	43	24-Apr-06	16	24,49,089	UGS, PM
Rangan Varadan	AVP – DCG	B.Com., MS, Graduate CWA, Ph.D.	41	13-May-99	18	46,73,183	Lehigh University, Assistant Professor
Ranganath M.	VP, DCG	BE, PGD, M.Tech.	44	4-Dec-00	19	51,39,497	Surya Software Systems Pvt. Ltd., Director
Ranju Philip A.	DM, PE (Delivery)	B.Tech.	37	7-Nov-94	15	26,59,099	TVS Electronics, Deputy Engineer
Ravi Kiran	AVP, SI	BE	43	15-Feb-96	20	36,77,890	ABB Ltd., Senior Engineer, Marketing
Ravi Kumar S.	AVP, ES (Delivery)	BE, PGD	35	8-Nov-02	14	41,52,940	Sapient Corp, Director
Ravi Prakash Gorthi	Principal Researcher, SETLabs	B.Tech., M.Tech., Ph.D.	52	23-Feb-04	28	26,69,317	Component Insights Pvt. Ltd., VP (Intelligent Systems)
Ravi Vasudeva	Principal Consultant, ES	BE, PGD	36	20-Jul-98	14	27,05,037	Hindustan Lever Ltd., Manager
Ravichandran Annadurai	DM, IMS	BE	39	14-Mar-03	17	26,63,605	Wipro Ltd., Regional Manager
Ravindra Karanam	Principal Architect, Canada (Delivery)	BE, ICWA	37	7-Nov-94	17	28,02,209	Bajaj Auto Limited, Manager
Ravindra M. P.	Senior VP, E&R	B.Sc., M.Sc., Ph.D.	59	13-Aug-01	33	60,14,873	HCL Technologies, Head, SDC& VP
Ravindranath P. Hirolikar	Manager, IT Security, SA&A	BE	34	5-Nov-97	12	26,62,766	Global Telecom Services Ltd., Network Engineer
Ravishankar M. R.	AVP, PLES	BE, M.E.	41	16-Jan-98	19	33,18,423	TCS, Associate Consultant
Ravishankar Shetty	GPM, IHL (Delivery)	BE	31	18-Nov-96	10	24,07,835	–
Renganathan V. R.	AVP, IVS	BE	37	18-Jun-90	17	31,59,383	–
Richa Govil	Group Manager, Go-to-Market (Marketing)	B.A., Ph.D.	35	12-Jul-04	20	35,41,394	Bain & Co, Team Leader
Richard Lobo	Manager, Employee Relations, HRD	BE, PGD	35	11-Dec-00	12	27,44,989	Godrej & Boyce Mfg Company, Asst. Manager
Rishi Kumar Jain	Group Lead, Corporate Planning	BE, M.Tech.	34	24-Jun-96	11	25,19,079	–
Rohit P.	GPM, PE (Delivery)	BE	34	28-Aug-95	12	26,96,410	L&T, Trainee
Sachidanand Singh	DM, CSP (Delivery)	BE, M.Tech.	38	19-Jul-99	14	29,92,575	Mahindra British Telecom Ltd., PL
Sachin Ashok Pandhare	GPM, ES	B.Tech.	37	20-Sep-04	14	24,62,114	Polaris Software Lab Ltd., Project Director
Sailaja Chintalagiri	DM, ES	BE, M.Tech.	43	22-Jan-01	20	24,81,262	Softpro Systems Pvt. Ltd., Senior Consultant
Sajaneel S. Ankola	GPM, Canada (Delivery)	B.Sc., B.Sc. Tech.	40	1-Jul-98	18	29,11,058	Tata Infotech, Manager
Saket Singh	GPM, EMEA (Delivery)	BE	35	29-Dec-97	13	28,24,747	L&T, Mechanical Engineer

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Sakthivel Venugopal	DM, IHL (Delivery)	B.Sc., MCA	40	6-Jun-05	18	27,88,599	Cognizant Technology Solutions, PM
Sambasiva Rao Maddali	Group Technical Consultant, PLES	BE, Ph.D.	55	3-Feb-05	34	30,27,585	TCS, Subpractice Head – Engineering Analysis
Sameer Goel	DM, EMEA & Head, Chandigarh DC	B.Tech.	35	5-Aug-02	14	31,31,394	TCS, Associate Consultant
Sampath Kumar M. K.	GPM, HTDM (Delivery)	B.Tech.	33	5-Aug-96	11	25,22,281	–
Samson David	AVP, APAC	BE	38	15-Mar-92	17	53,35,134	Voltas Ltd., Service Engineer
Samuel Mani Kallupurakal	Senior Principal Legal Counsel, Contracts, Finance	B.A., L.L.B (H)	32	30-Dec-02	7	25,62,008	Reliance Industries Ltd., Legal Advisor
Sanat Rao	AVP, Finacle, Sales	B.Com., PGD, CA	42	20-Dec-99	16	36,10,887	Citicorp Information Technology Ltd., Consultant, Data Warehousing Unit
Sandeep Kumar	Principal Consultant, DCG	BE, PGD	36	28-Mar-00	12	27,18,534	TCS, IT Analyst
Sandeep M. K.	Principal Architect, SETLabs	BE, M.E.	38	1-Feb-92	15	26,12,128	IIT Madras, Associate
Sandeep Raju	DM, IHLS (Delivery)	B.Tech., PGD	32	7-Jan-00	10	27,52,881	Infosys Technologies Limited, Sr. Officer, Corporate Planning
Sandeep S. Choudhari	GPM, APAC (Delivery)	BE, MBA	37	27-Jan-98	14	27,20,961	Sprint RPG India, Executive
Sanjay Jalona	AVP, EMEA (Delivery)	M.Sc. (Tech)	38	15-Dec-00	17	52,13,548	Gemplus India Pvt. Ltd., Director
Sanjay Purohit	AVP, Corporate Planning	BE	40	27-Dec-00	17	57,96,310	Tata Quality Management Services, Senior Consultant
Sanjeev Goel	DM, TNS (Delivery)	BE	40	4-Feb-99	18	31,86,800	TCS, Associate Consultant
Sanjeev V. R.	AVP, PE (Delivery)	BE, PGD	49	12-Feb-98	26	31,00,231	C-Dot, Divisional Manager
Sanjiv R. Mitragotri	GPM, APAC (Delivery)	B.Sc., MCA	36	2-Nov-98	12	25,88,575	Mascot Systems, Developer
Sankar Venkata Konduru	GPM, ES	B.Sc., MCA	33	5-Jun-00	10	27,20,148	Metamor Global Solutions Inc., Software Engineer
Satheesha B. N.	AVP, E&R	BE	36	10-May-93	14	30,51,598	–
Satish G.	DM, BCM (Delivery)	BE	35	13-Feb-95	12	28,61,081	–
Satish Grampurohit	GPM, EMEA (Delivery)	BE	33	28-Aug-95	12	24,81,382	–
Satish H. C.	AVP, BCM (Delivery)	BE	35	2-May-94	13	34,58,378	–
Satya Prakash Singh	DM, ES	B.Tech.	36	13-Feb-95	13	24,20,937	SAIL, Trainee
Satyendra Kumar	Senior VP, Quality & Productivity	B.Sc. (H), M.Sc.	53	27-Sep-00	31	64,18,716	IMR Global, VP
Shailendra Jha	AVP, CSP (Delivery)	BE (H)	46	1-Dec-00	25	31,67,749	Zensar Technologies Ltd., General Manager
Shailesh Kumar Agrawal	Head, Corporate Accounting Group	M.Com., CA., CS., D.B.F., CISA	33	29-Jun-98	12	30,52,296	IFCI, Manager
Shaji Mathew	AVP, IHL (Delivery) and Head, Mysore DC	B.Tech.	37	22-Jun-92	15	43,65,481	Mukand Ltd., Bombay
Sharmistha Adhya	DM, EMEA (Delivery)	B.Tech. (H)	34	26-Jun-95	12	28,56,224	–
Shashidhar B. R.	DM, BCM (Delivery)	BE	36	14-Feb-01	14	24,75,197	Mediaserv Information Architects Inc, Senior Solutions Consultant
Shekar S. R.	Group Manager, UET, Finacle	B.Com., CAIIB	51	1-Jul-99	32	25,00,918	Infosys Technologies Ltd., Consultant
Shekhar S. Potnis	AVP, APAC (Delivery)	BE, MBA	39	1-Nov-96	15	36,91,359	Thermax Systems & S/W, Executive
Sheppard B. Lyngdoh	GPM, EMEA (Delivery)	B.Tech., PGD	38	1-Dec-97	15	25,90,232	Tata Consultancy, Senior System Analyst
Shibulal S. D.	Director and Group Head, World-wide Customer Delivery & Sales	B.Sc., M.Sc., MS	52	1-Sep-81	31	46,37,888	Sun Microsystems, Senior IR Manager
Shiv Shankar N.	AVP, Strategic Sourcing Differentiated Delivery and Head, Chennai (Sholinganallur) DC	B.Tech.	45	4-Aug-99	25	43,31,301	PRT, Senior Manager
Shobha N. Rao	SPM, IHLS (Delivery)	BE	31	24-Mar-97	10	24,03,581	–
Shrinivas Udatha	DM, ES	B.Tech., PGD	40	29-Nov-99	18	30,85,725	TCS Ltd., IT Analyst
Shubha V.	AVP, IHLS (Delivery)	BE	47	2-Aug-00	26	31,95,410	Bosch, Senior PM
Shubhashis Sengupta	Principal Researcher, SETLabs	BE, Ph.D.	36	30-Jun-00	10	31,22,337	Telco, Engineer
Shyam Sundar V.	AVP, CCD	BE	39	19-Dec-94	18	28,76,438	Monotype India Limit, Customer Relations
Sitaram M. L.	AVP, CCD	BE	51	24-Jan-00	27	24,72,089	Network Solutions Pvt. Ltd., General Manager, Facility Mgmt. Services
Sivakumar Ekambaram	DM, EMEA (Delivery)	BE	37	29-Mar-02	17	30,90,788	Polaris Software Ltd., Asst. VP
Sivashankar J.	VP, IS	B.Tech., MMS	47	22-Jan-99	23	59,08,652	Anuvin Business Solutions, Director
Somakumar Kolathur	AVP, SI	B.Tech., M.Tech.	38	15-Feb-93	14	31,77,111	–
Somnath Baishya	Manager, Global Entry Level Recruitment and Campus Relations, HRD	B.Tech. (H), PGD	33	19-Apr-99	10	25,06,210	Telco, Senior Officer
Soundararajan Sarangarajan	Divisional Manager, SI	Diploma, BE	44	7-Sep-00	20	30,16,144	Standard Charted Bank, Service DM
Sreedhara Rama Warrier	AVP, DCG	B.Tech.	41	10-Jul-00	19	40,15,696	The New India Assurance Co. Ltd., Admin Officer
Sreekumar Sukumaran	AVP, SETLabs	B.Tech., M.Tech.	38	2-Apr-01	17	32,15,188	Wipro Technologies, Consultant
Sridhar G.	GPM, Canada (Delivery)	BE	41	26-Oct-98	19	26,30,206	Sonata software Ltd., PL
Sridhar Marri	AVP, CDG	B.Com., PGD	40	26-Aug-96	20	40,47,532	PCL, Mindware, PL
Sridhar Srinivasan Chari	GPM, PLES	BE, M.Tech.	38	17-Apr-00	15	25,06,495	NIIT Ltd., Group Consultant
Sridhara N. R.	Head, Audits and Assessments, Quality	B.Sc., M.Sc.	50	1-Jan-84	23	24,76,312	–
Srihari Iyer	Principal Consultant, Finacle	B.Com., MBA	35	9-Jan-03	12	25,43,850	Citibank, Regional PM
Srikantan Moorthy	VP, CSP (Delivery)	BE	44	7-Dec-00	22	52,07,951	Inventa Corporation, General Manager
Srinath Batni	Director & Group Co Head, World-wide Customer Delivery	BE, M.E.	52	15-Jun-92	29	77,64,648	PSI Bull (I) Ltd., Senior Manager Marketing Technical Support
Srinivas Kamadi	DM, ES	BE	34	29-Nov-02	11	24,38,947	Mascot Systems Ltd., PM (Lead Consultant)
Srinivas Padmanabhuni	Principal Researcher, SETLabs	B.Tech., M.Tech., Ph.D.	37	22-Apr-02	8	28,18,406	Firewhite Inc., Software Architect
Srinivas Thonse	Principal Architect, SETLabs	BE	37	23-Mar-92	15	32,45,172	PSI Data Systems, Software Engineer
Srinivas Uppaluri	AVP, Corporate Marketing	B.Sc., CA	44	21-Aug-02	22	48,70,199	Andersen Business Consulting, Director, Business Consulting
Srinivasan Govindan	DM, BCM (Delivery)	BE	39	12-Nov-98	16	24,37,018	ITC, Systems Administrator
Srinivasan Padmanabhan	DM, EMEA (Delivery)	BE	39	4-Jul-05	17	25,39,943	Powersoft Consulting Pvt. Ltd., Technical Director
Srinivasan Raghavan	AVP, APAC (Delivery)	BE	48	23-Jun-00	26	32,27,297	Tata Infotech Ltd., Group Manager

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Srinivasulu Mallampooty	AVP, Corporate	BE	36	8-Oct-01	14	34,65,688	Majoris Systems Private Ltd., PM
Sriram Natarajan	DM, TNS (Delivery)	B.Tech.	33	26-Jun-95	12	27,10,253	–
Subhash Chandra Rastogi	AVP, ES	B.Tech., M.Tech., Ph.D.	58	19-Dec-05	33	32,46,340	Satyam Computer Services Limited, AVP
Subrahmanya S. V.	AVP, E&R	BE, M.Tech.	45	8-Oct-96	19	39,66,964	Ashok Leyland Information Technology Ltd., Asst. PM
Subramanyam G. V.	VP, MTC and SETLabs	BE	40	15-Jun-88	19	48,86,655	–
Subrat Sharma	DM, BCM (Delivery)	BE, MBA	37	11-Oct-00	16	26,87,367	TCS, Assistant Consultant
Subrata Kar	DM, ES	B.Sc.	43	21-Nov-05	20	30,31,313	Hexaware Technologies Ltd., AVP
Subraya B. M.	AVP, E&R	B.Sc., PGD, M.Sc., Ph.D.	52	1-Dec-00	28	31,09,946	Infosys Technologies Ltd., E&R - Consultant
Sudheer H. R.	DM, Finacle	BE	33	29-Feb-96	13	29,20,625	Telco Limited, Trainee
Sudhir Albuquerque	AVP, HTDM (Delivery) and Head, Mangalore DC	BE	38	1-Oct-90	17	52,01,057	–
Sudhir Balakrishnan Nair	Practice Manager, IMS	BE	37	29-Jul-02	16	29,83,340	HCL Comnet Ltd., Founder Member & Regional Manager
Suman Sasmal	AVP, IHL (Delivery)	BE, PGD	43	12-Dec-01	20	38,37,282	RS Software India Ltd., VP
Sumesan Kala	DM, Retail (Delivery)	B.Tech., M.Tech.	35	7-Feb-94	13	25,37,898	–
Sumit Virmani	Group Manager, Marketing (Finacle), Finacle	B.Com., MBA	32	6-May-04	11	27,39,845	Polaris Software, AVP Marketing
Sundar Raman K.	DM, Retail (Delivery)	B.Tech.	47	22-Jan-96	25	30,37,824	Indian Organic Chemicals Ltd., Manager
Sundaresh Shankaran	GPM, PLES	BE	37	9-Mar-98	16	27,82,658	L&T, Production Incharge
Sundaresh Shenoey	DM, MS Solutions Practice	B.Tech., M.Tech.	43	30-Aug-04	20	30,34,362	Accenture Services Pvt. Ltd., Senior Manager
Sunil Jose	DM, PE (Delivery)	B.Tech.	38	8-Jun-94	16	28,65,284	Motor Indus. Software Services Pvt. Ltd., Supervisor
Sunil Kumar Dhareshwar	General Manager, International Taxes, Finance	CA	31	1-Jul-99	8	27,30,543	–
Sunil Prabhu B.	GPM, HTDM (Delivery)	BE	38	21-Mar-92	16	26,90,364	Agro Pvt. Ltd., Systems Software
Sunil Senan	DM, ES	BE	34	8-Jan-01	12	34,91,667	TCS, IT Analyst
Sunil Talloo	DM, BCM (Delivery)	B.Sc. (H), M.B.M., MCA	40	11-Jan-01	16	28,49,540	Cambridge Technology Partners, Associate Director
Suresh J. K.	AVP, E&R	B.Tech., M.S., Ph.D.	47	27-Jul-98	24	32,29,350	ADA, Dy. Project Director
Suresh Kamath K.	General Manager, Accounts and Administration, Finance	B.Com.	45	26-Nov-87	19	26,18,672	–
Suresh Prahlad Bharadwaj	Principal, Retail (Delivery)	BE, M.Sc. (Engg)	45	6-Dec-04	21	38,55,668	Symmetrix Consulting Pvt. Ltd., Director
Suresh Raghuraman	DM, HTDM (Delivery)	B.Sc., MCA	44	23-Apr-01	20	28,53,961	Complete Business Solutions Inc., Senior Technical Manager
Suresh Rao	DM, PE (Delivery)	BE	39	25-Jun-97	16	25,91,029	Accatel Modi N/W Sys, Senior Engineer (Testing)
Surya Prakash K.	AVP, ANA (Delivery)	BE	38	23-Jul-90	17	53,01,283	–
Surya Prakash Thammiraju	DM, Finacle	B.Tech., M.Tech.	36	3-Jun-02	13	24,13,387	eSpace, Senior Solutions Architect
Suryanarayanan M. S.	GPM, BCM (Delivery)	B.Sc., MCA	34	2-Aug-99	11	27,07,315	Aviation Software Development Consultancy (I) Ltd., Systems Engineer
Surya S. Narayanan	Product Manager, SETLabs	BE (H)	46	22-Sep-05	24	31,20,681	Global Automation Inc.,, Director of Customer Solutions
Sushanth Michael Tharappan	Head, Deployment , ILI	B.Sc., MBA	32	3-Apr-00	10	29,10,005	Life Skills India Training Pvt. Ltd., Manager
Swaminathan R.	GPM, IMS	BE	36	22-Jun-92	15	25,20,350	–
Tapan Chandra Munshi	DM, Finacle	BE, M.E.	41	1-Dec-93	16	27,25,188	Uptron India Ltd., Executive Officer
Tapas Mishra	DM, IHL (Delivery)	B.Sc., MCA	35	11-Feb-02	13	24,10,467	TCS, Assistant Consultant
Tarang S. Puranik	DM, ES	BE	35	14-May-99	14	27,20,510	TCS, IT Analyst
Tarunpreet Singh Ahluwalia	DM, CSP (Delivery)	B.Tech.	37	26-Jun-00	15	25,49,678	Punjab Communications Ltd., Deputy Manager
Tejas Shantilal Faldu	Principal, Retail (Delivery)	BE, PGD	35	18-Oct-04	12	25,67,011	3 M India Ltd., Section Chief Imports & Materials Management
Thirumala Arohi	DM, BCM (Delivery)	B.Tech.	34	25-Aug-97	12	24,47,118	KTPS, General Engg.
Thirumaleshwara Bhat D.	Head, Testing, Finacle	B.Sc., CAIIB, M.Sc.	52	2-Aug-99	30	29,06,496	Infosys Technologies Ltd., Consultant
Thothathri Visvanathan	AVP, Retail and Head, Chennai (Mahindra City) DC	BE	44	6-Jul-00	21	43,76,186	CSAI, Senior Consultant
Tomy Thomas	DM, PE (Delivery)	B.Tech., B.Sc., M.Tech.	47	5-Jul-00	20	24,44,053	ISL Ltd., Senior Addl. Manager
Uday Bhaskarwar	AVP, APAC (Sales)	B.Tech.	36	22-Jun-92	15	39,73,568	–
Unnikrishnan Sukumaran	Senior PM, ANA (Delivery)	BE	35	12-Jul-04	12	30,96,267	Accenture, Manager
Vaijayanti A. Patharkar	DM, BCM (Delivery)	Diploma, B.Sc., MCM	39	1-Jul-96	16	24,28,617	Patni Computer Services, Developer
Valmeekanathan Subramanian	VP, PLES	BE (H)	42	12-Dec-05	22	55,03,192	Freelance Consulting, Independent Consultant
Varsha Bharat Verma	DM, Retail (Delivery)	B.Sc.	41	28-Sep-01	21	25,40,117	Infosys Technologies Ltd., Consultant
Vasudev Kamath	DM, HTDM (Delivery)	B.Tech.	33	5-Feb-96	11	26,70,597	–
Vasudevan V. R.	DM, Canada (Delivery)	B.Tech.	39	23-Jul-90	17	24,75,242	–
Venkat Narayan S.	Principal Architect, SI	BE	34	27-Jun-94	13	30,33,758	–
Venkata Seshu Gulibhi	DM, ANA (Delivery)	B.Sc., M.Tech., M.Sc.	39	21-Feb-94	15	31,00,827	UB Info.& Cons. Ser., Executive
Venkatachalam P. K.	DM, EMEA (Delivery)	BE	35	23-Aug-93	14	26,09,319	–
Venkataramanan T. S.	AVP, Engineering (Finacle)	BE	42	29-Nov-93	21	35,85,710	Telco Ltd., Senior Systems Officer
Venkatesh V. C.	DM, IVS	B.Sc., M.E.	39	2-Jun-03	15	30,70,829	Inautix Tech., AVP
Venkatesh Gadiyar H.	General Manager , Finance	B.Com., A.C.A.	39	20-Jan-97	15	26,32,887	Manipal Printer, F&A

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross remuneration (Rs.)	Previous employment, Designation
Venkatesh S. G.	DM, Finacle	BE	37	6-May-99	15	29,39,652	IBM, Software Consultant
Venkatramana Gosavi	Regional Manager, Finacle	BE, MBA	43	3-Apr-02	18	33,31,070	Ramco Systems, Country Manager (India & Middle East)
Vibhuti Kumar Dubey	DM, ES & Head, Pune DC (Phase 2)	BE, PGD	42	1-Apr-02	18	30,98,833	HCL Group, Business Development Manager
Vidya Shankar M.	Principal Architect, Products, Finacle	BE	39	21-Apr-97	17	27,94,304	Merit Systems Pvt. Ltd., Consultant
Vidyabhushana Hande	GPM, PLES	BE, M.E.	39	3-Dec-01	15	28,58,199	Wavelet Technologies Pvt. Ltd., Director (R&D)
Vijay N. Krishna	DM, HTDM (Delivery)	B.Tech.	34	27-Jun-94	13	26,78,385	–
Vijaya Raghavan T. R.	Product Manager, Finacle	B.Sc., PGD, M.Sc.	53	1-Sep-99	30	25,79,985	Vysya Bank, Senior Manager
Vikas Gupta	Regional Manager, Finacle	BE, PGD	34	21-Oct-02	12	29,93,803	HCL Comnet, Regional Manager
Vinay Rao	Group Lead , Corporate Planning	B.Tech.	40	2-Aug-93	17	29,09,041	Contech (I) Pvt. Ltd., Developer
Vinayak Pai V.	AVP, Finance	B.Com., C.A.	36	3-Apr-95	15	44,96,335	Sajawat Industries Ltd., Chief Accountant
Vinayak Shankar Jadhav	GPM, APAC (Delivery)	BE, MBA	35	6-Jan-97	12	24,44,114	Atlaz Technology Pvt., Marketing
Vinod Nethilath	DM, Finacle	B.Tech. (H)	36	17-Dec-01	16	26,48,839	Digital Global Soft, PM
Visvanathan Lakshmi Narayan	DM, CSP (Delivery)	B.Sc., M.S., MBA	40	13-Jan-05	19	26,10,870	Hexaware Technologies Limited, AVP
Visveswara Gupta K.	Divisional Manager, TNS (Delivery)	BE	38	4-Apr-92	15	32,17,819	–
Viswanatha Gopal K. S.	GPM, TNS (Delivery)	BE (H), ICWA	40	26-Dec-02	20	24,32,397	Ramco Systems Ltd., Sr. PM
Visweswar B. K.	DM, BCM (Delivery)	BE	34	26-Jun-95	12	27,00,302	–
Vivek	Senior Principal, REU (Delivery)	B.Tech.	38	1-Jul-91	16	26,83,265	–
Vivek Gupta	DM, PE (Delivery)	B.Tech.	36	26-Dec-00	16	28,59,242	Techspan India Ltd., DC, Manager

Employed for part of the year with an average salary above Rs. 2 lakh per month

Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment, Designation
Abdul Sakib Mondal	Principal Researcher, SETLabs	BE, Ph.D.	37	5-May-99	12	10,02,360	Xavier Institute Of Management, Assistant Professor
Abhishek Mitra	Senior Consultant, ES	B.Tech.(H), P.G. Diploma	33	10-Mar-03	9	4,17,048	Hewlett Packard, Associate Solution Analyst
Aditya Nidamarthy	Senior Principal, CSP (Delivery)	B.Tech.	43	29-Jan-07	19	5,94,294	Lucent Technologies, Technical Director
Alok Bajpai	AVP, Finance	B.Sc., C.P.A., A.C.A.	41	5-May-04	19	16,18,358	Port Fish Ltd., Controller
Amer Singh Thakur	Senior Principal, CSP (Delivery)	AMIE, Diploma, B.Sc., MBA	47	12-Feb-07	27	4,53,578	Airtel Enterprices Service Carrier, General Manager
Anand Kumar Agarwal	GPM, APAC (Delivery)	B.Tech.	35	2-May-94	13	10,36,758	Associated Aluminium, Trainee
Anand Sam	DM, ES	BE	34	7-May-01	12	29,20,849	Tata Consultancy Services, IT Analyst
Ananth Vaidyanathan	AVP, SGS (Sales)	BE	38	16-Jan-92	16	33,23,769	Tata Electric Com, Trainee
Anjan Kumar	DM, HTDM (Delivery)	BE	34	8-May-95	12	22,23,773	MICO, Trainee
Anup Vittal	DM, Corporate	B.Sc., M.Sc.	40	5-Mar-01	17	17,85,098	Honeywell International, Engineer/Scientist
Ashutosh Ashok Butala	Consultant, ES	BE, M.Tech.	36	29-Dec-04	12	2,51,264	Thomson Prometric, Data Modeller
Atul Mehra	Group Manager, Go-to-Market, Corporate Marketing	B.Sc., B.A.	44	24-Jan-05	22	30,54,040	Mastercard International, Director
Balachandar S.	GPM, BCM (Delivery)	BE	37	7-Nov-94	15	23,40,736	BPL Limited, General Engineering
Balaji Rajan	SPM, ES	BE, P.G. Diploma	33	3-Jul-00	9	2,10,394	Ramco Systems Ltd., Business Analyst
Balakrishnan Thiagarajan	Senior Consultant, ES	BE, MBA, MBA	32	30-Aug-04	10	4,20,796	Green Brier, Senior Data Base Consultant
Bhavesh Thakur	DM, BCM (Delivery)	BE	36	27-Jul-92	15	18,41,400	–
Biju Abraham Narayamparambil	PM, PE (Delivery)	B.Tech., M.Tech.	38	22-Jun-92	15	4,02,470	–
Chandra Kallur	Principal Architect, SETLabs	B.Tech.	39	16-Feb-04	17	20,87,110	Getthere, Datawarehouse Manager
Chandramouli Kundagrami	Product Manager, Finacle	BE, MBA	38	12-Aug-02	14	15,91,716	Citicorp Overseas Software Ltd., Assistant Vice President
Chitra Yeshwant Phatak	GPM, TNS (Delivery)	BE	34	2-Apr-01	13	2,89,941	Satyam Computer Services Ltd., Senior Systems Analyst
Col. Krishna C. V.	Vice President, Infrastructure & Security	BE, MBA	60	1-Apr-98	31	15,86,995	Indian Army, Colonel (Retd)
Dattaguru Hegde	GPM, Retail (Delivery)	BE	35	2-May-94	14	6,88,069	IISc, Team Member
Deepak Aggarwal	Senior Manager, Risk Management, Finance	B.Com.(H), C.A., ICWA	32	24-Jul-00	9	21,67,166	Indian Oil Corporation, Accounts Officer
Dhiraj Sinha	DM, TNS (Delivery)	BE, P.G. Diploma	36	13-Oct-97	13	20,15,782	Global Synergies Ltd., Business Development
Dipayan Mitra	Senior Principal, REU (Delivery)	B.Tech.	39	27-Jun-06	16	21,99,801	GAIL (India) Limited, Senior Manager
George Thomas	Corporate HR Manager, C&B, HRD	M.M.S., M.Sc. (Hons)	31	1-Jun-99	10	20,94,827	Lucent Technologies (I) Limited, Assistant Manager
Gopikrishna R.	PM, HTDM (Delivery)	BE	30	26-Oct-98	8	2,61,156	–
Harsha H. M.	Vice President, BCM (Delivery)	Diploma, BE, ICWA	43	1-Aug-86	21	25,29,429	–
Jatadhari K. Sharma	DM, Finacle	B.Sc. (H), MCA	39	10-May-94	15	28,80,711	CMC Ltd., Associate IT Engineer
Jayachandran C.	Senior Technical Architect, PE (Delivery)	B.Tech., M.Tech.	36	7-Feb-94	13	3,27,035	–
John Ponvelil Philip	Senior Manager, Technical Accounting Group, Finance	B.Sc. (H)	31	11-Nov-02	11	11,66,080	KPMG, Staff Accountant
Jooju Ramakrishnan T.	GPM, Retail (Delivery)	B.Tech.	38	1-Mar-95	16	16,28,184	Datamate S/W Consul., Developer
Joseph Shields	Principal Researcher, SETLabs	B.Tech., MBA	37	1-Dec-03	11	14,06,993	Deccanet Designs, Consultant
Joydeep Mukherjee	AVP, REU (Delivery)	B.Tech.	38	22-Jun-92	15	46,13,769	–
Karpagam Sankaranarayanan	Senior Consultant, DCG	B.A., MBA, M.A.	43	15-Mar-04	24	4,08,765	Tata Consultancy Services, Associate Consultant
Karthik Krishnasamy	Technical Architect, ANA (Delivery)	BE	31	9-Oct-00	10	3,33,359	Electronic Data Systems, Systems Engineer
Khushnood Naqvi	Principal Architect, SETLabs	B.Tech.	35	27-Jun-94	13	14,29,445	–

Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment, Designation
Krishnan Srinivasa Raghavan Karunganni	SPM, IHL (Delivery)	BE, M.S.	37	2-Aug-04	12	3,27,991	Cognizant Technology Solutions, Asst. Manager Projects
Madhav Dattaraj Kulkarni	DM, BCM (Delivery)	B.Tech., M.Tech.	40	4-May-98	18	7,15,687	PRT (Barbados), Project Manager
Maruthi Prasad Koiloth	Senior Technical Architect, EMEA (Delivery)	BE	38	8-Dec-03	12	3,37,281	Oracle India, Technical Consultant
Milind Lakkad	DM, ANA (Delivery)	B.Tech., M.Tech.	43	15-May-02	20	21,16,026	Accenture, Senior Manager
Mirza Barkatullah Baig	Regional Manager, CCD	Diploma, BE	35	10-Jul-06	11	18,91,840	Executive Office of The President, Branch Chief
Murali S. Kakolu	AVP, Immigrations Operations, HRD	B.Sc., P.G. Diploma	45	18-Apr-94	26	6,38,313	The Mysore Kirloskar, Officer
Nagaraj M. V.	Senior Product Consultant, Finacle	B.Sc., C.A.IIB	51	20-Nov-00	33	4,89,624	Consultancy Services, Founder
Nagendra Ramakrishna Setty	Technical Architect, E&R	BE	34	31-Dec-01	12	2,19,751	HCL Technologies America Inc., Software Consultant/Senior Software Consultant
Nageswar P. Panigrahi	SPM, IHL (Delivery)	Diploma, B.Sc. (H), MBA, M.Sc.	44	4-Jan-99	19	3,39,064	Tata Refractories, Manager
Nallasivan G.	DM, ANA (Delivery)	B.Tech., B.Sc.	41	5-Jan-98	19	28,89,912	BEML, Manager
Nandakumar Thiruvengadam	DM, IVS	B.Com., ACS, AICWA	43	28-Aug-06	22	15,77,166	Hexaware Technologies Limited, AVP
Narasimha Prasad D.	Manager, Global Entry Level Recruitment and Campus Relations, HRD	BE, P.G. Diploma	33	8-Apr-99	10	13,63,248	GL Polyurethane Processing Company Ltd., Marketing Executive
Narayana Murthy N. R.	Chairman and Chief Mentor	BE, M.Tech.	60	18-Mar-82	36	28,05,457	Patni Computers Systems Pvt. Ltd., Head – Software Group
Naveen K. Unni	Principal Architect, PE (Delivery)	B.Tech.(H)	32	26-Jun-95	12	23,89,063	–
Navin Dhananjaya	Principal, Retail (Delivery)	BE	33	4-Sep-06	12	16,26,662	Manthan Systems, Director
Neeraj Sullhan	Senior Principal, CSP (Delivery)	BE, P.G. Diploma	40	18-Dec-06	19	8,34,973	Bharti Airtel Limited, General Manager
Neeraja Shetty	DM, EMEA (Delivery)	BE, M.Tech.	40	2-Jan-95	17	16,20,472	NCST, Scientist
Neetu Kishore	SPM, IMS	B.Sc. Engg	38	14-Apr-03	13	4,79,806	CMC Limited, Senior Engineer
Nilesh Padmakar Bakhle	GPM, BCM (Delivery)	B.Sc., MC.A.	39	1-Sep-05	17	26,23,900	Mphasis, Senior Architect
Nitin Govind Kulkarni	AVP, EMEA (Delivery)	BE, M.Tech.	40	18-Apr-05	16	24,79,842	Persistent Systems Pvt. Ltd., Vice President
Pankaj Kumar Keshri	GPM, IHL (Delivery)	B.Tech.	33	26-Jun-95	12	23,72,593	–
Paul Bendix Sebastian Kollannur	AVP, IMS	BE	40	8-Oct-01	18	12,90,785	Bangalore Labs Pvt. Ltd., Client Service Manager
Prakash Jayaram	Principal, Corporate	BE, M.S.	37	17-Jan-05	14	23,84,948	Krohm Solutions, Co-Founder/ Vice President
Prashanth D. B.	Technical Architect, PE (Delivery)	BE	30	28-Dec-98	8	3,90,889	-
Priya Kurien	Principal Architect, EMEA (Delivery)	BE, M.S.	34	6-Feb-97	13	25,34,445	EDS, Developer
Purushottam V. S.	Principal Consultant, IMS	BE, P.G. Diploma	36	1-Dec-00	13	17,74,211	LG Commerz Now Pvt. Ltd., Head-Strategy & Consulting
Rajani Kanth Katragadda	AVP, ILI	Diploma, BE	49	28-May-01	27	16,03,756	Consulting, CTO
Rajesh Patnaik	Principal, SGS unit (Sales)	B.Tech., MBA, M.Tech.	35	25-Apr-05	9	6,80,824	Wipro Technologies, Consultant
Rajkumar Sivarajan	Test Manager, IVS	B.Sc., MC.A.	30	13-Dec-04	8	2,28,657	Intel Technology, Software Engineer
Rakesh Das	SPM, IHL (Delivery)	BE	35	6-Jan-97	13	3,37,758	Telco, Engineer
Ramachandran K. G.	Consultant, ILI	B.Laws, B.Com., C.A.IIB	61	1-Mar-04	39	37,13,558	BHEL, Chairman & Managing Director
Ramakrishna Kalluri	AVP, HTDM (Delivery)	B.Tech.	38	22-Jul-90	17	27,30,165	–
Ramesh Kumar Singara Mudaliar	Senior Consultant, ES	BE, P.G. Diploma, M.E.	39	24–Nov-03	16	2,37,695	Satyam Computer Services Ltd., Senior Consultant
Ramesh Srinivasan	Principal, ANA (Delivery)	BE, MBA, M.S.	43	24-Apr-06	15	24,49,089	UGS, Program Manager
Ramprasath Srinivasan Vasudevan	PM, IHL (Delivery)	BE	31	11-Jan-01	10	2,48,110	Hexaware Technologies Limited, System Analyst
Salmo Mahind Chandra Sen	Group Manager, E&R	BE, M.E.	42	8-Jun-98	20	6,25,987	Manipal Inst. of Technology, Lecturer
Sangeeta Das	Senior Principal Consultant, ES	B.Sc., P.G. Diploma	36	4-Dec-00	11	16,10,873	Price Water House Coopers Ltd., Consultant
Sanjay Gupta	Principal Consultant, DCG	BE, M.Tech., Ph.D.	39	8-Jan-01	17	9,72,214	UP State Electricity Board, Assistant Engineer
Saugata Nandi	Senior Consultant, ILI	BE, P.G. Diploma	37	8-Nov-04	16	5,72,497	Nissponata Limited, GM -Corporate Research Center
Shailesh Arvind Ghorpade	AVP, Corporate Planning	B.Sc., B.Sc. Tech, M.M.S.	41	14-May-02	16	10,83,373	Tata Finance Ltd., General Manager & Corporate Quality Head
Sharath Kumar M. P.	SPM, PE (Delivery)	BE, M.Tech.	36	15-Oct-96	11	8,49,183	Central Research Lab, Member (Research Staff)
Sheshadri M. Venkatadri	Senior Consultant, ES	B.Tech., P.G. Diploma	33	4-Jul-00	8	2,15,349	P&G Asia Pte. Ltd., Financial Analyst
Shubhabrata Mohanty	Technical Architect, REU (Delivery)	BE	29	31-Aug-98	9	2,14,740	–
Sivaramakrishnan K.	AVP, HRD	B.Sc., P.G. Diploma	37	15-Mar-96	15	6,65,052	Hong Kong Bank, Assistant
Sridhar Kumanduri	Group PM, ANA (Delivery)	B.Sc. (H), MCA	39	4-Sep-00	15	23,47,598	Syntel India Ltd., Deputy General Manager
Sridhar Srinivasan	PM, BCM (Delivery)	B.Tech., P.G. Diploma	32	3-May-99	9	2,50,280	Infosys Technologies Ltd., Software Engineer
Srinivas Vinjamuri	Program Manager, Quality	B.Sc. (H), MCA, P.G. Diploma	37	25-Feb-02	12	2,05,183	Satyam Computer Services Ltd., Senior Systems Analyst
Srinivasan Venkiteswaran Iyer	Implementation PM, Finacle	BE, MBA	31	14-Mar-05	9	2,58,648	Quinnox Consultancy Services, Senior Consultant
Srinivasaraghavan Gopalakrishnan	DM, SGS (Delivery)	B.Tech., M.Tech., Ph.D.	45	2-Nov-99	16	17,70,506	Peritus Software Services, Program Manager
Sriram Anand	Principal Researcher, SETLabs	B.Tech., Ph.D.	38	4-Nov-04	11	21,08,415	Axix Technology, Senior Architect
Sudarsan K.	SPM, PE (Delivery)	BE	31	25-Aug-97	10	2,27,354	–
Sukumar S.	Senior Principal, Corporate Planning	BE, P.G. Diploma	35	17-Dec-97	11	10,90,472	Infrastructure Leasing & Financial services, Senior Officer
Sumedh R. Rajadhyax	GPM,EMEA (Delivery)	BE, P.G. Diploma	36	23-Nov-98	14	23,60,294	KPMG India (Pvt) Ltd., Manager

Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment, Designation
Surajit Dey	DM, REU (Delivery)	B.Tech. (H)	33	24-Jun-96	11	19,80,045	–
Suryaprakash Viswanath K.	DM, Retail (Delivery)	BE, P.G. Diploma	41	15-Jul-02	18	21,32,645	ReadiMinds Systems, Director Technical
Swarup Joshi	-	-	26	-	-	7,07,204	–
Venkatachaliah Babu K.	Senior Consultant, ES	B.Tech., P.G. Diploma	41	14-Jun-99	17	2,30,457	TCS, Assistant Consultant
Venkatesh Ramrao Patil	DM, APAC (Delivery)	B.Tech., M.Tech.	46	31-Aug-01	22	6,70,748	Deutsche Software Ltd., Group Manager
Venkatramanan Krishnamurthy	Senior Associate, Corporate	BE, P.G. Diploma	33	30-Sep-04	9	4,35,689	Tata Strategic Management Group, Consultant
Vibhakar Tripathi	GPM, PE (Delivery)	B.Tech.	38	23-Aug-93	16	19,10,556	DCM Toyota, Production In-charge
Vijay N. Krishna	DM, HTDM (Delivery)	B.Tech.	34	27-Jun-94	13	26,78,385	–
Vijay Ratnaparkhe	AVP, ES (Delivery)	BE, M.Tech.	42	11-May-98	19	16,39,224	COSL, Consultant
Vinay Mishra	SPM, IHL (Delivery)	B.Tech.	35	13-Oct-97	12	2,31,352	Sail, In-charge
Vinod Nethilath	DM, Finacle	B.Tech. (H)	36	17-Dec-01	16	26,48,839	Digital Global Soft, Project Manager
Viswanath Sivaram Kalaphy	Manager Global Engagements, Finacle	B.Com., M.M.S., C.A.	40	24-Sep-01	15	11,00,407	Citibank, Assistant Vice President
Vivek Sahai Mathur	Group Test Manager, IVS	AMIE, P.G. Diploma	38	28-Apr-97	13	5,22,735	Indian Railways, Assistant Mechanical Engineer

Notes: Remuneration comprises basic salary, allowances and taxable value of perquisites.
None of the employees are related to any director of the Company.
None of the employees own more than 2% of the outstanding shares of the Company as on March 31, 2007.
The nature of employment is contractual in all the above cases.

Bangalore
April 13, 2007

For and on behalf of the board of directors

Nandan M. Nilekani
Chief Executive Officer and Managing Director

N. R. Narayana Murthy
Chairman and Chief Mentor

Designations	
AVP	Associate Vice President
CEO	Chief Executive Officer
COO	Chief Operating Officer
CTO	Chief Technical Officer
DM	Delivery Manager
GPM	Group Project Manager
PL	Project Leader
PM	Project Manager
SPM	Senior Program Manager
SVP	Senior Vice President
VP	Vice President

Units at Infosys	
ANA	Automotive and Aerospace
APAC	Asia Pacific
BCM	Banking and Capital Markets
CCD	Computers and Communications Division
CDG	Communication Design Group
CSP	Communication Service Providers
DCG	Domain Competency Group
E&R	Education and Research
EMEA	Europe, Middle East and Africa
ES	Enterprise Solutions
F&A	Finance & Administration
GSE	Global Sales Effectiveness
HRD	Human Resources Department
HRPG	High Risk Projects Group
HTDM	Hi Tech and Discrete Manufacturing
IHL	Insurance Healthcare & Life Sciences
ILI	Infosys Leadership Institute
IMS	Infrastructure Management Services
IS	Information Systems
IVS	Independent Validation Solutions
MTC	Microsoft Technology Center
PE	Product Engineering
PLES	Product Lifecycle and Engineering Solutions
REU	Energy, Utilities and Resources
SA&A	Security Audit and Architecture
SETLabs	Software Engineering and Technology Labs
SGS	Strategic Global Sourcing
SI	Systems Integration
TNS	Transportation and Services

c) Statement pursuant to Section 212 of the Companies Act, 1956

in Rs. crore

Subsidiary	Infosys BPO Ltd.	Infosys Technologies (Australia) Pty. Ltd.	Infosys Technologies (China) Co. Ltd.	Infosys Consulting, Inc.	Infosys BPO S.R.O. (Czech Republic)*
Financial period ended	Mar 31, 2007	Mar 31, 2007	Dec 31, 2006	Mar 31, 2007	Mar 31, 2007
Holding company's interest	98.92% in equity shares	100.00% in equity shares	100.00% in capital	100.00% in equity shares	98.92% in equity shares
Shares held by the holding company in the subsidiary	3,34,61,902 equity shares of Rs. 10 each fully paid up	1,01,08,869 shares		2,00,00,000 shares	NA
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	Profit: 153	Profit: 71	Loss: 29	Loss: 111	Loss: 1
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	Profit: 122	Profit: 18	Loss: 25	Loss: 70	Loss: 2

Subsidiary	Issued and subscribed share capital	Reserves	Loans	Total assets	Total liabilities	Investments			Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend
						Long-term	Current	Total					
Infosys BPO Limited	34	302	–	336	336	4	25	29	650	155	2	153	–
Infosys Technologies (Australia) Pty. Ltd.	4	114	–	118	118	–	–	–	446	102	31	71	–
Infosys Technologies (China) Co. Ltd.	45	(55)	22	12	12	–	–	–	60	(29)	–	(29)	–
Infosys Consulting, Inc.	86	(174)	–	(88)	(88)	–	–	–	213	(111)	–	(111)	–
Infosys BPO S.R.O (Czech Republic)*	4	–	2	6	6	–	–	–	18	(1)	–	(1)	–

Wholly-owned subsidiary of Infosys BPO Limited.

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

S. D. Shibulal
Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Directors' responsibility statement

d) The directors' responsibility statement as required under Section 217 (2AA) of the Companies Act, 1956

The financial statements are prepared in conformance 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 us; on the historical cost convention; as a going concern and on the accrual basis. There are no material departures from 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 as otherwise stated in the notes on accounts.

The Board of Directors accepts 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 our state of affairs and profits for the year. To ensure this, we have taken proper and sufficient care in implementing a system of internal control and accounting records; for safeguarding assets; and for preventing and detecting frauds as well as other irregularities; which are reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounts.

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

The audit committee meets periodically with the internal auditors and the statutory auditors to review the manner in which the auditors are discharging their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory 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

Nandan M. Nilekani
Chief Executive Officer
and Managing Director

N. R. Narayana Murthy
Chairman and Chief Mentor

Bangalore
April 13, 2007

Auditors' certificate
on corporate governance

To the members of Infosys Technologies Limited,

We have examined the compliance of conditions of corporate governance by Infosys Technologies Limited ("the Company"), for the year ended on March 31, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore
April 30, 2007

Management's discussion and analysis

Overview

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

A. Industry structure and developments

Changing economic and business conditions, rapid technological innovation, proliferation of the internet and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate.

Customers are increasingly demanding improved products and services with accelerated delivery times and at lower prices. To address these needs adequately, corporations are focusing on their core competencies and are using outsourced technology service providers to help improve productivity, develop new products, conduct research and development activities, reduce business risk, and manage operations more effectively.

The role of technology has evolved from supporting corporations to transforming them. The ability to design, develop, implement, and maintain advanced technology platforms and solutions to address business and customer needs has become a competitive advantage and a priority for corporations worldwide. Concurrently, the prevalence of multiple technology platforms and a greater emphasis on network security and redundancy have increased the complexity and cost of IT systems, and have resulted in greater technology-related risks. The need for more dynamic technology solutions and the increased complexity, cost and risk associated with these technology platforms has created a growing need for specialists with experience in leveraging technology to help drive business strategy.

There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time, corporations are reluctant to expand their internal IT departments and increase costs. These factors have increased corporations' reliance on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services. In April 2007, the Forrester U.S. IT Spending Update: Q1 2007 has indicated that the growth in spending on IT outsourcing and IT consulting and integration services in the United States will be 6% and 10%, respectively, in 2008 as compared to 2007.

Increasing trend towards offshore technology services

Outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important. Corporations are increasingly turning to offshore technology service providers to meet their need for high quality, cost competitive technology solutions. As a result, offshore technology service providers have become mainstream in the industry and continue to grow in recognition and sophistication. The effective use of offshore technology services offers a variety of benefits, including lower total cost of ownership of IT infrastructure, lower labor costs, improved quality and innovation, faster delivery of technology solutions and more flexibility in scheduling. According to Gartner's Forecast: IT Outsourcing, Worldwide 2004-2009 Update – Worldwide IT outsourcing spending will rise from $193 billion in 2004 to $260 billion by 2009. The *Gartner Dataquest* report, 2006 indicates that the Business Process Outsourcing market is expected to grow from $111 billion to $172 billion during the same period. In addition, technology companies are also recognizing the benefits of offshore technology service providers in software research and development, and related support functions and are outsourcing a greater portion of these activities.

The India advantage

India is recognized as the premier destination for offshore technology services. According to a Fact Sheet on the Indian IT Industry recently published by NASSCOM, the total combined Indian IT services and IT-enabled services export market in fiscal 2006 was nearly $24 billion and is estimated to be approximately $31 billion in fiscal 2007. A report published by NASSCOM-KPMG in 2004 indicated that the total Indian IT services and IT-enabled services export market is projected to grow to $49 billion by 2009.

There are several key factors contributing to the growth of IT and IT-enabled services.

High quality delivery: According to NASSCOM, as of December 2006, over 440 Indian companies had acquired quality certifications with 90 companies certified at SEI CMM Level 5 – higher than any other country in the world. SEI-CMM is the Carnegie Mellon Software Engineering Institute's Capability Maturity Model, which assesses the quality of organizations' management system processes and methodologies. Level 5 is the highest level of the CMM assessment.

Significant cost benefits: The NASSCOM Strategic Review 2007 suggests that India has a strong track record of delivering a significant cost advantage, with clients reporting savings of up to 25-50% over the original cost base.

Abundant skilled resources: India has a large and highly skilled english-speaking labor pool. According to the NASSCOM Strategic Review 2007, India produces approximately 3.1 million university and college graduates, including approximately 5,00,000 engineering degree and diploma holders from its educational institutions annually.

NASSCOM Strategic Review 2007 suggests that the large and growing pool of skilled professionals has been a key driver of the rapid growth in the Indian IT-ITES sector. According to NASSCOM, India has the single largest pool of suitable offshore talent – accounting for 28% of the total suitable pool available across all offshore destinations and outpacing the share of the next closest destination by at least a factor of 2.5.

The factors listed above also make India the premier destination for other services such as IT-enabled services, which we refer to as business process management. Industry analysts have observed that business process management services of leading offshore technology service providers have strong prospects for growth given the providers' experience, proven track record and breadth of client relationships. According to a Fact Sheet on the Indian IT Industry recently published by NASSCOM, the total Indian IT-enabled services export market in fiscal 2006 was $6.3 billion. The 2004 NASSCOM-KPMG report estimates that the Indian IT-enabled services export market will grow to approximately $21 billion by 2009.

While these advantages apply to many companies with offshore capabilities in India, we believe that there are additional factors critical to a successful, sustainable and scalable technology services business. These factors include the ability to:

- effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable services;
- increase depth and breadth of service offerings to provide a one-stop solution in an environment where corporations are increasingly reducing the number of technology service vendors they are using;

- develop and maintain knowledge of a broad range of existing and emerging technologies;
- demonstrate significant domain knowledge to understand business processes and requirements;
- leverage in-house industry expertise to customize business solutions for clients;
- attract and retain high quality technology professionals; and make strategic investments in human resources and physical infrastructure (or facilities) throughout the business cycle.

Evolution of technology outsourcing

The nature of technology outsourcing is changing. Historically, corporations either outsourced their technology requirements entirely or on a standalone project-by-project basis. In an environment of rapid technological change, globalization and regulatory changes, the complete outsourcing model is often perceived to limit a corporation's operational flexibility and not fully deliver potential cost savings and efficiency benefits. Similarly, project-by-project outsourcing is also perceived to result in increased operational risk and coordination costs, as well as failing to fully leverage technology service providers' complete range of capabilities. To address these issues, corporations are developing a more systematic approach to outsourcing that necessitates their technology service providers to develop specialized systems, processes and solutions along with cost-effective delivery capabilities.

B. Financial condition

Sources of funds

1. Share capital

At present, we have only one class of shares – equity shares of par value Rs. 5 each.

Our authorized share capital is Rs. 300 crore, divided into 60 crore equity shares of Rs. 5 each. As of end of the previous year, the authorized share capital was Rs. 150 crore. The authorized share capital increased during the year by Rs. 150 crore consequent to a resolution passed in the previous AGM. The issued, subscribed and paid up capital increased from Rs. 138 crore as of March 31, 2006 to Rs. 286 crore as of March 31, 2007.

On July 15, 2006, we allotted bonus shares in the ratio of 1:1 resulting in an addition of 27,68,43,176 equity shares. The bonus issue resulted in an increase of paid up capital by Rs. 138 crore which was capitalized from general reserve.

During the year, employees exercised 22,00,938 equity shares issued under the 1998 Stock Option Plan, and 1,66,10,768 equity shares issued under the 1999 Stock Option Plan. Consequently, the issued, subscribed and outstanding shares increased by 1,88,11,706 and share capital increased by Rs. 10 crore. Details of options granted, outstanding and vested as of March 31, 2007 are given in this report.

The equity shares of the Company are currently listed in India on the NSE and BSE and the NASDAQ in the U.S. The market capitalization of the Company as of March 31, 2007 was Rs. 1,15,307 crore (previous year Rs. 82,154 crore).

2. Reserves and surplus

A summary of reserves and surplus is provided in the table below.

in Rs. crore

	As at March 31,	
	2007	2006
a. Capital reserve	6	6
b. Share premium	2,768	1,543
c. General reserve	3,258	3,015
d. Profit and loss account	4,844	2,195
Total	10,876	6,759

a. Capital reserve

The balance as of March 31, 2007, amounted to Rs. 6 crore, same as in the previous year.

b. Share premium

A statement of movement in the share premium account is given below:

in Rs. crore

	As at March 31,	
	2007	2006
Balance – beginning of year	1,543	900
Add: Premium on ESOP exercise	1,206	571
Add: Income tax benefit arising from ESOP exercise	19	72
Balance – end of year	2,768	1,543

The addition to the share premium account of Rs. 1,206 crore during the year is on account of premium received on issue of 1,88,11,706 equity shares, on exercise of options under the 1998 and 1999 stock option plans. The total amount received on allotment of shares under the stock option plans during the year was Rs. 1,216 crore out of which Rs. 10 crore relates to share capital account and the balance of Rs. 1,206 crore was allocated to the share premium account.

An amount of Rs. 19 crore was credited to the share premium account during the year arising due to tax benefits in overseas jurisdiction of deductions earned on exercise of employees stock options in excess of compensation charged to the profit and loss account.

c. General reserve

A statement of movement in the general reserve is given below:

in Rs. crore

	As at March 31,	
	2007	2006
Balance – beginning of year	3,015	2,773
Less: Gratuity transitional liability	(9)	–
Capitalized for bonus issue	(138)	–
Add: Transfer from P&L account	378	242
Fair value of options issued in exchange for IBPO options	12	–
Balance – end of year	3,258	3,015

The details of the increase is provided in the table below:

	2007		2006	
	Equity shares (No.)	Rs. crore	Equity shares (No.)	Rs. crore
Share capital – beginning of year	27,55,54,980	138	27,05,70,549	135
Add: Capitalization of general reserves for bonus issue	27,68,43,176	138	–	–
Add: Shares issued upon ESOP exercise				
The 1998 Plan	22,00,938	1	6,85,702	1
The 1999 Plan	1,66,10,768	9	42,98,729	2
Sub-total	1,88,11,706	10	49,84,431	3
Share capital – end of year	57,12,09,862	286	27,55,54,980	138

Effective April 1, 2006, the Company adopted the revised accounting standard on employee benefits. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs. 9 crore. As required by the standard, the obligation has been recorded with the transfer to general reserves.

On July 15, 2006, we allotted bonus shares in the ratio of 1:1 resulting in an addition of 27,68,43,176 equity shares. The bonus issue resulted in an increase of paid up capital by Rs. 138 crore which was capitalized from general reserve.

An amount of Rs. 378 crore representing 10% of the profits for the year ended March 31, 2007 (previous year Rs. 242 crore) was transferred to general reserve account from the profit and loss account.

In January 2007, the Company initiated the purchase of outstanding options in Infosys BPO from its option holders. The option holders were given a choice to sell their options and / or swap Infosys BPO options for Infosys Options at a swap ratio based on fair market value. Consequent to this proposal Infosys granted 1,51,933 Infosys Options under the 1999 plan valued at a fair value of Rs. 12 crore. Accordingly the investment in Infosys BPO and the general reserve has increased by Rs. 12 crore. The details of total investment in Infosys BPO is discussed in this report.

d. Profit and loss account

The balance retained in the profit and loss account as of March 31, 2007 is Rs. 4,844 crore after providing the interim and final dividend for the year of Rs. 649 crore and dividend tax of Rs. 102 crore.

The total shareholder funds increased to Rs. 11,162 crore as of March 31, 2007 from Rs. 6,897 crore as of the previous year end.

The book value per share increased to Rs. 195.41 as of March 31, 2007 compared to Rs. 125.15 as of the previous year end.

Application of Funds

3. Fixed assets

A statement of movement in fixed assets is given below:

As of March 31, *in Rs. crore*

	2007	2006	Growth %
Land – free-hold	76	34	123.5
Land – lease-hold	95	104	(8.7)
Buildings	1,471	1,022	43.9
Plant and machinery	760	559	36.0
Computer equipment	944	700	34.9
Furniture and fixtures	541	417	29.7
Vehicles	2	1	100.0
Gross block	3,889	2,837	37.1
Less: accumulated depreciation	1,739	1,275	36.4
Net block	2,150	1,562	37.6
Add: capital work-in-progress	957	571	67.6
Net fixed assets	3,107	2,133	45.7
Depreciation			
as % of revenues	3.6	4.5	
as % of average gross block*	14.6	17.2	
Accumulated depreciation as			
% of gross block*	46.8	47.2	

**Excluding land*

The capital work-in-progress as of March 31, 2007 and 2006 represents advances paid toward acquisition of fixed assets, and the cost of assets not put to use.

The details of built up area and seats are provided in the table below:

	2007	2006
Built up area (sq. ft).		
Completed	1,19,64,601	90,26,428
In progress	1,03,12,039	53,43,603
Seats (No.)		
Completed	58,488	41,666
In progress	32,967	20,200

a. Capital expenditure

We incurred an amount of Rs. 1,443 crore (Rs. 1,048 crore in the previous year) as capital expenditure comprising of additions to gross block of Rs. 1,058 crore (excluding Rs. 40 crore movement of land from lease-hold to free hold land) and Rs. 385 crore on account of increase in capital work in progress. The entire capital expenditure was funded out of internal cash flows.

b. Additions to gross block

During the year, we added Rs. 1,058 crore to our gross block comprising of Rs. 249 crore for investment in computer equipment and the balance of Rs. 809 crore on infrastructure investment.

We invested Rs. 32 crore to acquire 291.9 acres of lease-hold land at Chandigarh, Chennai, Mangalore, Mysore, Pune and Thiruvananthapuram.

Due to several new development centers being operationalized, details of which are provided in this Annual Report, buildings, computer equipment, plant and machinery, furniture and fixtures and vehicles increased by Rs. 449 crore, Rs. 249 crore, Rs. 201 crore, Rs. 124 crore and Rs. 1 crore, respectively.

During the previous year, we added Rs. 799 crore to our gross block, including investment in computer equipment of Rs. 199 crore and the balance of Rs. 600 crore on infrastructure investment.

c. Retirement of assets

During the year, we retired / transferred various assets with a gross block of Rs. 6 crore and a net book value of Rs. 1 crore. Included in the above, is the donation of computer systems costing Rs. 4 crore (book value Rs. nil). During the previous year, we retired / transferred various assets with a gross block of Rs. 141 crore and a net book value of Rs. 1 crore.

d. Capital expenditure commitments

We have a capital expenditure commitment of Rs. 655 crore, as of March 31, 2007 as compared to Rs. 509 crore as of March 31, 2006.

4. Investments

We make several strategic investments which are aimed at procuring business benefits for us. The details of investments as of March 31, 2007 and the movement in the investment account during the year is summarized in the table below:

in Rs. crore

Company	Balance – beginning of year	Additions	Redeemed / written off	Provisions	Balance – end of year	% of holding – end of year
Subsidiaries						
Infosys BPO Limited	25	612	–	–	637	98.92
Infosys Technologies (China) Co. Limited	23	23	–	–	46	100.00
Infosys Technologies (Australia) Pty. Ltd.	66	–	–	–	66	100.00
Infosys Consulting Inc.	76	14	–	–	90	100.00
	190	649	–	–	839	
Others	16	–	(5)	–	11	
Less: Provision for investments	(14)	–	–	3	(11)	
Total	192	649	(5)	3	839	

The subsidiary revenue and net profit related information is provided in the table below:

in Rs. crore

	Revenues 2007	Revenues 2006	Revenue growth (%)	Net Profit / (Loss) 2007	Net Profit / (Loss) 2006	Growth (%)	Net profit / (Loss) as a percentage of revenue
Infosys BPO Limited	662	379	74.7	152	93	63.4	23.0
Infosys Technologies (China) Co. Limited	60	26	130.8	(29)	(17)	70.6	(48.3)
Infosys Technologies (Australia) Pty. Ltd.	446	321	38.9	71	18	294.4	15.9
Infosys Consulting, Inc.	213	143	49.0	(111)	(36)	208.3	(52.1)

Infosys Consulting and Infosys China are in the investment phase and this has resulted in an increase in the reported losses. The information relating to related party transactions with subsidiaries is given in the report.

The details of employees in each of the subsidiaries is provided in the table below:

(Nos.)

	2007	2006
Infosys BPO Limited	11,226	7,021
Infosys Technologies (China) Co. Limited	669	525
Infosys Technologies (Australia) Pty. Ltd.	306	335
Infosys Consulting, Inc.	209	176

Majority owned subsidiary

Infosys BPO Limited, formerly Progeon Limited

We established Infosys BPO Limited (Infosys BPO) as a majority owned and controlled subsidiary on April 3, 2002, to provide business process management services. Infosys BPO seeks to leverage the benefits of service delivery globalization, process redesign and technology to drive efficiency and cost effectiveness in customer business processes. The movement of investment in Infosys BPO is provided in the table below:

of Infosys BPO approved a buyback of up to 12,79,963 equity shares at a fair market value of Rs. 604 per equity share. Pursuant to the buyback offer, Infosys BPO bought back 11,39,469 equity shares, which were subsequently cancelled. In January 2007, the Company initiated the purchase of all the share and outstanding options in Infosys BPO from its shareholders and option holders comprising current and former employees of Infosys BPO. The shareholders were given a choice to sell their shares at fair market value and the option holders were given the choice to sell their options and / or swap Infosys BPO options for Infosys options at a swap ratio based on fair market value. Consequent to this proposal, Infosys has paid an aggregate of Rs. 70 crore for the purchase of shares and options, and granted 1,51,933 Infosys options under the 1999 plan valued at Rs. 12 crore. Accordingly, the investment in Infosys BPO has increased by Rs. 83 crore and reserves have increased by Rs. 12 crore. Additionally, the Company has committed to a deferred share purchase with the shareholders of Infosys BPO. As per the agreement, Infosys will purchase 3,60,417 Infosys BPO shares for Rs. 22 crore by February 2008. The same will be accounted as investment on conclusion of the agreement along with the transfer of title in the shares. Upon conclusion, Infosys' holding in Infosys BPO would be 99.98%.

	2007		2006	
	Shares (No.)	Rs. crore	Shares (No.)	Rs. crore
Balance – beginning of year	2,44,99,993	25	2,44,99,993	25
Shares purchased from Citicorp	87,50,000	530	–	–
Shares purchased from IBPO employees	2,11,909	12	–	–
Purchase of unvested options from IBPO employees	–	58	–	–
Options swap with IBPO employees	–	12	–	–
Balance – end of year	3,34,61,902	637	2,44,99,993	25

Progeon Limited, our business process outsourcing subsidiary, was renamed Infosys BPO Limited effective August 29, 2006.

On June 30, 2006, Infosys acquired 87,50,000 equity shares of Infosys BPO Limited from Citicorp International Finance Corporation for a consideration of Rs. 530 crore. On December 8, 2006, the shareholders

Wholly-owned subsidiaries

Infosys Technologies (Australia) Pty. Limited

On January 2, 2004, we acquired 100% of equity in Expert Information Services Pty. Limited, Australia and renamed the company as Infosys

Technologies (Australia) Pty. Limited. The consideration comprised a payment in cash of Rs. 66 crore on conclusion and an earn-out on achieving financial conditions over a three-year period ending March 31, 2007. We paid Rs. 40 crore as earnout for the three year period ending March 31, 2007.

Infosys Technologies China Co. Limited, formerly Infosys Technologies (Shanghai) Co. Limited

On October 10, 2003, we set up a wholly-owned subsidiary in the People's Republic of China named Infosys Technologies China Co. Limited (Infosys China).

Infosys Consulting, Inc.

On April 8, 2004, we set up a wholly-owned subsidiary, Infosys Consulting, Inc. (Infosys Consulting), incorporated in Texas, USA, to add high-end consulting capabilities to our global delivery model.

Other investments

in Rs. crore

Company	Balance – beginning of the year	Additions during the year	Amount redeemed / written off	Provisions	Balance – end of the year
OnMobile Systems Inc., (formerly Onscan Inc.) USA	9	–	–	9	–
M-Commerce Ventures Pte. Ltd., Singapore	2	–	–	2	–
CiDRA Corporation, USA	5	–	5	–	–
Total	16	–	5	11	–

During the year ended March 31, 2007, the company received Rs. 1 crore from CiDRA Corporation towards redemption of shares on recapitalisation. The remainder of investment was written off against provision made earlier.

Investment in liquid mutual funds

As of March 31, 2006, we had invested Rs. 684 crore in liquid mutual funds. As part of re-balancing the portfolio to seek higher yields, we shifted our investments to bank deposits and as a result the investment in mutual fund units as of March 31, 2007 was nil. We derived an average yield of 6.1% (tax free) during the year as against 4.4% (tax free) in the previous year from these investments. Our treasury policy allows us to invest in short-term funds of certain size with a limit on individual funds.

5. Deferred tax assets

We recorded deferred tax assets of Rs. 79 crore as of March 31, 2007 (Rs. 56 crore as of March 31, 2006). Deferred tax assets represent timing differences in the financial and tax books arising from depreciation on assets and provision for sundry debtors.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income. We believe it is more likely than not that we will realize the benefits of these deductible differences.

6. Sundry debtors

Sundry debtors amount to Rs. 2,292 crore (net of provision for doubtful debts amounting to Rs. 22 crore) as of March 31, 2007 as compared to Rs. 1,518 crore (net of provision for doubtful debts amounting to Rs. 10 crore) as of March 31, 2006. These debtors are considered good and realizable. The unbilled revenues as of March 31, 2007 and 2006 amounted to Rs. 312 crore and Rs. 203 crore respectively.

Debtors are at 17.4% of revenues for the year ended March 31, 2007, as compared to 16.8% for the previous year, representing an outstanding of 64 days and 61 days of revenues for the respective years.

The age profile of debtors is given below:

in %

	As of March 31,	
Period in days	2007	2006
0 – 30	58.5	61.1
31 – 60	36.7	31.3
61 – 90	2.1	3.2
91 +	2.7	4.4
	100.0	100.0

Provisions are generally made for all debtors outstanding for more than 180 days as also for others, depending on the management's perception of the risk. 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 and general economic factors which could affect the customer's ability to settle. The movement in provisions for doubtful debts during the year is:

in Rs. crore

	2007	2006
Opening balance	10	19
Add: Amount provided	24	9
Less: Amount written-off	12	18
Closing balance	22	10

Provision for bad and doubtful debts as a percentage of revenue is 0.18% in fiscal 2007 as against 0.10% in fiscal 2006.

7. Cash and cash equivalents

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 project-related expenditure overseas.

in Rs. crore

As of March 31,	2007	2006
Cash balances	–	–
Bank balances in India		
Current accounts	169	57
Deposit accounts	4,827	2,735
Foreign currency accounts (EEFC)	131	109
Unclaimed dividend account	2	3
Bank balances outside India		
Current accounts	378	375
Total cash and bank balances	5,507	3,279
Deposits reported under loans and advances	143	500
Investment in liquid mutual funds reported under investments	–	684
Total cash and cash equivalents	5,650	4,463
Cash and equivalents / assets	50.6%	64.7%
Cash and equivalents / revenues	43.0%	49.4%

The deposit account represents deposits for short tenures, details are given below:

in Rs. crore

As of March 31,	2007	2006
ICICI Bank Limited	507	505
Standard Chartered Bank	505	503
Bank of India	504	–
Bank of Baroda	503	–
Canara Bank	503	504
ABN AMRO Bank N. V	351	379
UTI Bank Limited	305	506
Corporation Bank	302	126
The Bank of Nova Scotia	301	212
Citibank N. A	300	–
Calyon Corporate Bank	225	–
Punjab National Bank	179	–
State Bank of India	151	–
HSBC Bank	100	–
Bank of Maharashtra	51	–
ING Vysya Bank Limited	25	–
BNP Paribas	15	–
Total	4,827	2,735

The deposits include the interest accrued and outstanding as of the balance sheet date. Our treasury policy calls for investing surpluses with highly rated companies, banks and financial institutions for short-term maturities as also with liquid mutual funds with a limit on investments in individual entities.

8. Loans and Advances

in Rs. crore

As of March 31,	2007	2006
Unsecured, considered good		
Loans to subsidiary#	22	14
Advances		
Pre-paid expenses	28	27
For supply of goods and rendering of services	3	9
Others	20	14
Sub-total	73	64
Unbilled revenues	312	203
Advance income tax	352	267
Loans and advances to employees	105	110
Electricity and other deposits	20	16
Rental deposits	10	12
Deposits with financial institutions and body corporate*	275	580
Mark-to-market on options / forward contracts	15	–
Total	1,162	1,252

**An amount of Rs. 132 crore (Rs. 80 crore as at March 31, 2006) deposited with the Life Insurance Corporation of India to settle employee benefit / leave obligations as and when they arise during the normal course of business. This amount is considered as restricted cash and hence not considered as "cash and cash equivalents".*

#Loans to subsidiary represents loan to Infosys Technologies (China) Company Limited.

Advances are primarily towards amount paid in advance for value and services to be received in future. Unbilled revenues represent revenue recognized in relation to efforts incurred on fixed-price and time-and-material contracts not billed as of the year-end. Advance income tax represents payments made towards tax liability and also refund due for the previous years. Our liability towards income tax is fully provided for.

The details of advance income tax are given below:

in Rs. crore

As of March 31,	2007	2006
Domestic tax	264	264
Overseas tax	88	3
	352	267

Loans to employees have decreased during the year, despite an increase in the number of employees as we have discontinued fresh disbursements under all the loan schemes except for personal loans and salary advances which we continue to provide primarily to employees in India who are not executive officers or directors. We also provide allowances for purchase of cars and houses for our middle level managers.

The details of these loans are given below:

in Rs. crore

As of March 31,	2007	2006
Salary advances	63	61
Soft loan	27	24
Housing loan	13	21
Other loans	2	4
	105	110

The salary advances represent advances to employees, both in India and abroad, which are recoverable within twelve months.

Electricity and other deposits represent electricity deposits, telephone deposits, insurance deposits and advances of a similar nature. The rent deposits are toward buildings taken on lease by us for our software development centers and marketing offices in various cities across the world.

Deposits with financial institutions and corporate bodies represent surplus money deployed in the form of short-term deposits. The details of such deposits are given below:

in Rs. crore

As of March 31,	2007	2006
GE Capital Services India	143	–
Life Insurance Corporation of India	132	80
HDFC Limited	–	500
	275	580

Mr. Deepak M. Satwalekar, Director, is also a director of HDFC.

9. Current liabilities

in Rs. crore

As of March 31,	2007	2006
Sundry creditors		
for goods and services	23	6
for accrued salaries & benefits	356	319
For other liabilities		
Provision for expenses	281	166
Retention monies	23	13
Withholding and other taxes	172	82
Purchase of IPR	–	19
Mark-to-market	–	2
Due to option holders of IBPO	2	–
Others	4	3
Sub-total	861	610
Advances received from clients	4	7
Unearned revenue	295	188
Unclaimed dividend	2	3
	1,162	808

Sundry creditors for accrued salaries and benefits include the provision for bonus and incentive payable to the staff and also our liability for leave encashment valued on an actuarial basis.

The details are as follows:

in Rs. crore

As of March 31,	2007	2006
Accrued salaries payable	28	6
Accrued bonus and incentive	208	233
Unavailed leave		
as per actuarial valuation	120	80
	356	319

Sundry creditors for other liabilities represent amounts accrued for various other operational expenses. Retention monies represent monies withheld on contractor payments pending final acceptance of their work. Withholding and other taxes payable represent tax withheld on exercise of stock options, and also other local taxes payable in various countries and all these taxes will be paid in due course.

We were liable to pay Aeronautical Development Agency (ADA) a maximum amount of Rs. 19 crore by June 12, 2012 through a revenue sharing agreement towards acquisition of intellectual property rights in AUTOLAY, a commercial software application product used in designing high performance structural systems. During the year we foreclosed the arrangement by paying the net present value of the future revenue share amounting to Rs. 13 crore. The reminder of liability in books that amounts to Rs. 6 crore has been written back and disclosed as other income.

The amount due to option holders of Infosys BPO represents the amount due on purchase of vested / unvested options of Infosys BPO. Advances received from clients denote monies received for the delivery of future services. Unearned revenue consists primarily of advance client billing on fixed-price, and fixed-time frame contracts for which related costs were not yet incurred. Unclaimed dividends represent dividends paid, but not encashed by shareholders, and are represented by a bank balance of the equivalent amount.

10. Provisions

in Rs. crore

As of March 31,	2007	2006
Proposed dividend	371	1,061
Tax on dividend	63	149
Income taxes	207	187
Post-sales client support	21	12
	662	1,409

Proposed dividend represents the final dividend recommended to the shareholders by us. Upon approval by the shareholders, this will be paid after the Annual General Meeting. Provision for tax on dividend denotes taxes payable on dividends declared for the year. Provisions for taxation represent estimated income tax liabilities, both in India and abroad. The details are as follows:

in Rs. crore

As of March 31,	2007	2006
Domestic tax	48	26
Overseas tax	159	161
	207	187

The provision for post-sales client support is towards likely expenses for providing post-sales client support on fixed-price contracts.

Net current assets as of March 31, 2007 was Rs. 7,137 crore, as compared to Rs. 3,832 crore in the previous year. The current ratio was 4.91 as of March 31, 2007 as compared to 2.73 in the previous year.

C. Results of operations

in Rs. crore

Year ended March 31,	2007	%	2006	%	Growth %
Income: Software services	12,611	95.91	8,671	96.05	45.44
Products	538	4.09	357	3.95	50.70
Total income	13,149	100.00	9,028	100.00	45.65
Software development expenses	7,278	55.35	4,887	54.13	48.93
Gross profit	5,871	44.65	4,141	45.87	41.78
Selling and marketing expenses	719	5.47	499	5.53	44.09
General and administration expenses	927	7.05	653	7.23	41.96
Operating profit (PBIDTA)	4,225	32.13	2,989	33.11	41.35
Interest	–	–	–	–	–
Depreciation	469	3.57	409	4.53	14.67
Operating profit after interest and depreciation	3,756	28.56	2,580	28.58	45.58
Other income, net	375	2.85	144	1.60	160.42
Provision for investments	2	0.02	–	–	–
Profit before tax and exceptional items	4,129	31.40	2,724	30.17	51.58
Provision for tax	352	2.68	303	3.36	16.17
Net profit after tax before exceptional items	3,777	28.72	2,421	26.82	56.01
Exceptional items, net of taxes	6	0.05	–	–	–
Net profit after tax and exceptional items	3,783	28.77	2,421	26.82	56.26

1. Income

Income from software services and products:

in Rs. crore

Year ended March 31	2007	%	2006	%	Growth%
Overseas	12,939	98.40	8,864	98.18	45.97
Domestic	210	1.60	164	1.82	28.05
	13,149	100.00	9,028	100.00	45.65

Our revenues are generated primarily on fixed-time frame or time-and-material basis. Revenue from software services on fixed-price and fixed-time frame contracts are recognized as per the proportionate-completion method. On time-and-materials contracts, revenue is recognized as the related services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in multiple arrangement contracts, where revenue is recognized as per the proportionate-completion method.

The segmentation of software services by project type is as follows:

in %

Year ended March 31,	2007	2006
Fixed price	28.0	29.3
Time-and-material	72.0	70.7
	100.0	100.0

Our revenues are also segmented into onsite and offshore revenues. Onsite revenues are those services which are performed at client sites as part of software projects, while offshore services are those services which are performed at the Company's software development centers located in India.

The segmentation of revenues by location (including product revenue) is as follows:

in %

Year ended March 31,	2007	2006
Onsite	51.7	49.8
Offshore	48.3	50.2
	100.0	100.0

The services performed onsite typically generate higher revenues per-capita, but at lower gross margins in percentage as compared to the services performed at the Company's own facilities. Therefore, any increase in the onsite effort impacts the margins of the Company. The details of effort mix for software services and products in person months are as follows:

in %

Year ended March 31,	2007	2006
Onsite	30.1	29.2
Offshore	69.9	70.8
	100.0	100.0

The growth in software services and product revenues is due to an all-round growth in various segments of the business mix and is mainly due to growth in business volumes.

The details of the same are given below:

Year ended March 31,	2007	2006
Income		
Software services	12,611	8,671
Software products	538	357
	13,149	9,028
Person months		
Software services		
Onsite	1,29,729	92,777
Offshore	2,74,989	2,05,673
Billed-total	4,04,718	2,98,450
Software products	26,517	19,597
Non-billable	1,24,212	86,436
Training	64,889	40,926
Sub-total	6,20,336	4,45,409
Support	32,190	24,746
Total	6,52,526	4,70,155
Increase in billed person months		
Onsite	36,952	21,917
% change	39.83	30.90
Offshore	69,316	47,858
% change	33.70	30.30
Total	1,06,268	69,775
% change	35.61	30.51
Support / total (%)	4.93	5.26

Software services

During the year, the volumes grew by 35.6% as compared to 30.5% in the previous year. The onsite and offshore volume growth were 39.8 % and 33.7% during the year, compared to 30.9% and 30.3% in the previous year. In U.S. dollar terms, onsite percapita revenues increased by 6.4% during the year, offshore per capita revenues increased by 2.4% and blended per capita revenues increased by 5.5%. During the previous year onsite per capita revenues increased by 1.0%, offshore per capita revenues increased by 1.1% and blended per capita revenues increased by 1.2% in U.S. dollar terms.

During the year the rupee depreciated by 1.92%. The average rupee dollar rate for the year was Rs. 45.06 as against Rs. 44.21 in the previous year.

Details of geographical and business segmentation of revenues and client concentration are provided in this report.

Software products

The revenues from software products grew 50.7% as compared to 67.6% in the previous year. Of the software products revenue, 67.4% came from exports as compared to 61.2% in the previous year.

2. Expenditure

2.1 Software development expenses

in Rs. crore

Year ended March 31,	2007	%	2006	%	Growth %
Revenues	13,149	100.00	9,028	100.00	45.65
Software development expenses					
Salaries and bonus	5,640	42.89	3,818	42.29	47.72
Technical sub-contractors	864	6.57	492	5.45	75.61
Overseas travel expenses	392	2.98	297	3.29	31.99
Cost of software packages	217	1.65	163	1.81	33.13
Communication expenses	52	0.40	48	0.53	8.33
Post-sales customer support	12	0.09	(6)	(0.07)	300.00
Other expenses	101	0.77	75	0.83	34.67
Total	7,278	55.35	4,887	54.13	48.93

Employee costs consist of salaries paid to employees in India and include overseas staff expenses. The total software professionals person months increased to 6,20,336 for the year ended March 31, 2007 from 4,45,409 person months during the previous year, an increase of 39.3%. Of this, the onsite and offshore billed person months (including software products) are 129,729 and 301,506 for the year ended March 31, 2007, as compared to 92,777 and 2,25,270 for the previous year. The non-billable and trainees person months were 189,101 and 1,27,362 during the current and previous year respectively. The non-billable and trainees person-months were

30.5% and 28.6% of the total software professional person months for the current and previous year respectively. The Company added 22,567 employees (gross) and 15,173 employees (net) during the year as compared to 16,878 employees (gross) and 12,480 employees (net) during the previous year.

The utilization rates of billable employees for the year ended March 31, are as below:

in %

	2007	2006
Including trainees	69.5	71.4
Excluding trainees	77.6	78.6

The cost of sub-contractors includes Rs. 633 crore toward purchase of services from related parties, primarily subsidiaries in fiscal 2007 as against Rs. 367 crore in the previous fiscal. The details of such related party transactions are available in notes to accounts. The balance amount is towards using external consultants to meet mismatch in certain skill sets that are required in various projects. The company continues to use these external consultants on a need basis.

The overseas travel expenses, representing cost of travel abroad for software development, constituted approximately 3.0% and 3.3% of total revenue for the years ended March 31, 2007 and 2006. Overseas travel expenses include visa charges of Rs. 109 crore (0.83% of revenues) for the year compared to Rs. 65 crore (0.72% revenues) in the previous year.

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 and also for meeting the needs of software development and includes software procured from third parties for resale with our banking product. The cost of software packages was 1.7 % and 1.8% of the revenues for the year ending March 31, 2007 and 2006. Our accounting policy is to charge such purchases to the profit and loss accounts in the year of purchase.

A major part of our revenues come from offshore software development. This involves the large-scale use of technological connectivity in order to be online with clients. The communication expenses represent approximately 0.4% and 0.5% of revenues for the years ended March 31, 2007 and 2006, respectively.

The provision for post-sale customer support has increased from Rs. (6) crore to Rs. 12 crore during the year.

Other expense representing staff welfare, computer maintenance, consumables and rent has reduced to 0.77% of revenues during the year from 0.83% in the previous year.

2.2 Gross profit

The gross profit during the year was Rs. 5,871 crore representing 44.65% of revenue as compared to Rs. 4,141 crore representing 45.87% of revenue in the previous year.

2.3 Selling and marketing expenses

We incurred selling and marketing expenses at 5.47 % of our revenue, as compared to 5.53% during the previous year.

in Rs. crore

Year ended March 31,	2007	%	2006	%	Growth %
Revenues	13,149	100.00	9,028	100.00	45.65
Selling and marketing expenses					
Salaries and bonus	447	3.40	291	3.22	53.61
Overseas travel expenses	94	0.71	68	0.75	38.24
Brand building	69	0.52	46	0.51	50.00
Commission charges	24	0.18	26	0.29	(7.69)
Professional charges	23	0.17	26	0.29	(11.54)
Others	62	0.47	42	0.47	47.62
Total	719	5.47	499	5.53	44.09

Employee costs consist of salaries paid to sales and marketing employees and include bonus payments. The number of sales and marketing personnel increased from 404 as of March 31, 2006 to 486 as of March 31, 2007. The number of marketing offices increased from 37 to 43 as of March 31, 2007.

Brand building expenses include expenses incurred for participation in various seminars and exhibitions, both in India and abroad, various sales and marketing events organized by us, and other advertisement and sales promotional expenses. We added 160 new customers as compared to 144 during the previous year. Commission charges primarily consist of expenses incurred by Finacle® with regard to agents' fees paid for sourcing business from international markets. It also includes commission paid for software service revenues derived from some of the European countries and the U.S. and earn out payable on achievement of targets in certain subsidiaries. Professional charges primarily relate to payments made to PR agencies, legal charges, translation charges, etc.

2.4 General and administration expenses

We incurred general and administration expenses amounting to 7.05% of our total revenue as compared to 7.23% during the previous year.

in Rs. crore

Year ended March 31,	2007	%	2006	%	Growth %
Revenues	13,149	100.00	9,028	100.00	45.65
General and administration expenses					
Salaries and bonus	183	1.39	135	1.50	35.56
Professional charges	137	1.04	94	1.04	45.74
Telephone charges	106	0.81	76	0.84	39.47
Office maintenance	95	0.72	66	0.73	43.94
Power and fuel	88	0.67	62	0.69	41.94
Travel and conveyance	85	0.65	63	0.70	34.92
Repairs to building, and plant and machinery	38	0.29	27	0.30	40.74
Rent	14	0.11	9	0.10	55.56
Others	181	1.38	121	1.34	49.59
Total	927	7.05	653	7.23	41.96

Employee costs increased as the number of administration personnel increased from 1,987 as of March 31, 2006 to 2,408 as of March 31, 2007. Professional charges increased due to increased use of service providers. These charges include fees paid for availing services such as tax consultancy, U.S. GAAP audit, SOX consultancy, recruitment and training, and legal charges. Telephone charges, office maintenance, power and fuel, travel and conveyance, and repairs to building and plant and machinery, rent increased due to increased business activity. Other expenses is a grouping of many expenses and increased from Rs. 121 crore to Rs. 181 crore.

3. Operating profits

We earned an operating profit (PBIDTA) of Rs. 4,225 crore, representing 32.13% of total revenues as compared to Rs. 2,989 crore, representing 33.11% of total revenues during the previous year.

4. Interest

We continued to be debt-free during the current year.

5. Depreciation

We provided a sum of Rs. 469 crore and Rs. 409 crore toward depreciation for the years ended March 31, 2007 and 2006, representing 3.57% and 4.53% of total revenues. The depreciation for the years ended March 31, 2007 and 2006 includes an amount of Rs. 26 crore and Rs. 65 crore, toward 100% depreciation on assets costing less than Rs. 5,000 each. The depreciation as a percentage of average gross block (excluding land) is 14.6 % and 17.2% for the years ended March 31, 2007 and 2006.

6. Other income

in Rs. crore

Year ended March 31,	2007	2006
Interest – bank deposits & others	182	132
Dividends from mutual funds	116	71
Miscellaneous income	35	18
Exchange differences	42	(77)
Total	375	144

Our treasury policy allows us to invest in short-term funds of certain size with a limit on individual funds. The average yield on investible surplus calculated on monthly average is given below:

in %

Average yield	2007	2006
Deposits (pre-tax)	8.8	6.7
Mutual funds (post-tax)	6.1	4.4
Total–Deposits and mutual funds	7.4	5.5

As part of rebalancing the portfolio to seek higher yields, we shifted our investments to bank deposits and as a result the investment in mutual fund units as of March 31, 2007 was nil.

Included in the miscellaneous income for the year is an amount of Rs. 6 crore liability to Aeronautical Development Agency (ADA) that was written back. Infosys was liable to pay ADA a maximum amount of Rs. 19 crore by June 12, 2012 through a revenue sharing agreement towards acquisition of intellectual property rights in AUTOLAY, a commercial software application product used in designing high performance structural systems. During the year Infosys foreclosed the arrangement by paying the net present value of the future revenue share amounting to Rs. 13 crore. The remainder of liability in books amounts to Rs. 6 crore that has been written back and disclosed as miscellaneous income.

The Rupee – U.S. dollar average and closing rates is given below:

in Rs.

	2007	2006	Depreciation / (appreciation)
Average rate	45.06	44.21	1.92%
Period-end rate	43.10	44.48	(3.10)%

The company derives 73.7% and 78.6% during the year ended March 31, 2007 and 2006 respectively of its export revenues in U.S. Dollar and the balance from other currencies. During the year, the U.S. Dollar had depreciated against the other currencies, substantially.

We hedge our forex risk by proactively hedging forex denominated receivables. As of March 31, 2007, we had U.S. $179 million (Rs. 770 crore) of forward contracts and U.S. $269 million (Rs. 1,158 crore) of options contracts outstanding. Our forward and option contracts for the year ended 31, March 2007 and 2006 were not designated as effective hedges. Forward and option contracts not designated as effective hedges are marked to their current market value as at the balance sheet date and accounted in the profit and loss account for the period. The details of foreign exchange gain / (losses) are as follows:

in Rs. crore

Year ended March 31,	2007	2006
Transaction and translation losses	(21)	(8)
Forward and option contracts – gains / (losses)	63	(69)
Net	42	(77)

7. Provision for tax

We have provided for our tax liability both in India and overseas. The present Indian corporate tax rate is 33.66%, comprising base rate, surcharge and cess. The profits attributable to operations under the Software Technology Park (STP) scheme, are exempted from income tax for a consecutive period of 10 years from the financial year in which the unit starts producing computer software, or March 31, 2009, whichever is earlier.

The details of the operationalization of various software development centers and the year up to which the deduction under the Software Technology Park Scheme is available, are provided below:

Software Technology Park	Year of	Tax exemption	
	commencement	claimed from	available upto
Electronics City, Bangalore	Fiscal 1995	Fiscal 1997	Fiscal 2004
Mangalore	1996	1999	2005
Pune	1997	1999	2006
Bhubaneswar	1997	1999	2006
Chennai	1997	1999	2006
Phase I, Electronics City, Bangalore	1999	1999	2008
Phase II, Electronics City, Bangalore	2000	2000	2009
Hinjawadi, Pune	2000	2000	2009
Mysore	2000	2000	2009
Hyderabad	2000	2000	2009
Mohali	2000	2000	2009
Sholinganallur, Chennai	2001	2001	2009
Konark, Bhubaneswar	2001	2001	2009
Mangala, Mangalore	2001	2001	2009
Thiruvananthapuram	2004	2004	2009

Details about SEZ

Our first ever Special Economic Zone ('SEZ') unit, became operational at Mahindra World City (a private multi-product Special Economic Zone), Chennai, in the financial year 2005-06, with an approved area of about 75.06 acres. During the financial year 2006-07, we established a new SEZ Unit at Chandigarh (Rajiv Gandhi Chandigarh Technology Park) with an approved area of about 30.22 acres. The SEZ Unit came into existence under the new Special Economic Zones Act, 2005 ('the SEZ' Act).

As per the SEZ Act, the unit will be eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Other fiscal benefits including indirect tax waivers are being extended for setting up, operating and maintaining the Unit.

We pay taxes in various countries, in which we operate, on the income that is sourced to those countries. The details of provision for taxes are as follows:

in Rs. crore

Year ended March 31,	2007	2006
Overseas tax	205	247
Domestic tax	170	78
	375	325
Deferred taxes	(23)	(22)
	352	303

Tax provision for the year ended March 31, 2007 and 2006 includes a reversal of Rs. 125 crore and Rs. 18 crores respectively for liability no longer required for taxes payable in various overseas jurisdictions consequent to the expiry of limitation period and completion of assessment by taxation authorities. The details of effective tax rates are provided in the below table:

in %

Effective tax rate	2007	2006
As reported	8.53	11.12
Excluding tax reversal	11.55	11.78

8. Net profit before exceptional item

Our net profit, before exceptional items, amounted to Rs. 3,777 crore and Rs. 2,421 crore for the years ended March 31, 2007 and 2006. This represents 28.72% and 26.82% of total revenue.

Excluding the tax reversals, the net profit before exceptional items amounted to Rs. 3,652 crore and Rs. 2,403 crore for the years ended March 31, 2007 and 2006. This represents 27.77% and 26.62% of total revenue.

9. Exceptional items – Income on sale of investment

We received the balance amount of Rs. 5 crore on fulfillment of the Escrow obligations on the sale of shares in Yantra Corporation. Since the carrying value of the investment is nil, the entire proceeds of Rs. 5 crore (net of taxes, as applicable) has been recognized in the profit and loss account as an exceptional item. Further, the Company received Rs. 1 crore from CiDRA Corporation towards redemption of shares on recapitalisation. The remainder of investment was written off against provision made earlier.

10. Net profit after exceptional items

Our net profit, after exceptional items, amounted to Rs. 3,783 crore and Rs. 2,421 crore for the years ended March 31, 2007 and 2006. This represents 28.77% and 26.82% of total revenue.

Excluding the tax reversals, the net profit after exceptional items amounted to Rs. 3,658 crore and Rs. 2,403 crore for the years ended March 31, 2007 and 2006. This represents 27.82% and 26.62% of total revenue.

11. Liquidity

Our growth has been financed largely through cash generated from operations and, to a lesser extent, from the proceeds of equity issues. Our 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.

in Rs. crore

Year ended March 31,	2007	2006
Liquidity		
Cash & cash equivalents including mutual funds	5,650	4,463
Current assets	8,961	6,049
Net current assets	7,137	3,832
Cash flows		
Operating	3,256	2,309
Investing	(1,065)	(392)
Financing	(316)	172
Net increase in cash & cash equivalents	1,187	1,612
Capital expenditure	1,443	1,048
Investment in subsidiaries	635	31
Dividends including dividend tax	1,532	402

Our treasury policy calls for investing only in highly rated banks, financial institutions and companies for short maturities with a limit for individual entities and also liquid mutual funds. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas branches, and to meet overseas project-related expenditure.

Our policy is to pay dividend of not more than 20% of our after-tax profits. Our pay-out ratios during the year ended March 31, 2007, 2006 and 2005 were 19.85%, 19.36% and 18.48% respectively. In addition, a silver jubilee special dividend of Rs. 827 crore was declared in fiscal 2006.

Our policy is to earn a minimum return of twice the cost of capital on average capital employed, and thrice the cost of capital on average invested capital. The current estimated cost of capital is 14.97%. At present, we earn 45.73% on average capital employed and 89.10% on average invested capital. We aim to maintain adequate cash balances to meet our strategic objectives while earning adequate returns.

12. Stock option plans

1998 Employee Stock Option Plan (1998 plan)

Pursuant to the resolutions approved by the shareholders in the Extraordinary General Meeting held on January 6, 1999, we put in place an ADS-linked stock option plan termed as the "1998 Stock Option Plan." The Compensation Committee of the Board administers the 1998 plan. The Government of India has approved the 1998 plan, subject to a limit of 1,17,60,000 equity shares of par value of Rs. 5 each, representing 1,17,60,000 ADSs to be issued under the plan. The plan is effective for a period of 10 years from the date of its adoption by the Board.

The details of the grants made and options forfeited & expired (adjusted for stock-split, as applicable) under the 1998 plan are provided below:

Month of grant	Options granted			Options forfeited & expired	
	Employees (Nos.)	Options (Nos.)	Grant price at market per ADS	Employees (Nos.)	ADSs (Nos.)
Apr 2006	–	–	–	–	–
May	–	–	–	20	75,000
Jun	–	–	–	5	41,320
Jul	–	–	–	7	19,160
Aug	–	–	–	–	–
Sep	–	–	–	2	1,880
Oct	–	–	–	4	17,446
Nov	–	–	–	3	7,200
Dec	–	–	–	1	800
Jan 2007	–	–	–	1	848
Feb	–	–	–	45	6,929
Mar	–	–	–	1	560
	–	–	–	89	1,71,143

During the year, 22,91,213 options issued under the 1998 Plan were exercised, and the remaining ADS options unexercised and outstanding as at March 31, 2007 were 20,84,124 (equivalent to 20,84,124 equity shares). Vested ADSs as of March 31, 2007 were 20,84,124 (equivalent to 20,84,124 equity shares).

Details of the number of ADS options granted and exercised are given below:

Fiscal	Granted		Exercised	
	Employees (Nos.)	Options (Nos.)	Employees (Nos.)	Options (Nos.)
1999	29	17,04,000	32	–
2000	58	11,77,200	5	95,200
2001	705	38,59,360	–	49,736
2002	476	36,34,000	–	2,23,864
2003	223	23,20,800	120	3,58,160
2004	39	3,83,600	309	10,35,480
2005	–	–	562	11,71,600
2006	–	–	531	13,71,404
2007	–	–	1,263	22,91,213
	1,530	1,30,78,960	2,822	65,96,657

1999 Employee Stock Option Plan (1999 plan)

The shareholders approved the 1999 Plan in June 1999, which provides for the issue of 5,28,00,000 equity shares to employees. The 1999 plan is administered by the compensation committee of the Board. Under the 1999 plan, options were issued to employees at an exercise price not less than the fair market value, i.e., the closing price of the Company's shares on the stock exchange where there is the highest trading volume on the date of grant and if the shares are not traded on that day, the closing price on the next trading day. Options under this plan may be granted to employees at less than the fair market value only if specifically approved by the members of the company in a general meeting.

The details of the grants made and forfeited & expired (adjusted for stock-split, as applicable) under the 1999 plan are provided below:

Month of grant	Options granted			Options forfeited & expired	
	Employees (Nos.)	Options (Nos.)	Grant price (Rs.).	Employees (Nos.)	Options (Nos.)
Apr 2006	–	–	–	22	10,720
May	–	–	–	48	11,444
Jun	–	–	–	15	8,280
Jul	–	–	–	15	10,260
Aug	–	–	–	29	5,960
Sep	–	–	–	31	6,601
Oct	–	–	–	8	4,890
Nov	–	–	–	16	10,664
Dec	–	–	–	31	8,321
Jan 2007	–	–	–	12	5,480
Feb	–	–	–	22	6,384
Mar	288	6,38,761	2,120.95	3	22,302
	288	6,38,761	2,120.95	252	1,11,306

During the year, 1,78,08,689 options issued under the 1999 plan were exercised, and the remaining options unexercised and outstanding as at March 31, 2007 were 18,97,840. Vested options as at March 31, 2007 were 12,59,079 (includes 7,602 options granted to external directors).

Details of number of options issued under the 1999 plan are given below:

	Granted		Exercised	
Fiscal	Employees (Nos.)	Options (Nos.)	Employees (Nos.)	Options (Nos.)
2000	1,124	81,16,000	22	–
2001	8,206	1,56,62,640	–	9,600
2002	5,862	1,64,04,000	–	240
2003	3,008	49,34,800	296	97,424
2004	595	15,42,400	2,651	21,48,344
2005	–	–	10,581	68,41,050
2006	–	–	16,269	85,97,458
2007	288	6,38,761	30,795	1,78,08,689
	19,083	4,72,98,601	60,614	3,55,02,805

Note: Count of employees does not include exercises made by external directors.

The options movement under both 1998 and 1999 Stock Option Plans as of March 31, 2007 are as follows:

	Options (Nos.)
Granted	6,38,761
Exercised	2,00,99,902
Forfeited	2,82,449
Outstanding	39,81,964
Vested	33,43,203

Employee stock compensation under SFAS 123

Statement of Financial Accounting Standards 123, Accounting for Stock Based Compensation under U.S. GAAP, requires the pro forma disclosure of the impact of the fair value method of accounting for employee stock valuation in the financial statements. The fair value of a stock option is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock and the expected dividends on it, and the risk-free interest rate over the expected life of the option. Applying the fair value based method defined in SFAS 123, the impact on the reported net profit and basic earnings per share would be as follows:

in Rs. crore, except per share data

Year ended March 31,	2007	2006
Net profit before exceptional item		
As reported	3,777	2,421
Adjusted pro forma	3,765	2,381
Basic EPS		
As reported	67.82	44.34
Adjusted pro forma	67.61	43.60

13. Reconciliation of Indian and U.S. GAAP financial statements

There are differences between the U.S. GAAP and the Indian GAAP financial statements. The reconciliation of profits as per the Indian and the U.S. GAAP financial statements is given below:

in Rs. crore

Year ended March 31,	2007	2006
Indian GAAP net profit (unconsolidated)	3,783	2,421
Profits of subsidiary companies	83	37
Minority interest in Infosys BPO	(11)	–
Amortization of intangibles	(17)	–
Stock compensation expenses	(24)	–
U.S. GAAP net income	3,814	2,458

Subsidiary Companies

U.S. GAAP requires presentation of financial statements on a consolidated basis. We have four subsidiaries as on March 31, 2006, namely, Infosys BPO Limited, Infosys Technologies (Australia) Pty. Limited, Infosys Technologies (China) Co. Limited and Infosys Consulting, Inc.

Amortization of intangibles

U.S. GAAP requires the purchase price in business combination transactions to be allocated to identifiable assets and liabilities, including intangible assets. Intangible assets are to be amortized over the estimated useful life. The amortization relates to that of an intangible asset identified in allocation of the purchase price of Expert Information Services Pty. Limited, Australia.

Stock compensation expenses

U.S. GAAP requires upon adoption of SFAS 123(R) effective from April 1, 2007, stock compensation expenses to be recorded based on the grant date fair value of the option over its vesting term. The fair value of a stock option is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock and the expected dividends on it, and the risk-free interest rate over the expected life of the option.

14. Related party transactions

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

15 Events occurring after the balance sheet date

None

D. Opportunities and threats

We believe our competitive strengths include:

Innovation and leadership: We are a pioneer in the technology services industry. We were one of the first Indian companies to achieve a number of significant milestones which has enhanced our reputation in the marketplace. For example, we were one of the first companies to develop and deploy a global delivery model and attain SEI-CMMI Level 5 certification for both our offshore and onsite operations. More recently, we established a business consulting practice in the United States which leverages our Global Delivery Model. In addition, we were the first Indian company to list on a U.S. stock exchange. We were also the first Indian company to do a POWL in Japan. In December 2006, we became the first Indian company to be added to the NASDAQ – 100 index and with this, we are the only Indian company to be part of any of the major global indices.

Proven Global Delivery Model: We believe our highly evolved Global Delivery Model represents a key competitive advantage. Over the past decade, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. In doing so, we have made substantial investment in our processes, infrastructure and systems, and have refined our Global Delivery Model to effectively integrate onsite and offshore technology services. Our Global Delivery Model provides clients with seamless, high quality solutions in reduced time frames enabling our clients to achieve operating efficiencies. To address changing industry dynamics, we continue to refine our Global Delivery Model. Through our Modular Global Sourcing framework, we assist clients in segmenting their internal business processes and applications, including IT processes, and outsourcing these segments selectively on a modular basis to reduce risk and cost and increase operational flexibility. We believe that this approach and other ongoing refinements to our Global Delivery Model help us retain our industry leadership position. Gartner has recently positioned us in the leader quadrant in its 2006 Magic Quadrant report for 30 leading offshore application services providers.

Comprehensive and sophisticated end-to-end solutions: Our suite of comprehensive, end-to-end technology-based solutions enables us to extend our network of relationships, broaden our dialogue with key decision makers within each client, increase the points of sale for new clients and diversify our service-mix. As a result, we are able to capture a greater share of our clients' technology budgets. Our suite of solutions encompasses consulting, design, development, software re-engineering, maintenance, systems integration and package evaluation and implementation, and through Infosys BPO, business process management services. Through our domain competency group and software engineering and technology lab, we research and engineer new solutions tailored for our clients and their respective industries. More recently, through the creation of Infosys Consulting, we have enhanced our ability to provide strategic and competitive analysis and complex operational consulting services. We have a well-defined methodology to update and extend our service offerings to meet the evolving needs of the global marketplace.

Commitment to superior quality and process execution: We have developed a sophisticated project management methodology to ensure timely, consistent and accurate delivery of superior quality solutions to maintain a high level of client satisfaction. We constantly benchmark our services and processes against globally recognized quality standards. Certifications we have received include SEI-CMMI Level 5, CMM Level 5, PCMM Level 5, TL 9000 and ISO 9001-2000. In February 2007, Infosys BPO was certified for eSCM level 4.0, the eSourcing Capability Model for Service Providers developed by a consortium led by Carnegie Mellon University's Information Technology Services Qualification Centre.

Long-standing client relationships: We have long-standing relationships with large multi-national corporations built on successful prior engagements with them. Our track record of delivering high quality solutions across the entire software life cycle and our strong domain expertise helps us to solidify these relationships and gain increased business from our existing clients. As a result, we have a history of client retention and derive a significant proportion of revenues from repeat clients.

Status as an employer of choice: We believe we have among the best talent in the Indian technology services industry and we are committed to remain among the industry's leading employers. We have a presence in 13 cities in India, allowing us to recruit technology professionals with specific geographic preferences. Our diverse workforce includes employees of 65 nationalities. Our training programs ensure that new hires enhance their skills in alignment with our requirements and are readily deployable upon completion of their training programs. Our lean organizational structure and strong unifying culture facilitate the sharing of knowledge and best practices among our employees.

Ability to scale: We have successfully managed our growth by investing in infrastructure and by rapidly recruiting, training and deploying new professionals. We currently have 44 global development centers, the majority of which are located in India. We also have development centers in Australia, Canada, China, Japan, Mauritius and at multiple locations in the United States and Europe. Our financial position allows us to make the investments in infrastructure and personnel required to continue growing our business. We can rapidly deploy resources and execute new projects through the scalable network of our global delivery centers. Between March 31, 2003 and March 31, 2007, our total employees grew from approximately 15,900 to approximately 72,200.

Our strategy

We seek to further strengthen our position as a leading global technology services company by successfully differentiating our service offerings and increasing the scale of our operations. To achieve these goals, we seek to:

Increase business from existing and new clients: Our goal is to build enduring relationships with both existing and new clients. With existing clients, we aim to expand the nature and scope of our engagements by increasing the size and number of projects and extending the breadth of our service offerings. For new clients, we seek to provide value-added solutions by leveraging our in-depth industry expertise and expanding the breadth of services offered to them beyond those in the initial engagement. We manage first-time engagements by educating clients about the offshore model, taking on smaller projects to minimize client risk and demonstrating our superior execution capabilities. We also plan to increase our recurring business with clients by providing software re-engineering, maintenance, infrastructure management and business process management services which are long-term in nature and require frequent client contact. Our Strategic Global Sourcing Group comprises of senior professionals and has been established to identify, secure and manage new, large, and long-term client engagements.

Expand geographically: We seek to selectively expand our global presence to enhance our ability to service clients. We plan to accomplish this by establishing new sales and marketing offices, representative offices and global development centers to expand our geographical reach. We intend to increase our presence in China through Infosys China, in the Czech Republic and Eastern Europe directly and through Infosys BPO, and in Australia through Infosys Australia. We intend to use our operations in these regions to eventually support clients in the local market as well as our global clients.

Continue to invest in infrastructure and employees: We intend to continue to invest in physical and technological infrastructure to support our growing worldwide development and sales operations and to increase our productivity. To enhance our ability to hire and successfully deploy increasingly greater numbers of technology professionals, we intend to continue investing in recruiting, training and maintaining a challenging and rewarding work environment. During fiscal 2007, we screened over 1,302,400 employment applications, tested over 225,400 applicants, interviewed over 91,200 applicants and made approximately 36,700 offers of employment. These statistics do not include Infosys BPO or our other subsidiaries. We have also completed the construction of an employee training facility in Mysore, India to further enhance our employee training cap abilities. The Mysore facility is able to house 4,500 trainees at any one time, and is able to provide the facilities required for the training of approximately 15,200 employees annually.

Continue to enhance our solution set: We seek to continually enhance our portfolio of solutions as a means of developing and growing our business. To differentiate our services, we focus on emerging trends, new technologies, specific industries and pervasive business issues that confront our clients. In recent years, we have added new service offerings, such as consulting, business process management, systems integration and infrastructure management, which are major contributors to our growth. We also established Infosys Consulting to add additional operational and business consulting capabilities to our

Global Delivery Model. Furthermore, our Modular Global Sourcing framework and other refinements to our Global Delivery Model enhance our ability to service our customers.

Continue to develop deep industry knowledge: We continue to build specialized industry expertise in the financial services, manufacturing, telecommunications, retail, transportation and logistics industries. We combine deep industry knowledge with an understanding of our clients' needs and technologies to provide high value, quality services. Our industry expertise can be leveraged to assist other clients in the same industry, thereby improving quality and reducing the cost of services to our clients. We will continue to build on our extensive industry expertise and enter into new industries.

Enhance brand visibility: We continue to invest in the development of our premium brand identity in the marketplace. Our branding efforts include participating in media and industry analyst events, sponsorship of and participation in targeted industry conferences, trade shows, recruiting efforts, community outreach programs and investor relations. We have instituted the Wharton Infosys Business Transformation Award, offered jointly with the Wharton School at the University of Pennsylvania to recognize visionaries and Global 2000 organizations that use technology innovatively to transform their industries. We believe that a strong and recognizable Infosys brand will continue to facilitate the new-business led generation process and enhance our ability to attract talented personnel globally.

Pursue alliances and strategic acquisitions: We intend to continue to develop alliances that complement our core competencies. Our alliance strategy is targeted at partnering with leading technology providers, which allows us to take advantage of emerging technologies in a mutually beneficial and cost-competitive manner. We also intend to selectively pursue acquisitions that augment our existing skill sets, industry expertise, client base or geographical presence. In January 2004, we acquired Infosys Australia primarily due to its market position in Australia, skilled employees, management strength, expertise in the telecommunications industry and potential to serve as a platform for enhancing business opportunities in Australia.

Competition

We operate in a highly competitive and rapidly changing market and compete with:

- consulting firms such as Accenture, Atos Origin, BearingPoint, Cap Gemini and Deloitte Consulting
- divisions of large multinational technology firms such as HP and IBM
- IT outsourcing firms such as Computer Sciences Corporation, EDS, Keane, Logica CMG, and Perot Systems
- offshore technology services firms such as Cognizant Technologies, Satyam Computer Services, Tata Consultancy Services and Wipro;
- software firms such as Oracle and SAP; and
- in-house IT departments of large corporations.

In future we expect competition from firms establishing and building their offshore presence and firms in countries with lower personnel costs than those prevailing in India. However, we recognize that price alone cannot constitute sustainable competitive advantage. We believe that the principal competitive factors in our business include the ability to:

- effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable, cost-effective services
- increase scale and breadth of service offerings to provide one-stop solutions
- provide industry expertise to clients' business solutions;
- attract and retain high quality technology professionals; and
- maintain financial strength to make strategic investments in human resources and physical infrastructure through business cycles.

We believe we compete favorably with respect to these factors.

E. Outlook, risks and concerns

These have been discussed in detail in the *Risk management report* in this Annual Report and in our various filings with Securities and Exchange Commission, USA.

F. Internal control systems and their adequacy

The CEO / CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

G. Material developments in human resources/ Industrial relations front, including number of people employed

Employees are our most important assets. We believe that the quality and level of service that our professionals deliver are among the highest in the global technology services industry. We are committed to remaining among the industry's leading employers. In 2006, we were ranked as the best company to work for in India by the TNS-Mercer survey in *Business Today.*

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

Recruitment

We have built our global talent pool by recruiting new students from premier universities, colleges and institutes in India and through need-based hiring of project leaders and middle managers. We typically recruit only the top 20% of students in India who have consistently shown high levels of achievement. We have also begun selective recruitment at campuses in the United States, Australia and China. We rely on a rigorous selection process involving a series of aptitude tests and interviews to identify the best applicants. This selection process is continually assessed and refined based on performance tracking of past recruits.

Our reputation as a premier employer enables us to select from a large pool of qualified applicants. For example, in fiscal 2007, we received approximately 1,302,400 applications, tested over 225,400 applicants, interviewed over 91,200 applicants approximately and extended job offers to approximately 36,700 applicants. In fiscal 2007, we added approximately 15,200 new employees, net of attrition. These statistics do not include Infosys BPO, which recruited approximately 4,200 new hires, net of attrition, during fiscal 2007, or our wholly owned subsidiaries.

Auditors' report

To the members of Infosys Technologies Limited,

We have audited the attached Balance Sheet of Infosys Technologies Limited (the Company) as at March 31, 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the Annexure referred to above, we report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(e) on the basis of written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;

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

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

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore
April 13, 2007

Annexure to the auditors' report

The Annexure referred to in the auditors' report to the members of Infosys Technologies Limited (the Company) for the year ended March 31, 2007. We report that:

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

   The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. 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.

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

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

3. 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. Accordingly, paragraph 4(iii) of the Order is not applicable.

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

5. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v) of the Order is not applicable.

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

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

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

9. 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, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance and Excise duty.

   Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Cess and other material statutory dues were in arrears as at March 31, 2007 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, paragraph 4(x) of the Order is not applicable.
11. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year. Accordingly, paragraph 4(xi) of the Order is not applicable.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, paragraph 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4(xv) of the Order is not applicable.
16. The Company did not have any term loans outstanding during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.
17. The Company has not raised any funds on short-term basis. Accordingly, paragraph 4(xvii) of the Order is not applicable.
18. The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order is not applicable.
19. The Company did not have any outstanding debentures during the year. Accordingly, paragraph 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issues during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore
April 13, 2007

Balance sheet

As at March 31,

in Rs. crore

	Schedule	2007	2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	138
Reserves and surplus	2	10,876	6,759
		11,162	6,897
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		3,889	2,837
Less: Accumulated depreciation		1,739	1,275
Net book value		2,150	1,562
Add: Capital work-in-progress		957	571
		3,107	2,133
INVESTMENTS	4	839	876
DEFERRED TAX ASSETS	5	79	56
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,292	1,518
Cash and bank balances	7	5,507	3,279
Loans and advances	8	1,162	1,252
		8,961	6,049
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,162	808
Provisions	10	662	1,409
NET CURRENT ASSETS		7,137	3,832
		11,162	6,897
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the balance sheet.
As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No.32815

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and Joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey Lehman
Director

S. D. Shibulal
Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Profit and loss account

For the year ended March 31,

in Rs. crore, except per share data

	Schedule	2007	2006
INCOME FROM SOFTWARE SERVICES AND PRODUCTS		13,149	9,028
Software development expenses	11	7,278	4,887
GROSS PROFIT		5,871	4,141
Selling and marketing expenses	12	719	499
General and administration expenses	13	927	653
		1,646	1,152
OPERATING PROFIT before interest and depreciation		4,225	2,989
Interest		–	–
Depreciation		469	409
OPERATING PROFIT before tax and exceptional items		3,756	2,580
Other income, net	14	375	144
Provision for investments		2	–
NET PROFIT before tax and exceptional items		4,129	2,724
Provision for taxation (refer to *Note 22.2.12*)	15	352	303
NET PROFIT after tax before exceptional items		3,777	2,421
Income on sale of investments, net of taxes (refer to *Note 22.2.22*)		6	–
NET PROFIT after tax and exceptional items		3,783	2,421
Balance brought forward		2,195	1,428
Less: Residual dividend paid		4	–
Dividend tax on the above		1	–
		2,190	1,428
AMOUNT AVAILABLE FOR APPROPRIATION		5,973	3,849
Dividend			
Interim		278	177
Final		371	234
Silver jubilee special dividend		–	827
Total dividend		649	1,238
Dividend tax		102	174
Amount transferred to general reserve		378	242
Balance in profit and loss account		4,844	2,195
		5,973	3,849
EARNINGS PER SHARE*			
Equity shares of par value Rs. 5/- each			
Before exceptional items			
Basic		67.82	44.34
Diluted		66.33	43.10
After exceptional items			
Basic		67.93	44.34
Diluted		66.44	43.10
Number of shares used in computing earnings per share			
Basic		55,68,52,339	54,59,89,022
Diluted		56,93,42,694	56,16,56,620
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

**Refer to Note 22.2.20*
The schedules referred to above are an integral part of the profit and loss account.
As per our report attached.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No.32815

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and Joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey Lehman
Director

S. D. Shibulal
Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Cash flow statement

For the year ended March 31,

in Rs. crore

	Schedule	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		4,129	2,724
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit) / Loss on sale of fixed assets		–	–
Depreciation		469	409
Interest and dividend income		(298)	(203)
Profit on sale of liquid mutual funds		(11)	–
Provision for investments		2	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents		4	(7)
Changes in current assets and liabilities			
Sundry debtors		(774)	(265)
Loans and advances	16	(191)	(94)
Current liabilities and provisions	17	347	221
Income taxes paid	18	(421)	(476)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,256	2,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(1,443)	(1,048)
Proceeds on disposal of fixed assets		–	–
Payment for Intellectual Property Rights (refer to *Note 22.2.21*)		14	–
Investment in subsidiaries (refer to *Note 22.2.16*)		(635)	(31)
Investment in securities (refer to *Note 22.2.16*)	20	695	484
Interest and dividend income		298	203
Cash flow from investing activities before exceptional items		(1,071)	(392)
Proceeds on sale of long term investments (net of taxes) (refer to *Note 22.2.22*)		6	–
NET CASH USED IN INVESTING ACTIVITIES		(1,065)	(392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		1,216	574
Dividends paid during the period		(1,343)	(352)
Dividend tax paid during the period		(189)	(50)
NET CASH USED IN FINANCING ACTIVITIES		(316)	172
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(4)	7
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		1,871	2,096
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,779	1,683
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	5,650	3,779
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the cash flow statement.
As per our report attached.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
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Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Schedules to the balance sheet

in Rs. crore, except as otherwise stated

		March 31, 2007	March 31, 2006
1	SHARE CAPITAL		
	Authorized		
	Equity shares, Rs. 5/- par value		
	60,00,00,000 (30,00,00,000) equity shares	300	150
	Issued, subscribed and paid up		
	Equity shares, Rs. 5/- par value*	286	138
	57,12,09,862 (27,55,54,980) equity shares fully paid up		
	(Of the above, 53,53,35,478 (25,84,92,302) equity shares, fully paid up have been issued as bonus shares by capitalization of the general reserve)		
		286	138
	Forfeited shares amounted to Rs.1,500/- (Rs. 1,500/-)		
	**For details of options with respect to equity shares, refer to Note 22.2.11*		
	**For details of basic and diluted shares, refer to Note 22.2.20*		
2	RESERVES AND SURPLUS		
	Capital reserve	6	6
	Share premium account – As at April 1,	1,543	900
	Add: Receipts on exercise of employee stock options	1,206	571
	Income tax benefit arising from exercise of stock options	19	72
		2,768	1,543
	General reserve – As at April 1,	3,015	2,773
	Less: Gratuity transitional liability (refer to *Note 22.2.23*)	9	–
	Less: Capitalized on issue of bonus shares	138	–
	Add: Transferred from the profit and loss account	378	242
	Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to *Note 22.2.16*)	12	–
		3,258	3,015
	Balance in profit and loss account	4,844	2,195
		10,876	6,759

3 FIXED ASSETS

in Rs. crore except as otherwise stated

Particulars	Original cost				Depreciation				Net book value	
	As at April 1, 2006	Additions during the year	Deductions / Retirement during the year	As at March 31, 2007	As at April 1, 2006	For the year	Deductions / Retirement during the year	As at March 31, 2007	As at March 31, 2007	As at March 31, 2006
Land: Free-hold	34	42	–	76	–	–	–	–	76	34
Leasehold	104	32	41	95	–	–	–	–	95	104
Buildings*	1,022	449	–	1,471	179	87	–	266	1,205	843
Plant and machinery*	559	201	–	760	305	109	–	414	346	254
Computer equipment*	700	249	5	944	516	203	5	714	230	184
Furniture and fixtures*	417	124	–	541	275	69	–	344	197	142
Vehicles	1	1	–	2	–	1	–	1	1	1
	2,837	1,098	46	3,889	1,275	469	5	1,739	2,150	1,562
Previous year	2,183	799	145	2,837	1,006	409	140	1,275	1,562	

Note: Buildings include Rs. 250/- being the value of 5 shares of Rs. 50/- each in Mittal Towers Premises Co-operative Society Limited.
**Includes certain assets provided on operating lease to Infosys BPO, a subsidiary. Please refer to Note 22.2.6 for details.*

Schedules to the balance sheet

in Rs. crore

		March 31, 2007	March 31, 2006
4	INVESTMENTS		
	Trade (unquoted) – At cost		
	Long-term investments		
	In subsidiaries		
	Infosys BPO Ltd, India**		
	3,34,61,902 (2,44,99,993) equity shares of Rs. 10/- each, fully paid	637	25
	Infosys Technologies (China) Co. Limited	46	23
	Infosys Technologies (Australia) Pty. Limited		
	1,01,08,869(1,01,08,869) equity shares of A $0.11 par value, fully paid	66	66
	Infosys Consulting, Inc., USA		
	2,00,00,000 (1,70,00,000) common stock of US $1.00 par value, fully paid	90	76
		839	190
	In other investments*	11	16
	Less: Provision for investments	11	14
		–	2
	Non-trade (unquoted), current investments, at the lower of cost and fair value		
	Liquid mutual fund units*	–	684
		839	876
	Aggregate amount of unquoted investments	839	876
	**Refer to Note 22.2.16 for details of investments*		
	***Investments include 17,37,092 options in Infosys BPO*		
5	DEFERRED TAX ASSETS		
	Fixed assets	69	54
	Sundry debtors	3	2
	Others	7	–
		79	56
6	SUNDRY DEBTORS*		
	Debts outstanding for a period exceeding six months		
	Unsecured		
	Considered doubtful	15	8
	Other debts		
	Unsecured		
	Considered good**	2,292	1,518
	Considered doubtful	7	2
		2,314	1,528
	Less: Provision for doubtful debts	22	10
		2,292	1,518
	** Includes dues from companies where directors are interested*	7	2
	*** Includes dues from subsidiaries*	2	–
7	CASH AND BANK BALANCES		
	Cash on hand	–	–
	Balances with scheduled banks in Indian Rupees		
	In current accounts*	302	169
	In deposit accounts	4,827	2,735
	Balances with non-scheduled banks in foreign currency **		
	In current accounts	378	375
		5,507	3,279
	**Includes balance in unclaimed dividend account*	2	3
	***Refer to Note 22.2.13 for details of balances in non-scheduled banks*		

Schedules to the balance sheet

in Rs. crore

		March 31, 2007	March 31, 2006
8	LOANS AND ADVANCES		
	Unsecured, considered good		
	Loans to subsidiary (refer to *Note 22.2.7*)	22	14
	Advances		
	Prepaid expenses	28	27
	For supply of goods and rendering of services*	3	9
	Others	20	14
		73	64
	Unbilled revenues	312	203
	Advance income tax	352	267
	Loans and advances to employees		
	Housing and other loans	42	49
	Salary advances	63	61
	Electricity and other deposits	20	16
	Rental deposits	10	12
	Deposits with financial institution and body corporate (refer to *Note 22.2.14)*	275	580
	Mark-to-market on options / forward contracts	15	–
		1,162	1,252
	Unsecured, considered doubtful		
	Loans and advances to employees	1	–
		1,163	1,252
	Less: Provision for doubtful loans and advances to employees	1	–
		1,162	1,252
	**Includes advances to subsidiary company*	–	6
9	CURRENT LIABILITIES		
	Sundry creditors		
	Goods and services*	23	6
	Accrued salaries and benefits		
	Salaries	28	6
	Bonus and incentives	208	233
	Unavailed leave	120	80
	For other liabilities		
	Provision for expenses	281	166
	Retention monies	23	13
	Withholding and other taxes payable	172	82
	For purchase of intellectual property rights	–	19
	Mark-to-market on options / forward contracts	–	2
	Due to option holders of Infosys BPO	2	–
	Others	4	3
		861	610
	Advances received from clients	4	7
	Unearned revenue	295	188
	Unclaimed dividend	2	3
		1,162	808
	**Includes dues to subsidiary companies (refer to Note 22.2.7)*		
10	PROVISIONS		
	Proposed dividend	371	1,061
	Provision for		
	Tax on dividend	63	149
	Income taxes*	207	187
	Post-sales client support and warranties	21	12
		662	1,409
	**Refer to Note 22.2.12*		

Schedules to profit and loss account

in Rs. crore

		March 31, 2007	March 31, 2006
11	SOFTWARE DEVELOPMENT EXPENSES		
	Salaries and bonus including overseas staff expenses	5,396	3,687
	Overseas group health insurance	101	45
	Contribution to provident and other funds	143	86
	Staff welfare	41	28
	Technical sub-contractors – Subsidiaries	633	367
	Technical sub-contractors – Others	231	125
	Overseas travel expenses	283	232
	Visa charges and others	109	65
	Software packages		
	for own use	192	134
	for service delivery to clients	25	29
	Communication expenses	52	48
	Computer maintenance	21	19
	Consumables	22	16
	Rent	17	12
	Provision for post-sales client support and warranties	12	(6)
		7,278	4,887
12	SELLING AND MARKETING EXPENSES		
	Salaries and bonus including overseas staff expenses	442	286
	Overseas group health insurance	3	4
	Contribution to provident and other funds	2	1
	Staff welfare	3	1
	Overseas travel expenses	92	59
	Visa charges and others	2	9
	Traveling and conveyance	3	3
	Commission and earnout charges	24	26
	Brand building	69	46
	Professional charges	23	26
	Rent	16	13
	Marketing expenses	25	12
	Telephone charges	6	6
	Communication expenses	1	1
	Printing and stationery	2	2
	Advertisements	3	2
	Office maintenance	–	–
	Sales promotion expenses	2	1
	Consumables	–	–
	Software packages		
	for own use	1	–
	Computer maintenance	–	–
	Power and fuel	–	–
	Insurance charges	–	–
	Rates and taxes	–	–
	Bank charges and commission	–	–
	Miscellaneous expenses	–	1
		719	499

Schedules to profit and loss account

in Rs. crore

		March 31, 2007	March 31, 2006
13	GENERAL AND ADMINISTRATION EXPENSES		
	Salaries and bonus including overseas staff expenses	172	125
	Overseas group health insurance	–	2
	Contribution to provident and other funds	11	8
	Professional charges	137	94
	Telephone charges	106	76
	Power and fuel	88	62
	Traveling and conveyance	85	63
	Overseas travel expenses	15	11
	Visa charges and others	2	3
	Office maintenance	95	66
	Guesthouse maintenance*	2	1
	Insurance charges	27	22
	Printing and stationery	13	9
	Donations	21	17
	Rent	14	9
	Advertisements	8	13
	Repairs to building	23	16
	Repairs to plant and machinery	15	11
	Rates and taxes	24	9
	Professional membership and seminar participation fees	9	9
	Postage and courier	8	6
	Books and periodicals	5	5
	Provision for bad and doubtful debts	24	9
	Provision for doubtful loans and advances	1	–
	Commission to non-whole-time directors	2	1
	Freight charges	1	1
	Bank charges and commission	1	1
	Research grants	13	1
	Auditors' remuneration		
	Statutory audit fees	–	–
	Certification charges	–	–
	Others	–	–
	Out-of-pocket expenses	–	–
	Miscellaneous expenses (refer to *Note 22.2.15*)	5	3
		927	653
	**For non-training purposes*		
14	OTHER INCOME, NET		
	Interest received on deposits with banks and others*	182	132
	Dividend received on investment in liquid mutual funds (non-trade unquoted)	116	71
	Miscellaneous income (refer to *Note 22.2.15*)	35	18
	Exchange gains / (losses)	42	(77)
		375	144
	**Includes tax deducted at source*	31	21
15	PROVISION FOR TAXATION		
	Income taxes*	375	325
	Deferred taxes	(23)	(22)
		352	303
	**Refer to Note 22.2.12*		

Schedules to cash flow statement

in Rs. crore

		March 31, 2007	March 31, 2006
16	CHANGE IN LOANS AND ADVANCES		
	As per the balance sheet*	1,162	1,252
	Add: Gratuity transitional liability (refer to *Note* 22.2.23)	9	–
	Less: Deposits with financial institutions and body corporates		
	included in cash and cash equivalents	(143)	(500)
	Advance income taxes separately considered	(352)	(267)
		676	485
	Less: Opening balance considered	(485)	(391)
		191	94
	** Includes loans to subsidiary*		
17	CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
	As per the balance sheet**	1,822	2,217
	Add / (Less): Provisions separately considered in the cash flow statement		
	Income taxes	(207)	(187)
	Dividends	(371)	(1,061)
	Dividend tax	(63)	(149)
	Payment towards Intellectual Property Rights (Refer to *Note* 22.2.21)	(14)	–
		1,167	820
	Less: Opening balance considered	(820)	(599)
		347	221
	***Adjusted for dues to option holders of Infosys BPO Rs. 2 crore*		
18	INCOME TAXES PAID		
	Charge as per the profit and loss account	352	303
	Add: Increase / (Decrease) in advance income taxes	85	(136)
	Increase / (Decrease) in deferred taxes	23	22
	Less: Income tax benefit arising from exercise of stock options	(19)	(72)
	(Increase) / Decrease in income tax provision	(20)	359
		421	476
19	PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL		
	WORK-IN-PROGRESS		
	As per the balance sheet*	1,057	795
	Less: Opening capital work-in-progress	(571)	(318)
	Add: Closing capital work-in-progress	957	571
		1,443	1,048
	**Excludes Rs. 41 crore (Rs 4 crore) towards movement of land from leasehold land to freehold land*		
20	INVESTMENTS IN SECURITIES*		
	As per the balance sheet	839	876
	Add: Provisions on investments	2	–
		841	876
	Less: Investment made in subsidiaries	(649)	(31)
	Profit on sale of liquid mutual funds	(11)	–
	Opening balance considered	(876)	(1,329)
		(695)	(484)
	**Refer to Note 22.2.16 for investment and redemptions*		
21	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	As per the balance sheet	5,507	3,279
	Add: Deposits with financial institutions, included herein	143	500
		5,650	3,779

22. Significant accounting policies and notes on accounts

Company overview

Infosys Technologies Limited ("Infosys" or "the Company") along with its majority owned and controlled subsidiary, Infosys BPO Limited, India ("Infosys BPO"), formerly known as Progeon Limited, and wholly owned subsidiaries, Infosys Technologies (Australia) Pty. Limited ("Infosys Australia"), Infosys Technologies (China) Co. Limited ("Infosys China"), formerly known as Infosys Technologies (Shanghai) Co. Limited and Infosys Consulting, Inc., USA ("Infosys Consulting"), is a leading global technology services organization. The Company provides end-to-end business solutions that leverage technology thereby enabling its clients to enhance business performance. The Company provides solutions that span the entire software life cycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, and testing & infrastructure management services. In addition, the Company offers software products for the banking industry.

22.1. Significant accounting policies

22.1.1. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. 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 Management evaluates all recently issued or revised accounting standards on an ongoing basis.

22.1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

22.1.3. Revenue recognition

Revenue from software development on fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectability of consideration is recognized as per the percentage of completion method. On time-and-materials contracts, revenue is recognized as the related services are rendered. 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. Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in multiple element contracts, where revenue is recognized as per the percentage of completion method.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Lease rentals are recognized ratably on a straight line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

22.1.4. Expenditure

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition. Charges relating to non-cancelable, long-term operating leases are computed primarily on the basis of the lease rentals, payable as per the relevant lease agreements. Post-sales customer support costs are estimated by the Management, determined on the basis of past experience. The costs provided for are carried until expiry of the related warranty period. Provisions are made for all known losses and liabilities. Leave encashment liability is determined on the basis of an actuarial valuation.

22.1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

22.1.6. Depreciation and amortization

Depreciation on fixed assets is applied on the straight-line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5,000/-) are depreciated within a year of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the various fixed assets as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

22.1.7. Retirement benefits to employees

22.1.7.a. Gratuity

Infosys provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Infosys Technologies Limited Employees' Gratuity Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

22.1.7.b. Superannuation

Certain employees of Infosys are also participants in a defined contribution plan. Until March 2005, the Company made contributions under the superannuation plan (the Plan) to the Infosys Technologies Limited Employees' Superannuation Fund Trust. The Company had no further obligations to the Plan beyond its monthly contributions. From April 1, 2005, a portion of the monthly contribution amount was paid directly to the employees as an allowance and the balance amount was contributed to the trust.

22.1.7.c. Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the Infosys Technologies Limited Employee's Provident Fund Trust that is equal to a specified percentage of the covered employee's salary. Infosys also contributes to a government administered pension fund on behalf of its employees. The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

22.1.8. Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

22.1.9. Foreign currency transactions

Revenue from overseas clients and collections deposited in foreign currency 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 foreign currency bank accounts are reported at the daily rates. 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.

Fixed assets purchased at overseas offices are recorded at cost, based on the exchange rate as of the date of purchase. The charge for depreciation is determined as per the Company's accounting policy.

Monetary current assets and monetary current liabilities that are 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.

22.1.10. Forward contracts and options in foreign currencies

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

The company 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 option as an effective hedge, the management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account.

22.1.11. 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 annually 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.

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 substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. Tax benefits of deductions earned on exercise of employee stock options in excess of compensation charged to the profit and loss account are credited to the share premium account.

22.1.12. Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues effected prior to the approval of the financial statements by the Board of Directors.

22.1.13. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

22.1.14. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

22.2. Notes on accounts

Amounts in the financial statements are presented in Rupees crore, except for per share data and as otherwise stated. Certain amounts do not appear due to rounding off, and are detailed in *Note 22.3*. All exact amounts are stated with the suffix "/-". One crore equals 10 million. The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current presentation.

22.2.1. Aggregate expenses

The aggregate amounts incurred on certain specific expenses:

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Salaries and bonus including overseas staff expenses	6,010	4,098
Contribution to provident and other funds	156	95
Staff welfare		
Staff welfare	44	29
Group health insurance and others	–	–
Overseas group health insurance	104	51
Overseas travel expenses	390	302
Visa charges and others	113	77
Traveling and conveyance	88	66
Technical sub-contractors – Subsidiaries	633	367
– Others	231	125
Software packages		
For own use	193	134
For service delivery to clients	25	29
Professional charges	160	120
Telephone charges	112	82
Communication expenses	53	49
Power and fuel	88	62
Office maintenance	95	66
Guest house maintenance*	2	1
Commission and earnout charges	24	26
Brand building	69	46
Rent	47	34
Insurance charges	27	22
Computer maintenance	21	19
Printing and stationery	15	11
Consumables	22	16
Donations	21	17
Advertisements	11	15
Marketing expenses	25	12
Other miscellaneous expenses	–	–
Repairs to building	23	16
Repairs to plant and machinery	15	11
Rates and taxes	25	9
Professional membership and seminar participation fees	9	9
Postage and courier	8	6
Provision for post-sales client support and warranties	12	(6)
Books and periodicals	5	5
Provision for bad and doubtful debts	24	9
Provision for doubtful loans and advances	–	–
Commission to non-whole time directors	2	1
Sales promotion expenses	2	1
Freight charges	1	1
Bank charges and commission	1	1
Auditors' remuneration	–	–
Statutory audit fees	–	–
Certification charges	–	–
Others	–	–
Out-of-pocket expenses	–	–
Research grants	13	1
Miscellaneous expenses (refer to *Note 22.2.15*)	5	4
	8,924	6,039
Fringe Benefit Tax (FBT) in India included in the above	17	12

* *For non-training purposes*

22.2.2. Capital commitments and contingent liabilities

in Rs. crore

Particulars	As at March 31,	
	2007	2006
Estimated amount of unexecuted capital contracts (net of advances and deposits)	655	509
Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favor of various government authorities and others	2	2
Claims against the Company, not acknowledged as debts: Net of amount Rs. 238 crore (Rs. 138 crore) paid to statutory authorities*	15	14
Forward contracts outstanding		
In US Dollar	US $165,000,000	US $100,000,000
(Equivalent approximate in Rs. crore)	711	445
In Euro	2,000,000	–
(Equivalent approximate in Rs. crore)	12	–
In GBP	£5,500,000	–
(Equivalent approximate in Rs. crore)	47	–
Range barrier options in US Dollar	US $205,000,000	US $210,000,000
(Equivalent approximate in Rs. crore)	884	934
Euro Accelerator	24,000,000	3,000,000
(Equivalent approximate in Rs. crore)	138	16
Target Redemption structure (GBP)	£16,000,000	£3,000,000
(Equivalent approximate in Rs. crore)	136	23

**Claims against the Company not acknowledged as debts include demands from the Indian tax authorities for payment of additional tax of Rs. 234 crore (Rs. 135 crore), including interest of Rs. 51 crore (Rs. 33 crore), upon completion of their tax review for fiscal 2002, fiscal 2003 and fiscal 2004. The amount also includes an amount of Rs. 98 crore which was settled as of April 4, 2007 against tax refunds relating to earlier years. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A of the Income-tax Act. The deductible amount is determined by the ratio of "Export Turnover" to "Total Turnover". The disallowance arose from certain expenses incurred in foreign currency being reduced from Export Turnover but not reduced from Total Turnover.*

The Company is contesting the demand and the Management, including its tax advisers, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

The Company received the order of the appellate authority, the Commissioner of Income Tax (Appeals), Bangalore, for the demand pertaining to fiscal 2002 and fiscal 2003 in April 2006 and August 2006 respectively. The position of the Company has been substantially upheld by the appellate authority. For fiscal 2004, the matter is pending before the Commissioner of Income tax (Appeals), Bangalore.

As of the Balance Sheet date, the Company has net foreign currency exposures that are not hedged by a derivative instrument or otherwise amounting to Rs. 995 crore.

22.2.3. Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software 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 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

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

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Capital goods	258	211
Software packages	8	8
	266	219

22.2.5. Activity in foreign currency

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Earnings in foreign currency (on receipts basis)		
Income from software services and products	12,143	8,649
Interest received on deposits with banks	13	6
Expenditure in foreign currency (on payments basis)		
Travel expenses	363	285
Professional charges	70	47
Technical sub-contractors – Subsidiaries	612	363
Other expenditure incurred overseas for software development	4,342	2,632
Net earnings in foreign currency (on receipts and payments basis)	6,769	5,328

22.2.6. Obligations on long-term, non-cancelable operating leases

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

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Lease rentals recognized during the period	47	34

in Rs. crore

Lease obligations	As at March 31,	
	2007	2006
Within one year of the balance sheet date	32	24
Due in a period between one year and five years	92	100
Due after five years	44	61
	168	185

The operating lease arrangements extend for a maximum of 10 years from their respective dates of inception and relate to rented overseas premises and car rentals. Some of the lease agreements have a price escalation clause.

Fixed assets provided on operating lease to Infosys BPO, a subsidiary company, as at March 31, 2007 and *2006*:

in Rs. crore

Particulars	Cost	Accumulated depreciation	Net book value
Building	46	9	37
	33	*5*	*28*
Plant and machinery	20	11	9
	16	*7*	*9*
Computers	2	2	–
	2	*2*	*–*
Furniture & fixtures	12	10	2
	11	*8*	*3*
Total	80	32	48
	62	*22*	*40*

The aggregate depreciation charged on the above during the year ended March 31, 2007 and 2006 amounted to Rs. 10 crore and Rs. 7 crore respectively.

The Company has non-cancelable operating leases on equipped premises leased to Infosys BPO. The leases extend for periods between 36 months and 58 months from the date of inception. The lease rentals received are included as a component of sale of shared services (Refer to *Note 22.2.7*).

Lease rental commitments from Infosys BPO:

in Rs. crore

Lease rentals	As at March 31,	
	2007	2006
Within one year of the balance sheet date	12	11
Due in a period between one year and five years	4	17
Due after five years	–	–
	16	28

The rental income from Infosys BPO for the year ended March 31, 2007 amounted to Rs. 17 crore (Rs. 11 crore for the year ended March 31, 2006).

22.2.7. Related party transactions

List of related parties:

Name of the related party	Country holding	As at March 31,	
		2007	2006
Infosys BPO Limited**	India	#98.92%	71.74%
Infosys Technologies (Australia), Pty. Limited	Australia	100%	100%
Infosys Technologies (China) Co. Limited	China	100%	100%
Infosys Consulting, Inc.	U.S.A.	100%	100%
Infosys BPO S.R.O.*	Czech Republic	98.92%	71.74%

** Infosys BPO S.R.O. is a wholly-owned subsidiary of Infosys BPO Ltd.*

*** On December 8, 2006, the shareholders of Infosys BPO Limited ("Infosys BPO") approved a buy-back of up to 1,279,963 equity shares at a fair market value of Rs. 604/- per equity share. The buy-back was in accordance with Section 77A of the Indian Companies Act, 1956. Pursuant to the buy-back offer, Infosys BPO bought back 1,139,469 equity shares which were subsequently cancelled on December 29, 2006. Also refer to Note 22.2.16.*

 # Excludes deferred purchase of shares from shareholders of Infosys BPO of 3,60,417 shares.

The details of the related party transactions entered into by the Company, in addition to the lease commitments described in *Note 22.2.6*, for the year ended March 31, 2007 and 2006 are as follows:

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Capital transactions		
Financing transactions		
Infosys China	23	–
Infosys Consulting	14	31
Rental deposit repaid		
Infosys BPO	–	2
Loans		
Infosys China	8	14
Revenue transactions		
Purchase of services		
Infosys BPO (including Infosys BPO S.R.O.)	8	3
Infosys Australia	397	239
Infosys China	37	10
Infosys Consulting	189	116
Purchase of shared services including facilities and personnel		
Infosys BPO (including Infosys BPO S.R.O.)	3	2
Interest income		
Infosys China	1	–
Sale of services		
Infosys BPO (including Infosys BPO S.R.O.)	–	1
Infosys Australia	3	4
Infosys China	2	2
Infosys Consulting	3	3
Sale of shared services including facilities and personnel		
Infosys BPO (including Infosys BPO S.R.O.)	19	14
Infosys Consulting	2	6

Details of amounts due to or due from and maximum dues from subsidiaries for the year ended March 31, 2007 and 2006:

in Rs. crore

Particulars	As at March 31,	
	2007	2006
Loans and advances		
Infosys China	22	20
Maximum balances of loans and advances		
Infosys BPO (including Infosys BPO S.R.O.)	2	3
Infosys Australia	24	28
Infosys China	25	20
Infosys Consulting	14	–

During the year ended March 31, 2007, an amount of Rs. 19 crore (Rs. 13 crore for the year ended March 31, 2006) was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the Company are trustees.

22.2.8. Transactions with key management personnel

The key management personnel comprise our directors and statutory officers. Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2007 and 2006 have been detailed in *Schedule 22.3* since the amounts are less than a crore.

The aggregate managerial remuneration under Section 198 of the Companies Act, 1956, to the directors (including managing director) is:

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Whole-time directors		
Salary	1	2
Contributions to provident and other funds	–	–
Perquisites and incentives	3	2
Total remuneration	4	4
Non-whole-time directors		
Commission	2	1
Sitting fees	–	–
Reimbursement of expenses	–	–
Total remuneration	2	1

During the year ended March 31, 2007 and 2006, Infosys BPO has provided for commission of Rs. 0.12 and Rs 0.09 crore to a non-whole-time director of Infosys.

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

in Rs. crore

Particulars	Year ended March 31, 2007	2006
Net profit after tax from ordinary activities	3,777	2,421
Add:		
1. Whole-time directors' remuneration	4	4
2. Directors' sitting fees	–	–
3. Commission to non-whole time directors	2	1
4. Provision for bad and doubtful debts	24	9
5. Provision for doubtful loans and advances	1	–
6. Provision on investments	2	–
7. Depreciation as per books of accounts	469	409
8. Provision for taxation	352	303
	4,631	3,147
Less:		
1. Depreciation as envisaged under Section 350 of the Companies Act, 1956*	469	409
2. Profit of a capital nature	–	–
Net profit on which commission is payable	4,162	2,738
Commission payable to non-whole-time directors:		
Maximum allowed as per the Companies Act, 1956 at 1%	42	27
Maximum approved by the share holders (0.5%)	21	14
Commission approved by the Board	2	1

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

22.2.9. Research and development expenditure

in Rs. crore

Particulars	Year ended March 31, 2007	2006
Revenue	167	102
	167	102

22.2.10. Dues to small-scale industrial undertakings

As at March 31, 2007 and March 31, 2006, the Company has no outstanding dues to small-scale industrial undertaking.

22.2.11. Stock option plans

The Company has two stock option plans that are currently operational.

1998 Stock Option Plan ("the 1998 Plan")

The 1998 Plan was approved by the Board of Directors in December 1997 and by the shareholders in January 1998, and is for issue of 1,17,60,000 ADSs representing 1,17,60,000 equity shares. The 1998 Plan automatically expires in January 2008, unless terminated earlier. All options under the 1998 Plan are exercisable for ADSs representing equity shares. A compensation committee comprising independent members of the Board of Directors administers the 1998 Plan. All options have been granted at 100% of fair market value.

Number of options granted, exercised and forfeited	Year ended March 31, 2007	2006
Options outstanding, beginning of period	45,46,480	61,08,580
Granted	–	–
Less: Exercised	22,91,213	13,71,404
Forfeited	1,71,143	1,90,696
Options outstanding, end of period	20,84,124	45,46,480

1999 Stock Option Plan ("the 1999 Plan")

In fiscal 2000, the Company instituted the 1999 Plan. The shareholders and the Board of Directors approved the plan in June 1999, which provides for the issue of 5,28,00,000 equity shares to the employees. The compensation committee administers the 1999 Plan. Options were issued to employees at an exercise price that is not less than the fair market value.

Number of options granted, exercised and forfeited	Year ended March 31, 2007	2006
Options outstanding, beginning of period	1,91,79,074	2,81,09,874
Granted	6,38,761	–
Less: Exercised	1,78,08,689	85,97,458
Forfeited	1,11,306	3,33,342
Options outstanding, end of period	18,97,840	1,91,79,074

The Company has accelerated the vesting of 5,72,000 outstanding unvested options which were due to be vested in the normal course by October, 2007.

The aggregate options considered for dilution are set out in *Note 22.2.20.*

22.2.12. Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempting income and any tax liabilities arising overseas on income sourced from those countries.

Most of Infosys' operations are conducted through Software Technology Parks ("STPs"). Income from STPs is tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development, or March 31, 2009.

Infosys also has operations in Special Economic Zones ("SEZs"). Income from SEZs are fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

During the year ended March 31, 2006, the tax authorities in an overseas tax jurisdiction completed the assessment of income up to fiscal year 2004. Based on the assessment order, management has re-estimated its tax liabilities and written back an amount of Rs. 20 crore. The tax provision for the year is net of the write back.

The current year tax provision includes a reversal of Rs. 125 crore for liability no longer required for taxes payable in various overseas jurisdictions consequent to expiry of limitation period and completion of assessment by taxation authorities.

22.2.13. Cash and bank balances

Details of balances as on balance sheet dates and the maximum balances during the period with non-scheduled banks:

in Rs. crore

Balances with non-scheduled banks	As at March 31,	
	2007	2006
In current accounts		
ABN AMRO Bank, Taipei, Taiwan	2	1
Bank of America, Palo Alto, U.S.A.	293	229
Citibank NA, Melbourne, Australia	36	39
Citibank NA, Tokyo, Japan	1	1
Deutsche Bank, Brussels, Belgium	13	8
Deutsche Bank, Frankfurt, Germany	4	21
Deutsche Bank, Amsterdam, The Netherlands	2	4
Deutsche Bank, Paris, France	3	1
Deutsche Bank, Spain	1	–
Deutsche Bank, Zurich, Switzerland	–	6
Deutsche Bank, U.K.	5	–
HSBC Bank PLC, Croydon, U.K.	11	60
Royal Bank of Canada, Toronto, Canada	7	4
Svenska Handels Bank, Stockholm, Sweden	–	1
	378	375

in Rs. crore

Maximum balance with non-scheduled banks	Year ended March 31,	
	2007	2006
In current accounts		
ABN AMRO Bank , Taipei, Taiwan	2	2
Bank of America, Palo Alto, USA	573	391
Citibank NA, Melbourne, Australia	95	54
Citibank NA, Tokyo, Japan	30	36
Deutsche Bank, Brussels, Belgium	29	31
Deutsche Bank, Frankfurt, Germany	31	38
Deutsche Bank, Amsterdam, The Netherlands	5	8
Deutsche Bank, Paris, France	6	6
Deutsche Bank, Spain	1	–
Deutsche Bank, Zurich, Switzerland	13	14
Deutsche Bank, UK	26	–
HSBC Bank PLC, Croydon, UK	237	91
ICICI Bank UK Ltd., London, UK	–	35
Nordbanken, Stockholm, Sweden	2	–
Royal Bank of Canada, Toronto, Canada	15	16
Svenska Handels Bank, Stockholm, Sweden	1	2
UFJ Bank, Tokyo, Japan	34	28
ICICI Bank, Toronto, Canada	–	11

The cash and bank balances include interest accrued but not due on fixed deposits amounting to Rs. 37 crore as at March 31, 2007 (Rs. 25 crore as at March 31, 2006).

22.2.14. Loans and advances

"Advances" mainly comprises prepaid travel and per-diem expenses and advances to vendors.

Deposits with financial institutions and body corporate:

in Rs. crore

Particulars	As at March 31,	
	2007	2006
Deposits with financial institutions and body corporate:		
Housing Development Finance Corporation Limited ("HDFC")	–	500
GE Capital Services India Limited	143	–
Life Insurance Corporation of India	132	80
	275	580
Interest accrued but not due (included above)	14	–

Maximum balance held as deposits with financial institutions and body corporate:

in Rs. crore

	Year ended March 31,	
	2007	2006
Deposits with financial institutions and body corporate:		
Housing Development Finance Corporation Limited ("HDFC")	510	503
GE Capital Services India Limited	382	227
Life Insurance Corporation of India ("LIC")	132	106

Mr. Deepak M. Satwalekar, Director, is also a Director of HDFC. Except as director in this financial institution, he has no direct interest in any transactions.

Deposit with LIC represents amount deposited to settle employee benefit / leave obligations as and when they arise during the normal course of business.

22.2.15. Fixed assets

Profit / (Loss) on disposal of fixed assets during the years ended March 31, 2007 and 2006 is less than Rs. 1 crore and is accordingly disclosed in *Note 22.3*.

Depreciation charged to the profit and loss account relating to assets costing less than Rs. 5,000/- each and other low value assets.

in Rs. crore

	Year ended March 31,	
	2007	2006
Charged during the period	26	65

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of these agreements, the Company has the option to purchase the properties on expiry of the lease period. The Company has already paid 99% of the value of the properties at the time of entering into the lease-cum-sale agreements. These amounts are disclosed as "Land – leasehold" under "Fixed assets" in the financial statements. Additionally, certain land has been purchased for which the company has possession certificate for which sale deeds are yet to be executed as at March 31, 2007.

22.2.16. Details of investments

in Rs. crore

Particulars	As at March 31,	
	2007	2006
Long- term investments		
CiDRA Corporation, U.S.A.		
Nil (14,124) Series D convertible preferred stock at US $90 each, fully paid, par value US $0.01 each	–	5
Nil (72,539) Class A common stock, par value US $0.001 each	–	–
Nil (2,139) Non-voting redeemable preferred stock, par value US $0.01 each	–	–
CyVera Corporation, U.S.A.		
Nil (25,641), Series A preferred stock par value US $0.001	–	–
OnMobile Systems Inc., (formerly Onscan Inc.) U.S.A.		
1,00,000 (1,00,000) common stock at US $0.4348 each, fully paid, par value US $0.001 each	–	–
1,00,000 (1,00,000) Series A voting convertible preferred stock at US $0.4348 each, fully paid, par value US $0.001 each	–	–
44,00,000 (44,00,000) Series A non-voting convertible preferred stock at US $0.4348 each, fully paid, par value US $0.001 each	9	9
M-Commerce Ventures Pte Ltd, Singapore		
100 (100) ordinary shares of Singapore $1 each, fully paid, par value Singapore $1 each	–	–
684 (684) redeemable preference shares of Singapore $1, fully paid, at a premium of Singapore $1,110 per redeemable preferred stock	2	2
216 (216) redeemable preference shares of Singapore $1, fully paid, par value Singapore $1 each	–	–
Illumina Inc.		
Nil (758) common stock at US $0.01 per share	–	–
	11	16
Less: Provision for investment	11	14
	–	2

Current investments – Liquid mutual funds, India

in Rs. crore

Particulars	Number of units as at March 31,		Amount as at March 31,	
	2007	2006	2007	2006
Birla Cash Plus – Institutional Premium	–	9,94,77,727	–	100
CanLiquid Fund – Institutional Plan	–	5,97,28,831	–	60
DBS Chola Liquid Institutional Plus	–	4,63,08,937	–	54
ING Vysya Liquid Fund Institutional Plan	–	7,88,74,225	–	79
Sundaram BNP Paribas Money Fund Super Institutional Plan	–	2,96,83,287	–	30
UTI Liquid Cash Plan Institutional Plan	–	14,77,424	–	150
TATA Liquid Super High Investment Fund	–	13,31,587	–	150
LICMF Liquid Fund	–	5,54,51,349	–	61
			–	684
At cost			–	624
At fair value			–	60
			–	684

Details of investments in and disposal of securities during the year ended March 31, 2007 and 2006:

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Investment in securities		
Subsidiaries	649	31
Long-term investments	–	–
Liquid mutual funds	4,341	1,749
	4,990	1,780
Redemption / Disposal of investments in securities		
Long-term investments	–	–
Liquid mutual funds	5,025	2,233
	5,025	2,233
Net movement in investments	(35)	(453)

Investment purchased and sold during the year ended March 31, 2007:

in Rs. crore

Name of the fund	Face value Rs/-	Units	Cost
ABN AMRO Cash Fund	10	3,50,00,000	35
Reliance Liquidity Fund – Treasury Plan	10	33,00,48,901	350
Birla Cash Plus Fund – Institutional Plan	10	27,38,68,113	275
Canliquid Fund – Institutional Plan	10	10,94,65,609	110
Chola Liquid Fund Institutional Plus	10	4,21,87,329	50
Deutsche Institutional Plan	10	13,50,18,330	135
Deustsche Insta Cash Plus Fund	10	10,94,19,305	110
Deutsche Money Plus Fund – Monthly Dividend Options	10	3,96,41,247	40
DSP Merrill Lynch Liquid Fund	1,000	27,47,916	275
Fidelity Cash Fund – Super Institutional Plan, Monthly Dividend	10	99,06,483	10
Grindlays Cash Fund – Institutional Plan – Periodic Dividend	1,000	19,95,207	200
HDFC Liquid Fund – Premium Plus Plan	10	20,56,36,930	255
HSBC Liquid Fund	10	29,43,92,901	295
ICICI Institutional Liquid Plan – Monthly Dividend Option	10	17,94,26,871	180
ING VYSYA Liquid Fund	10	11,89,52,579	120
JM High Liquidity Fund – Super institutional Plan	10	4,94,27,945	50
Kotak Liquid Institutional Premium	10	25,39,84,801	255
LICMF Liquid fund – Dividend Plan	10	12,76,05,791	140
Principal Liquid Option – Institutional Plan, Monthly Dividend	10	19,97,77,898	200
SBI – Magnum Institutional Income Saving	10	23,18,09,110	245
Sundaram Money Fund	10	9,84,62,058	100
Tata Liquid Super High Investment Fund – Monthly Dividend	1,000	17,44,057	200
Templeton India Treasury Management Account Institutional Plan	1,000	36,45,674	370
UTI Liquid Cash Plan – Institutional Plan	1,000	33,16,739	340

Particulars of investments made during the year ended March 31, 2007 and 2006:

in Rs. crore

Particulars of investee companies	Year ended March 31,	
	2007	2006
Infosys Consulting Inc., USA	14	31
Infosys China	23	–
Infosys BPO Ltd.	612	–
	649	31

Investment in Infosys BPO

Buyback of shares and options

In January 2007, the Company initiated the purchase of all the shares and outstanding options in Infosys BPO from its shareholders and option holders comprising current and former employees of Infosys BPO. The share holders were given a choice to sell their shares at fair market value and the option-holders were given the choice to sell their options and/or swap Infosys BPO options for Infosys options at a swap ratio based on fair market value.

Consequent to this proposal Infosys has paid an aggregate of Rs. 71 crore for the purchase of shares and options and granted 151,933 Infosys options under the 1999 plan valued at fair value of Rs. 12 crore. Accordingly, the investment in Infosys BPO has increased by Rs. 83 crore and reserves have increased by 12 crore.

Additionally, the Company has committed to a deferred share purchase with the shareholders of Infosys BPO. As per the agreement, Infosys will purchase 3,60,417 Infosys BPO shares for Rs. 22 crore by February, 2008. The same will be accounted as investments on conclusion of the agreement along with the transfer of title in the shares. Upon conclusion Infosys holding in Infosys BPO would be 99.98%

Conversion of Cumulative preference shares in Infosys BPO Ltd.

Infosys BPO had issued an aggregate of 87,50,000 0.005% Cumulative Convertible Preference shares of par value Rs. 100 each to Citicorp International Finance Corporation ("CIFC") for an aggregate consideration of Rs. 94 crore as per the shareholder's agreement as of March 31, 2005. Each preference share was convertible to one equity share of par value Rs. 10/-. On June 30, 2005 CIFC exercised its rights under the shareholder's agreement and converted the preference shares to equity shares. Pursuant to the conversion, the equity share capital of Infosys BPO increased by Rs. 9 crore to Rs. 33 crore and the share premium increased by Rs. 79 crore to Rs. 85 crore. On June 30, 2006, the Company completed the acquisition of the entire holdings (87,50,000 shares amounting to 23% of the equity on a fully diluted basis) of CIFC in Infosys BPO for a consideration amounting to Rs. 530 crore (US $115.13 million). The net consideration of Rs. 309 crore, after withholding taxes of Rs. 221 crore was remitted to CIFC on the same date.

Provisions for investments

The Company evaluates all investments for any diminution in their carrying values that is other than temporary. The amount of provision made on trade investments during the year ended March 31, 2007 and 2006 amounted to Rs. 2 crore and Rs Nil respectively.

The company provided Rs. 1 crore and Rs. Nil during the year ended on March 31, 2007 and 2006 on revision of the carrying amount of non-trade current investments to fair value.

22.2.17. Segment reporting

The Group's operations predominantly relate to providing end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance, delivered to customers globally operating in various industry segments. 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 and expenditure in individual segments. These are as set out in the note on significant accounting policies.

Industry segments at the Company are primarily financial services comprising customers providing banking, finance and insurance services; manufacturing companies; companies in the telecommunications and the retail industries; and others such as utilities, transportation and logistics companies.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company 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 directly charged against total income.

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets and liabilities are made.

Customer relationships are driven based on the location of the respective client. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the East and the West), Ireland and the United Kingdom; and the rest of the world comprising all other places except, those mentioned above and India.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2007 and *2006*:

in Rs. crore

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	4,951	1,805	2,409	1,386	2,598	13,149
	3,197	*1,297*	*1,414*	*956*	*2,164*	*9,028*
Identifiable operating expenses	2,139	767	1,016	588	1,111	5,621
	1,380	*578*	*573*	*393*	*915*	*3,839*
Allocated expenses	1,244	454	605	348	652	3,303
	781	*315*	*343*	*233*	*528*	*2,200*
Segmental operating income	1,568	584	788	450	835	4,225
	1,036	*404*	*498*	*330*	*721*	*2,989*
Unallocable expenses						469
						409
Operating income						3,756
						2,580
Other income (expense), net						373
						144
Net profit before taxes and exceptional items						4,129
						2,724
Provision for taxation						352
						303
Net profit after taxes and before exceptional items						3,777
						2,421
Income on sale of investments (net of taxes)						6
						–
Net profit after tax and exceptional items						3,783
						2,421

Geographic segments

Year ended March 31, 2007 and *2006*:

in Rs. crore

	North America	Europe	India	Rest of the world	Total
Revenues	8,395	3,393	214	1,147	13,149
	5,921	*2,187*	*164*	*756*	*9,028*
Identifiable operating expenses	3,636	1,314	53	618	5,621
	2,525	*856*	*72*	*386*	*3,839*
Allocated expenses	2,110	853	53	287	3,303
	1,443	*534*	*39*	*184*	*2,200*
Segmental operating income	2,649	1,226	108	242	4,225
	1,953	*797*	*53*	*186*	*2,989*
Unallocable expenses					469
					409
Operating income					3,756
					2,580
Other income (expense), net					373
					144
Net profit before taxes and exceptional items					4,129
					2,724
Provision for taxation					352
					303
Net profit after taxes and before exceptional items					3,777
					2,421
Income on sale of investments (net of taxes)					6
					–
Net profit after taxes and exceptional items					3,783
					2,421

22.2.18. Provision for doubtful debts

Periodically, the Company evaluates all customer dues pending for collection. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for 180 days or longer as at the balance sheet date. As at March 31, 2007, the Company has provided for doubtful debts of Rs. 7 crore (Rs. 2 crore as at March 31, 2006) on dues from certain customers, although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery. The Company pursues the recovery of the dues, in part or full.

22.2.19. Dividends remitted in foreign currencies

The Company remits the equivalent of the dividends payable to the holders of ADS ("ADS holders") in Indian Rupees to the depository bank, which is the registered shareholder on record for all owners of the Company's ADSs. The depositary bank purchases the foreign currencies and remits dividends to the ADS holders.

Particulars of dividends remitted:

in Rs. crore

Particulars	Number of shares to which the dividends relate*	Year ended March 31,	
		2007	2006
Final dividend for fiscal 2005	7,55,32,654	–	25
Final dividend for fiscal 2006	7,70,94,270	33	–
Silver jubilee special dividend	7,70,94,270	116	–
Interim dividend for fiscal 2006	7,61,02,422	–	25
Interim dividend for fiscal 2007	7,76,06,280	39	–

**Adjusted for bonus issue*

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

At the annual general meeting held on June 10, 2006, the shareholders approved a 1:1 bonus issue (stock dividend) for all shareholders including the ADR holders, i.e. one additional equity share for every one existing share held by the members by capitalizing a part of the general reserves. The record date for the bonus issue was July 14, 2006 and shares were allotted on July 15, 2006. All basic and diluted shares used in determining earnings per share are after considering the effect of bonus issue.

Particulars	Year ended March 31,	
	2007	2006
Number of shares considered as basic weighted average shares outstanding	55,68,52,339	54,59,89,022
Add: Effect of dilutive issues of shares / stock options	1,24,90,355	1,56,67,598
Number of shares considered as weighted average shares and potential shares outstanding	56,93,42,694	56,16,56,620

22.2.21. Intellectual Property Rights

Infosys was liable to pay Aeronautical Development Agency (ADA) a maximum amount of Rs. 19 crore (US $4.4 million) by June 12, 2012, through a revenue sharing arrangement towards acquisition of Intellectual Property Rights in AUTOLAY, a commercial software application product used in designing high performance structural systems. During the year, Infosys foreclosed the arrangement by paying the net present value of the future revenue share amounting to Rs. 13 crore (US $3 million). The remainder of the liability in books amounts to Rs. 6 crore (US $1.4 million) and has been written back and disclosed in *Other Income*.

22.2.22. Exceptional item

During the year ended March 31, 2005, the Company sold its entire investment in Yantra Corporation, U.S.A. (Yantra) for a total consideration of US $12.57 million. An amount of Rs. 49 crore representing 90% of the consideration was received by the Company and the balance amount was deposited in Escrow to indemnify any contractual contingencies.

During the year ended March 31, 2007, the Company received the balance amount of Rs. 5 crore on fulfillment of the Escrow obligations. Since the carrying value of the investment is nil, the entire proceeds of Rs. 5 crore (net of taxes, as applicable) has been recognized in the profit and loss account as an exceptional items.

During the year ended March 31, 2007, the Company received Rs. 1 crore from CiDRA Corporation towards redemption of shares on recapitalization. The remainder of investment was written off against provision made earlier.

22.2.23. Gratuity plan

Effective April 1, 2006, the Company adopted the revised accounting standard on employee benefits. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs. 9 crore. As required by the standard, the obligation has been recorded with the transfer of Rs. 9 crore to general reserves.

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 Rs. crore

Particulars	As at March 31, 2007
Obligations at period beginning	180
Service cost	44
Interest cost	14
Actuarial (gain) / loss	(17)
Benefits paid	–
Obligations at period end	221
Defined benefit obligation liability as at the balance sheet is wholly funded by the Company	
Change in plan assets	
Plans assets at period beginning, at fair value	167
Expected return on plan assets	16
Actuarial gain / (loss)	3
Contributions	52
Benefits paid	(17)
Plans assets at period end, at fair value	221
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of plan assets at the end of the year	221
Present value of the defined benefit obligations at the end of the period	221
Asset recognized in the balance sheet	–
Gratuity cost for the period	
Service cost	44
Interest cost	14
Expected return on plan assets	(16)
Actuarial (gain) / loss	(3)
Net gratuity cost	39
Investment details of plan assets	
100% of the plan assets are invested in debt instruments	
Actual return on plan assets:	19
Assumptions	
Interest rate	7.99%
Estimated rate of return on plan assets	7.99%

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

22.2.24. Cash flow statement

22.2.24.a

The balance of cash and cash equivalents includes Rs. 2 crore as at March 31, 2007 (Rs. 3 crore as at March 31, 2006) set aside for payment of dividends.

22.2.24.b Restricted cash

Deposits with financial institutions and body corporate as at March 31, 2007 include an amount of Rs. 132 crore (Rs. 80 crore as at March 31, 2006) deposited with Life Insurance Corporation of India to settle employee benefit / leave 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."

22.3. Details of rounded off amounts

The financial statements are represented in Rupees crore as per the approval received from the Department of Company Affairs ("DCA") earlier. Those items which were not represented in the financial statement due to rounding off to the nearest Rupees crore are given below:

Balance sheet items

in Rs. crore

Schedule	Description	As at March 31,	
		2007	2006
3	Fixed assets		
	Deductions / retirements		
	Land – free-hold	–	0.01
	Buildings	–	0.80
	Plant and machinery	0.34	–
	Furniture and fixtures	0.15	–
	Depreciation & amortization		
	For the period		
	Vehicles	1.00	0.19
	Deductions / retirements		
8	Unsecured, considered doubtful		
	Loans and advances to employees	1.02	0.44
	Provision for doubtful loans and advances to employees	1.02	0.44
22.2.6.	Computers on operating lease to Infosys BPO		
	– Net book value	0.08	0.17
22.2.13.	Interest accrued but not due – Deposits with financial institutions	0.02	–
	Balances with non-scheduled banks		
	– ABN AMRO Bank, Copenhagen, Denmark	0.04	–
	– Bank of China, Beijing, China	–	0.02
	– Citibank NA, Singapore	0.03	0.19
	– Citibank NA, Thailand	0.16	–
	– Citibank NA, Tokyo, Japan	–	1.19
	– Citibank NA, Sharjah, U.A.E.	–	0.04
	– Deutsche Bank, Zurich, Switzerland	0.21	6.34
	– Nordbanken, Stockholm, Sweden	0.05	0.09
	– Svenska Handels Bank, Stockholm, Sweden	0.01	0.51
	– UFJ Bank, Tokyo, Japan	0.06	0.09
22.2.14.	Loans & advances		
	Interest accrued but not due – Deposits with financial institutions	14.00	0.10
22.2.16.	Long-term investments		
	OnMobile (Common stock)	0.19	0.19
	OnMobile (Series A voting)	0.19	0.19

Profit and loss items

in Rs. crore

Schedule	Description	For the year ended March 31, 2007	2006
12	Selling and marketing expenses		
	Consumables	0.31	0.25
	Software packages for own use	0.50	0.20
	Communication expenses	0.75	0.58
	Office maintenance	0.26	0.37
	Computer maintenance	0.09	0.01
	Insurance charges	–	0.02
	Other miscellaneous expenses	–	0.66
13	General and administration expenses		
	Provision for doubtful loans and advances	0.56	0.42
	Overseas group health insurance	(0.11)	–
	Auditors' remuneration		
	Statutory audit fees	0.46	0.43
	Others	0.04	0.03
	Out-of-pocket expenses	0.03	0.03
	Provision for investments	2.02	(0.30)
22.2.1.	Aggregate expenses		
	Provision for doubtful loans and advances	0.56	0.42
	Auditor's remuneration		
	Statutory audit fees	0.48	0.43
	Others	0.04	0.03
	Out-of-pocket expenses	0.03	0.03
22.2.8.	Transactions with key management personnel		
	aggregate managerial remuneration under Section 198 of the Companies Act, 1956, to the directors (including managing director) whole-time directors: Contributions to provident and other funds	0.30	0.33
	Non-whole-time directors: Sitting fees	–	0.05
	Non-whole-time directors: Reimbursement of expenses	0.50	0.37
	Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and computation of commission payable to non whole-time directors		
	Directors' sitting fees	–	0.05
	Provision for doubtful loans and advances	0.56	0.42
	Provision for investments	2.02	(0.30)
22.2.9.	Research and development expenditure		
	Capital expenditure	0.01	0.16
22.2.13.	Maximum balance with non-scheduled banks		
	ABN AMRO Bank, Copenhagen, Denmark	0.11	–
	Bank of China, Beijing, China	0.02	0.08
	Citibank NA, Hong Kong	–	0.47
	Citibank NA, Singapore	0.19	0.37
	Citibank NA, Thailand	0.16	–
	Citibank NA, Sharjah, UAE	0.18	0.16
	Nordbanken, Stockholm, Sweden	–	0.14
22.2.15.	Profit / (Loss) on disposal of fixed assets		
	Profit on disposal of fixed assets, included in miscellaneous income	0.17	0.58
	Loss on disposal of fixed assets, included in miscellaneous expenses	(0.05)	(0.45)
	Profit / (Loss) on disposal of fixed assets, net	0.12	0.13
	Profit and loss appropriation		
	Dividend Tax	0.60	–
	Advance to gratuity trust	0.01	–

Cash flow statement items

in Rs. crore

Schedule	Description	For the year ended March 31, 2007	2006
Cash flow statement	Profit / (Loss) on sale of fixed assets	0.12	0.13
	Provision for investments	2.02	(0.30)
	Proceeds on sale of fixed assets	0.40	–

Transactions with key management personnel

The key management personnel comprise our directors and statutory officers.

Particulars of remuneration and other benefits paid to the key management personnel during the year ended March 31, 2007 and *2006*:

in Rs. crore

Name	Salary	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
Chairman and Chief Mentor				
N. R. Narayana Murthy*	0.05	0.02	0.21	0.28
	0.13	*0.03*	*0.26*	*0.42*
Chief Executive Officer and Managing Director				
Nandan M. Nilekani	0.14	0.04	0.33	0.51
	0.13	*0.03*	*0.25*	*0.41*
President, Chief Operating Officer and Joint Managing Director				
S. Gopalakrishnan	0.14	0.04	0.34	0.52
	0.13	*0.03*	*0.26*	*0.42*
Whole-time Directors				
K. Dinesh	0.14	0.04	0.33	0.51
	0.13	*0.03*	*0.25*	*0.41*
S. D. Shibulal				
	0.13	0.04	0.29	0.46
	0.70	*0.01*	*0.31*	*1.02*
T. V. Mohandas Pai				
	0.24	0.08	0.60	0.92
	0.19	*0.04*	*0.53*	*0.76*
Srinath Batni				
	0.21	0.06	0.51	0.78
	0.17	*0.04*	*0.47*	*0.68*
Chief Financial Officer				
V. Balakrishnan	0.17	0.05	0.56	0.78
	0.13	*0.03*	*0.38*	*0.54*

*Whole-time director till August 20, 2006

Name	Commission	Sitting fees	Reimbursement of expenses	Total remuneration
Non-whole-time directors				
Deepak M. Satwalekar	0.22	–	0.01	0.23
	0.21	*–*	*–*	*0.21*
Prof. Marti G. Subrahmanyam	0.20	–	0.12	0.32
	0.18	*–*	*0.12*	*0.30*
Philip Yeo	–	–	–	–
	0.03	*–*	*–*	*0.03*
David L. Boyles	0.20	–	0.01	0.21
	0.12	*–*	*–*	*0.12*
Dr. Omkar Goswami	0.20	–	0.01	0.21
	0.18	*–*	*0.01*	*0.19*
Sen. Larry Pressler	0.04	–	0.03	0.07
	0.17	*–*	*–*	*0.17*
Rama Bijapurkar	0.20	–	0.02	0.22
	0.17	*–*	*–*	*0.17*
Claude Smadja	0.20	–	0.21	0.41
	0.16	*–*	*0.11*	*0.27*
Sridar A. Iyengar	0.20	–	0.14	0.34
	0.18	*–*	*0.11*	*0.29*
Jeffrey S. Lehman	0.19	–	–	0.19
	–	*–*	*–*	*–*
N. R. Narayana Murthy*	0.13	–	–	0.13
	–	*–*	*–*	*–*

*Appointed as Additional Director effective August 21, 2006

Balance sheet abstract and company's general business profile

Registration details: Registration No.: 13115 State Code 08

Balance sheet date	March 31, 2007
	in Rs. thousand, except per share data
Capital raised during the year	
Public issue	–
Rights issue	–
Bonus issue (by way of capitalization of reserves)	138,42,16
Private placement	–
Preferential offer of shares under Employee Stock Option Plan scheme*	1,216,08,76
Position of mobilization and deployment of funds	
Total liabilities	11,160,91,51
Total assets	11,160,91,51
Sources of funds	
Paid-up capital	285,60,51
Reserves and surplus	10,875,31,01
Secured loans	–
Unsecured loans	–
Application of funds	
Net fixed assets	3,106,82,98
Investments	839,13,88
Net current assets	7,135,87,66
Deferred tax assets	79,07,00
Miscellaneous expenditure	–
Accumulated losses	–
Performance of the company	
Income from software services and products	13,148,76,71
Other income	375,16,05
Total income	13,523,92,76
Total expenditure	9,395,39,11
Profit / loss before tax and exceptional items	4,128,53,64
Profit / loss after tax and before exceptional items	3,776,33,64
Earnings per share from ordinary activities before exceptional items (Basic) (Rs.)	67.82
Earnings per share from ordinary activities before exceptional items (Diluted) (Rs.)	66.33
Dividend rate (%) (Equity share of par value Rs. 5/- each)	230%
Generic names of principal products / services of the Company	
Item code No. (ITC code)	85 24 90 09
Product description	Computer software
**Issue of shares arising on the exercise of options granted to employees under the Company's*	
1998 ADS Plan (No. of shares)	22,00,938
1999 Plan (No. of shares)	1,66,10,768

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

S. D. Shibulal
Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Auditors' report

To the Board of Directors of Infosys Technologies Limited and its subsidiaries

We have audited the attached consolidated Balance Sheet of Infosys Technologies Limited ('the Company') and its subsidiaries (collectively called 'the Infosys Group') as at March 31, 2007, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Infosys Group as at March 31, 2007;

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

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

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No: 32815

Bangalore
April 13, 2007

Consolidated balance sheet

As at March 31,

in Rs. crore

	Schedule	2007	2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	138
Reserves and surplus	2	10,969	6,828
		11,255	6,966
MINORITY INTEREST		4	68
		11,259	7,034
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		4,642	2,983
Less: Accumulated depreciation and amortization		1,836	1,328
Net book value		2,806	1,655
Add: Capital work-in-progress		965	571
		3,771	2,226
INVESTMENTS	4	25	755
DEFERRED TAX ASSETS	5	92	65
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,436	1,608
Cash and bank balances	7	5,871	3,429
Loans and advances	8	1,214	1,297
		9,521	6,334
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,469	934
Provisions	10	681	1,412
NET CURRENT ASSETS		7,371	3,988
		11,259	7,034
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the consolidated balance sheet.
As per our report attached.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and Joint Managing Director

Deepak M. Satwalekar
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Marti G. Subrahmanyam
Director

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Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Consolidated profit and loss account

For the year ended March 31,

in Rs. crore, except per share data

	Schedule	2007	2006
Income from software services, products and business process management		13,893	9,521
Software development and business process management expenses	11	7,458	5,066
GROSS PROFIT		6,435	4,455
Selling and marketing expenses	12	929	600
General and administration expenses	13	1,115	764
		2,044	1,364
OPERATING PROFIT before interest, depreciation and minority interest		4,391	3,091
Interest		–	–
Depreciation		514	437
OPERATING PROFIT before tax, minority interest and exceptional items		3,877	2,654
Other income, net	14	372	139
Provision for investments		2	1
NET PROFIT before tax, minority interest and exceptional items		4,247	2,792
Provision for taxation (refer to *Note 22.2.8*)	15	386	313
NET PROFIT after tax and before minority interest and exceptional items		3,861	2,479
Income from sale of investments, net of taxes (refer to *Note 22.2.20*)		6	–
NET PROFIT after tax, exceptional items and before minority interest		3,867	2,479
Minority interest		11	21
NET PROFIT after tax, exceptional items and minority interest		3,856	2,458
Balance brought forward		2,219	1,415
Less: Residual dividend paid		4	–
Additional dividend tax		1	–
		2,214	1,415
AMOUNT AVAILABLE FOR APPROPRIATION		6,070	3,873
Dividend			
Interim		278	177
Final		371	234
Silver jubilee special dividend		–	827
Total dividend		649	1,238
Dividend tax		102	174
Amount transferred to general reserve		378	242
Balance in profit and loss account		4,941	2,219
		6,070	3,873
EARNINGS PER SHARE*			
Equity shares of par value Rs. 5/- each			
Before exceptional items			
Basic		69.11	45.03
Diluted		67.59	43.78
After exceptional items			
Basic		69.22	45.03
Diluted		67.70	43.78
Number of shares used in computing earnings per share			
Basic		55,68,52,339	54,59,89,022
Diluted		56,93,42,694	56,16,56,620
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

**Refer to Note 22.2.18*
The schedules referred to above form an integral part of the consolidated profit and loss account.
As per our report attached.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and Joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

S. D. Shibulal
Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

Consolidated cash flow statement

For the year ended March 31,

in Rs. crore

	Schedule	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax, minority interest and exceptional items		4,247	2,792
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit) / Loss on sale of fixed assets		–	–
Depreciation		514	437
Interest and dividend income		(315)	(211)
Profit on sale of liquid mutual funds		(11)	–
Provisions for investments		2	1
Effect of exchange differences on translation of foreign currency cash and cash equivalents		7	(9)
Changes in current assets and liabilities			
Sundry debtors		(828)	(286)
Loans and advances	16	(190)	(96)
Current liabilities and provisions	17	530	262
Income taxes paid	18	(446)	(480)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,510	2,410
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	19	(1,510)	(1,090)
Proceeds on disposal of fixed assets		–	1
Payment for intellectual property rights (refer to *Note 22.2.19*)		14	–
Investments in securities	20	740	455
Acquisition of minority interest in subsidiary		(660)	–
Interest and dividend income		315	211
Cash flow from investing activities before exceptional items		(1,101)	(423)
Proceeds on sale of long term investments (net of taxes)		6	–
NET CASH USED IN INVESTING ACTIVITIES		(1,095)	(423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		1,216	574
Dividends paid during the period, including dividend tax		(1,532)	(403)
NET CASH USED IN FINANCING ACTIVITIES		(316)	171
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(7)	9
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		2,092	2,167
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,956	1,789
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	6,048	3,956
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the consolidated cash flow statement.
As per our report attached.

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
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Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

in Rs. crore, except per share data

		March 31, 2007	March 31, 2006
1	SHARE CAPITAL		
	Authorized		
	Equity shares, Rs. 5/- par value		
	60,00,00,000 (30,00,00,000) equity shares	300	150
	Issued, subscribed and paid up		
	Equity shares, Rs. 5/- par value*	286	138
	57,12,09,862 (27,55,54,980) equity shares fully paid up		
	[Of the above, 53,53,35,478 (25,84,92,302) equity shares, fully paid up have been issued as bonus shares by capitalization of the general reserve]		
		286	138
	Forfeited shares amounted to Rs. 1,500/- (Rs 1,500/-)		
	**For details of options in respect of equity shares, refer to Note 22.2.7*		
	**For details of basic and diluted shares refer to Note 22.2.18*		
2	RESERVES AND SURPLUS		
	Capital reserve	5	5
	Capital reserve on consolidation	–	49
	Share premium account – As at April 1,	1,543	900
	Add: Receipts on exercise of employee stock options	1,206	571
	Income tax benefit arising from exercise of stock options	19	72
		2,768	1,543
	General reserve – As at April 1,	3,012	2,770
	Less: Capitalized on issue of bonus shares	138	–
	Less: Gratuity transitional liability (refer to *Note 22.2.21*)	9	–
	Add: Transfer from the profit and loss account	378	242
	Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to *Note 22.2.12*)	12	–
		3,255	3,012
	Balance in profit and loss account	4,941	2,219
		10,969	6,828

3 FIXED ASSETS

in Rs. crore, except as otherwise stated

Particulars	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2006	Additions during the period	Deletions / Retirement during the period	As at March 31, 2007	As at April 1, 2006	For the period	Deletions / Retirement during the period	As at March 31, 2007	As at March 31, 2007	As at March 31, 2006
Goodwill	41	548	–	589	–	–	–	–	589	41
Land: Free-hold	34	42	–	76	–	–	–	–	76	34
Leasehold	104	33	41	96	–	–	–	–	96	104
Buildings	1,022	449	–	1,471	180	87	–	267	1,204	842
Plant and machinery	569	218	–	787	309	114	–	423	364	260
Computer equipment	757	276	5	1,028	552	227	5	774	254	205
Furniture and fixtures	443	130	–	573	283	79	–	362	211	160
Leasehold improvements	11	10	1	20	4	7	1	10	10	7
Vehicles	2	–	–	2	–	–	–	–	2	2
	2,983	1,706	47	4,642	1,328	514	6	1,836	2,806	1,655
Previous year	2,287	841	145	2,983	1,031	437	140	1,328	1,655	

Note: Buildings include Rs. 250/- being the value of 5 shares of Rs. 50/- each in Mittal Towers Premises Co-operative Society Limited.

Schedules to the consolidated balance sheet

in Rs. crore

		March 31, 2007	March 31, 2006
4	INVESTMENTS		
	Trade (unquoted) – at cost		
	Long-term investments	12	17
	Less: Provision made for investments	12	15
		–	2
	Non-trade (unquoted), current investments, at the lower of cost and fair value		
	Liquid mutual funds	25	753
		25	755
	Aggregate amount of unquoted investments	25	755
5	DEFERRED TAX ASSETS		
	Fixed assets	74	57
	Sundry debtors	3	2
	Leave provisions and others	15	6
		92	65
6	SUNDRY DEBTORS		
	Debts outstanding for a period exceeding six months		
	Unsecured		
	considered good	–	–
	considered doubtful	16	8
	Other debts		
	Unsecured		
	considered good*	2,436	1,608
	considered doubtful	7	2
		2,459	1,618
	Less: Provision for doubtful debts	23	10
		2,436	1,608
	**Includes dues from companies where directors are interested.*	7	2
7	CASH AND BANK BALANCES		
	Cash on hand	–	–
	Balances with scheduled banks		
	In current accounts*	481	224
	In deposit accounts in Indian Rupees	4,989	2,800
	Balances with non-scheduled banks		
	In deposit accounts in foreign currency	–	–
	In current accounts in foreign currency	401	405
		5,871	3,429
**Includes balance in unclaimed dividend account.*		2	3

Schedules to the consolidated balance sheet

in Rs. crore

		March 31, 2007	March 31, 2006
8	LOANS AND ADVANCES		
	Unsecured, considered good		
	Advances	–	1
	Prepaid expenses	34	32
	For supply of goods and rendering of services	3	10
	Advance to gratuity trust	–	–
	Others	20	14
		57	57
	Unbilled revenues	320	211
	Advance income tax	353	267
	Loans and advances to employees		
	Housing and other loans	42	49
	Salary advances	76	63
	Electricity and other deposits	21	16
	Rental deposits	15	16
	Deposits with financial institution and body corporate (refer *Note 22.2.9*)	309	607
	Deposits with government authorities	–	–
	Mark-to-market forward contract and option-asset	15	–
	Other assets	6	11
		1,214	1,297
	Unsecured, considered doubtful		
	Loans and advances to employees	1	1
		1,215	1,298
	Less: Provision for doubtful loans and advances to employees	1	1
		1,214	1,297
9	CURRENT LIABILITIES		
	Sundry creditors		
	Capital goods	–	–
	Goods and services	25	12
	Accrued salaries and benefits		
	Salaries	39	9
	Bonus and incentives	264	260
	Unavailed leave	149	101
	for other liabilities		
	Accrual for expenses	456	218
	Retention monies	24	13
	Withholding and other taxes payable	181	89
	For purchase of intellectual property rights	–	20
	Others	12	3
		1,150	725
	Advances received from clients	4	7
	Unearned revenue	311	194
	Unclaimed dividend	2	3
	Due to option holders of Infosys BPO	2	–
	Mark-to-market on options / due on forward contracts	–	5
		1,469	934
10	PROVISIONS		
	Proposed dividend	371	1,061
	Provision for		
	Tax on dividend	63	149
	Income taxes*	224	190
	Post-sales client support and warranties	23	12
		681	1,412

**Refer to Note 22.2.8*

Schedules to consolidated profit and loss account

in Rs. crore

		March 31, 2007	March 31, 2006
11	SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES		
	Salaries and bonus including overseas staff expenses	6,071	4,129
	Contribution to provident and other funds	154	92
	Staff welfare	46	33
	Overseas travel expenses	461	345
	Traveling and conveyance	–	19
	Technical sub-contractors	289	163
	Software packages		
	for own use	203	139
	for service delivery to clients	25	30
	Communication expenses	69	62
	Rent	34	25
	Computer maintenance	23	21
	Consumables	24	16
	Provision for post-sales client support and warranties	13	(14)
	Miscellaneous expenses	46	6
		7,458	5,066
12	SELLING AND MARKETING EXPENSES		
	Salaries and bonus including overseas staff expenses	552	366
	Contribution to provident and other funds	3	1
	Staff welfare	3	2
	Overseas travel expenses	106	78
	Traveling and conveyance	8	4
	Brand building	70	48
	Commission and earnout charges	101	31
	Professional charges	24	27
	Rent	19	16
	Marketing expenses	26	12
	Telephone charges	6	6
	Printing and stationery	1	1
	Advertisements	3	2
	Sales promotion expenses	2	2
	Office maintenance	1	–
	Communication expenses	1	1
	Insurance charges	–	–
	Consumables	–	–
	Software packages		
	for own use	1	–
	Computer maintenance	–	–
	Rates and taxes	–	–
	Miscellaneous expenses	2	3
		929	600

Schedules to consolidated profit and loss account

in Rs. crore

		March 31, 2007	March 31, 2006
13	GENERAL AND ADMINISTRATION EXPENSES		
	Salaries and bonus including overseas staff expenses	271	169
	Contribution to provident and other funds	12	8
	Staff welfare	–	1
	Telephone charges	118	85
	Professional charges	151	102
	Power and fuel	97	68
	Office maintenance	108	75
	Traveling and conveyance	95	66
	Overseas travel expenses	23	19
	Insurance charges	32	25
	Printing and stationery	16	12
	Rates and taxes	26	12
	Donations	21	17
	Rent	17	11
	Advertisements	8	14
	Professional membership and seminar participation fees	10	10
	Repairs to building	22	16
	Repairs to plant and machinery	15	11
	Postage and courier	8	6
	Books and periodicals	5	5
	Recruitment and training	7	7
	Provision for bad and doubtful debts	26	10
	Provision for doubtful loans and advances	1	–
	Commission to non-whole-time directors	2	1
	Auditors' remuneration		
	Statutory audit fees	1	1
	Certification charges	–	–
	Others	–	–
	Out-of-pocket expenses	–	–
	Bank charges and commission	1	1
	Freight charges	1	1
	Research grants	13	1
	Software packages		
	for own use	–	1
	Transaction processing fee and filing fee	1	–
	Miscellaneous expenses	7	9
		1,115	764
14	OTHER INCOME, NET		
	Interest received on deposits with banks and others*	192	137
	Dividend received on investment in liquid mutual funds (non-trade unquoted)	123	74
	Miscellaneous income, net (Refer to *Note 22.2.10*)	19	7
	Exchange gains / (losses)	38	(79)
		372	139
	**Includes tax deducted at source*	33	22
15	PROVISION FOR TAXATION		
	Income taxes*	413	335
	Deferred taxes	(27)	(22)
		386	313

**Refer to Note 22.2.8*

Schedules to consolidated cash flow statement

in Rs. crore

		March 31, 2007	March 31, 2006
16	CHANGE IN LOANS AND ADVANCES		
	As per the balance sheet	1,214	1,297
	Add: Gratuity transitional liability (refer to *Note 22.2.21*)	9	–
	Less: Deposits with financial institutions,		
	included in cash and cash equivalents	(177)	(527)
	Advance income taxes separately considered	(353)	(267)
		693	503
	Less: Opening balance considered	(503)	(407)
		190	96
17	CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
	As per the balance sheet	2,150	2,346
	Add / (*Less*): Provisions separately considered in the cash flow statement		
	Income taxes	(224)	(188)
	Dividends	(371)	(1,061)
	Dividend tax	(63)	(149)
	Payment towards Intellectual Property Rights (refer to *Note 22.2.19)*	(14)	–
		1,478	948
	Less: Opening balance considered	(948)	(686)
		530	262
18	INCOME TAXES PAID		
	Charge as per the profit and loss account	386	313
	Add: Increase / (Decrease) in advance income taxes	86	(137)
	Increase / (Decrease) in deferred taxes	27	20
	Less: Income tax benefit arising from exercise of stock options	(19)	(72)
	(Increase / Decrease) in income tax provision	(34)	356
		446	480
19	PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
	As per balance sheet*	1,116	837
	Less: Opening capital work-in-progress	(571)	(318)
	Add: Closing capital work-in-progress	965	571
		1,510	1,090
	**Excludes Rs. 41 crore (Rs. 4 crore) toward movement of land from leasehold to freehold.*		
	**Excludes goodwill Rs. 548 crore (Rs. Nil crore) on buyback of Infosys BPO Ltd. shares.*		
20	INVESTMENTS IN / (DISPOSAL OF) SECURITIES*		
	As per the balance sheet	25	755
	Add: Provisions made on investments	2	1
		27	756
	Less: Profit on sale of liquid mutual funds	(11)	–
	Opening balance considered	(756)	(1,211)
		(740)	(455)
	**Refer to Note 22.2.11 for details of investments and redemptions.*		
21	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	As per the balance sheet	5,871	3,429
	Add: Deposits with financial institutions, included herein	177	527
		6,048	3,956

22. Significant accounting policies and notes on accounts

Company overview

Infosys Technologies Limited ("Infosys" or "the Company") along with its majority owned and controlled subsidiary, Infosys BPO Limited, India ("Infosys BPO") formerly known as Progeon Limited, and wholly owned subsidiaries, Infosys Technologies (Australia) Pty. Limited ("Infosys Australia"), Infosys Technologies (China) Co. Limited ("Infosys China") formerly known as Infosys Technologies (Shanghai) Co. Limited and Infosys Consulting, Inc., USA ("Infosys Consulting") is a leading global technology services organization. The group of companies ("the Group") provides end-to-end business solutions that leverage technology thereby enabling its clients to enhance business performance. The Group's operations are to provide solutions that span the entire software life cycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration and package evaluation and implementation, testing and infrastructure management services. In addition, the Group offers software products for the banking industry, business consulting and business process management services.

22.1. Significant accounting policies

22.1.1. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), and guidelines issued by the Securities and Exchange Board of India. 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 management evaluates all recently issued or revised accounting standards on an ongoing basis.

The 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 on Consolidated Financial Statements issued by the ICAI. The financial statements of Infosys – the parent company, Infosys BPO, Infosys China, Infosys Australia and Infosys Consulting 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. Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

Goodwill has been recorded to the extent the cost of acquisition, comprising purchase consideration and transaction costs exceeds the fair value of the net assets in the acquired company and will be tested for impairment on an annual basis. Exchange difference resulting from the difference due to translation of foreign currency assets and liabilities in subsidiaries is disclosed as foreign currency translation adjustment.

22.1.2. Use of estimates.

The preparation of financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

22.1.3. Revenue recognition

Revenue from software development and business process management on fixed-price and fixed-time frame contracts, where there is no uncertainty as to measurement or collectibility of consideration, is recognized as per the percentage of completion method. On time-and-materials contracts, revenue is recognized as the related services are rendered. 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. Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title of the user license, except in multiple element contracts, where revenue is recognized as per the percentage of completion method.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the company's right to receive dividend is established.

22.1.4. Expenditure

The cost of software purchased for use in software development and services is charged to the cost of revenues in the year of acquisition. Charges relating to non-cancelable, long-term operating leases are computed primarily on the basis of the lease rentals, payable as per the relevant lease agreements. Post-sales customer support costs are estimated by Management, determined on the basis of past experience. The costs provided for are carried until expiry of the related warranty period. Provisions are made for all known losses and liabilities. Leave encashment liability is determined on the basis of an actuarial valuation.

22.1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

22.1.6. Depreciation and amortization

Depreciation on fixed assets is applied on the straight-line method based on useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5,000/-) have depreciated in the year of acquisition. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the company for its use. Leasehold improvements are written off over the lower of the remaining primary period of lease or the life of the asset. The Management estimates the useful lives for the various fixed assets as follows:

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

22.1.7. Retirement benefits to employees

22.1.7.a Gratuity

Infosys provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees of the Company and Infosys BPO. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for Infosys and Infosys BPO respectively. Infosys fully contributes all the ascertained liabilities to the Infosys Technologies Limited Employees' Gratuity Fund Trust (the "Trust"). Infosys BPO fully contributes all ascertained liabilities to the Infosys BPO Employees' Gratuity Fund Trust. Trustees administer contributions made to the Trust and contributions are invested in specific investments, as permitted by law.

22.1.7.b Superannuation

Certain employees of Infosys are also participants in a defined contribution plan. Until March 2005, the Company made contributions under the superannuation plan (the Plan) to the Infosys Technologies Limited Employees' Superannuation Fund Trust. The company had no further obligations to the Plan beyond its monthly contributions. Certain employees of Infosys BPO were also eligible for superannuation benefit. Infosys BPO made monthly provisions under the superannuation plan based on a specified percentage of each covered employee's salary. Infosys BPO had no further obligations to the superannuation plan beyond its monthly provisions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India. From April 1, 2005, a portion of the monthly contribution amount was paid directly to the employees as an allowance and the balance amount was contributed to the trust.

22.1.7.c Provident fund

Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the Infosys Technologies Limited Employees' Provident Fund Trust. The remaining contributions are made to a government administered provident fund. The interest rate payable by the trust to the beneficiaries every year is being administered by the government. The Company has an obligation to make good the short fall, if any, between the return from its investments and the administered interest rate.

With respect to Infosys BPO, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and Infosys BPO 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. Infosys BPO has no further obligations under the provident fund plan beyond its monthly contributions.

22.1.8. Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

22.1.9. Foreign currency transactions

Revenue from overseas clients and collections deposited in foreign currency 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 foreign currency bank accounts are reported at the daily rates. 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.

Fixed assets purchased at overseas offices are recorded at cost, based on the exchange rate as of the date of purchase. The charge for depreciation is determined as per the Group's accounting policy.

Monetary current assets and monetary current 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.

22.1.10. Forward contracts and options in foreign currencies

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

The company 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 option as an effective hedge, the Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account.

22.1.11. Income tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually 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.

The differences that result between the profit offered 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 substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. Tax benefits of deductions earned on exercise of employee stock options in excess of compensation charged to the profit and loss account are credited to the share premium account.

22.1.12. Earnings per share

In determining earnings per share, the Group considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues effected prior to the approval of the financial statements by the Board of Directors.

22.1.13. Investments

Trade investments are the investments made to enhance the Group's business interests. Investments are either classified as current or long-term, based on the Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

22.1.14. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

22.2. Notes on accounts

Amounts in the financial statements are presented in Rupees crore, except for per share data and as otherwise stated. Certain amounts do not appear due to rounding off, and are detailed in *Schedule 22.3*. All exact amounts are stated with the suffix "/-". One crore equals 10 million.

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

22.2.1. Aggregate expenses

The aggregate amounts incurred on certain specific expenses:

in Rs. crore

	Year ended March 31,	
	2007	2006
Salaries and bonus including overseas staff expenses	6,894	4,664
Contribution to provident and other funds	170	101
Staff welfare	50	36
Overseas travel expenses	589	442
Traveling and conveyance	103	89
Technical sub-contractors	289	163
Software packages		
for own use	202	140
for service delivery to clients	25	30
Professional charges	174	129
Telephone charges	124	91
Communication expenses	70	63
Power and fuel	98	68
Office maintenance	109	75
Rent	70	52
Brand building	70	48
Commission and earnout charges	101	31
Insurance charges	33	25
Printing and stationery	17	13
Computer maintenance	23	21
Consumables	24	16
Rates and taxes	26	12
Advertisements	11	16
Donations	21	17
Marketing expenses	26	12
Professional membership and seminar participation fees	10	10
Repairs to building	22	16
Repairs to plant and machinery	15	11
Postage and courier	8	6
Provision for post-sales client support and warranties	13	(14)
Books and periodicals	5	5
Recruitment and training	7	7
Provision for bad and doubtful debts	26	10
Provision for doubtful loans and advances	1	–
Commission to non-whole time directors	2	1
Sales promotion expenses	3	2
Auditor's remuneration	–	–
Statutory audit fees	1	1
Certification charges	–	–
Others	–	–
Out-of-pocket expenses	–	–
Bank charges and commission	1	1
Freight charges	–	1
Research grants	13	1
Miscellaneous expenses	55	18
Transaction processing and filing fees	1	
	9,502	6,430
Fringe Benefit Tax (FBT) in India included in the above	20	15

22.2.2. Capital commitments and contingent liabilities

in Rs. crore

	As at March 31,	
	2007	2006
Estimated amount of unexecuted capital contracts (net of advances and deposits)	680	519
Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favor of various government authorities and others	9	8
Claims against the company, not acknowledged as debts	*15	14
Net of amount paid to statutory authorities of Rs. 238 crore (138 crore)		
Forward contracts outstanding		
In US Dollar	US $170,000,000	US $119,000,000
(Equivalent approximate in Rs. crore)	733	529
In Euro	2,000,000	–
(Equivalent approximate in Rs. crore)	12	–
In GBP	£5,500,000	–
(Equivalent approximate in Rs. crore)	47	–
Options contracts outstanding		
Put options in US Dollar	–	US $4,000,000
(Equivalent approximate in Rs. crore)	–	18
Common Strike Ratio Option	–	US $8,000,000
(Equivalent approximate in Rs. crore)	–	36
Range barrier options in US Dollar	US $206,500,000	US $210,000,000
(Equivalent approximate in Rs. crore)	890	934
Euro Accelerator	24,000,000	3,000,000
(Equivalent approximate in Rs. crore)	138	16
Target redemption structure (GBP)	£16,000,000	£3,000,000
(Equivalent approximate in Rs. crore)	136	23
Range barrier options in GBP	£8,250,000	–
(Equivalent approximate in Rs. crore)	70	–

**Claims against the Company not acknowledged as debts include demands from Indian tax authorities for payment of additional tax of Rs. 234 crore (Rs. 135 crore), including interest of Rs. 51 crore (Rs. 33 crore), upon completion of their tax review for fiscal 2002, 2003 and 2004. The amount also includes an amount of Rs. 98 crore which was settled as of April 4, 2007, against tax refunds relating to earlier years. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act. The deductible amount is determined by the ratio of "Export Turnover" to "Total Turnover". The disallowance arose from certain expenses incurred in foreign currency being reduced from Export Turnover but not reduced from Total Turnover.*

The company is contesting the demand, and the Management, including its tax advisers, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

The company received the order of the appellate authority, the Commissioner of Income Tax (Appeals), Bangalore, for the demand pertaining to fiscal 2002 and fiscal 2003 in April 2006 and August 2006 respectively. The position of the company has been substantially upheld by the appellate authority. For fiscal 2004, the matter is pending before the Commissioner of Income Tax (Appeals), Bangalore.

22.2.3. Obligations on long-term, non-cancelable operating leases

The lease rentals charged during the year ended March 31, 2007, and 2006, and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements:

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Lease rentals recognized during the period	70	52

in Rs. crore

Lease obligations	As at March 31,	
	2007	2006
Within one year of the balance sheet date	48	32
Due in a period between one year and five years	111	114
Due after five years	44	61
	203	207

The operating lease arrangements extend up to a maximum of ten years from their respective dates of inception and relates to rented overseas premises and car rentals. Some of these lease agreements have price escalation clauses.

22.2.4. Related party transactions

During the year ended March 31, 2007, an amount of Rs. 19 crore (Rs. 13 crore for the year ended March 31, 2006) was donated to Infosys Foundation, a not-for-profit foundation, in which certain directors of the company are trustees.

22.2.5. Transactions with key management personnel

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2007 and 2006 have been detailed in Schedule 22.3, since the amounts are less than a crore.

22.2.6. Research and development expenditure

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Capital	–	–
Revenue	167	102
	167	102

22.2.7. Stock option plans

The company has two stock option plans that are currently operational.

1998 Stock Option Plan ("the 1998 Plan")

The 1998 Plan was approved by the Board of Directors in December 1997 and by the shareholders in January 1998, and is for the issue of

1,17,60,000 ADSs representing 1,17,60,000 equity shares. The 1998. Plan automatically expires in January 2008, unless terminated earlier. All options under the 1998 Plan are exercisable for ADSs representing equity shares. A compensation committee comprising independent members of the Board of Directors administers the 1998 Plan. All options have been granted at 100% of fair market value.

Number of options granted, exercised and forfeited	Year ended March 31,	
	2007	2006
Options outstanding, beginning of period	45,46,480	61,08,580
Granted	–	–
Less: Exercised	22,91,213	13,71,404
Forfeited	1,71,143	1,90,696
Options outstanding, end of period	20,84,124	45,46,480

1999 Stock Option Plan ("the 1999 Plan")

In fiscal 2000, the company instituted the 1999 Plan. The shareholders and the Board of Directors approved the plan in June 1999, which provides for the issue of 5,28,00,000 equity shares to the employees. The compensation committee administers the 1999 Plan. Options were issued to employees at an exercise price that is not less than the fair market value.

Number of options granted, exercised and forfeited	Year ended March 31,	
	2007	2006
Options outstanding, beginning of period	1,91,79,074	2,81,09,874
Granted	6,38,761	–
Less: Exercised	1,78,08,689	85,97,458
Forfeited	1,11,306	3,33,342
Options outstanding, end of period	18,97,840	1,91,79,074

The company has accelerated the vesting of 5,72,000 outstanding unvested options which were due to be vested in the normal course by October, 2007.

The aggregate options considered for dilution are set out in *Note 22.2.18*.

Infosys BPO's 2002 Plan

Infosys BPO's 2002 Plan (the "2002 Plan") provides for the grant of stock options to employees of Infosys BPO and was approved by the Board of Directors and stockholders in June 2002. All options under the 2002 Plan are exercisable for equity shares. The 2002 Plan is administered by a Compensation Committee comprising three members, all of whom are directors of Infosys BPO. The 2002 Plan provides for the issue of 52,50,000 equity shares to employees, at an exercise price, which shall not be less than the Fair Market Value ("FMV") on the date of grant. Options may also be issued to employees at exercise prices that are less than FMV only if specifically approved by the members of the company in the general meeting. The options issued under the 2002 Plan vest in periods ranging between one through six years, although accelerated vesting based on performance conditions is provided in certain instances.

The activity in Infosys BPO's 2002 Plan during the year ended March 31, 2007 and 2006:

Number of options granted, exercised and forfeited	Year ended March 31,	
	2007	2006
Options outstanding, beginning of period	24,52,330	31,16,518
Granted	5,93,300	11,56,520
Less: exercised	8,15,822	7,87,748
forfeited	4,90,516	10,32,960
Options outstanding, end of period	17,39,292	24,52,330

Proforma Accounting for Stock Option Grants

Guidance note on "Accounting for employee share based payments" issued by the 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.

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

Particulars	Year ended March 31,	
	2007	2006
Net profit		
As reported	3,856	2,458
Less: Stock-based employee Compensation expense*	24	44
Adjusted proforma	3,832	2,414
Basic earnings per share as reported	69.22	45.03
Proforma basic earnings per share	68.79	44.23
Diluted earnings per share as reported	67.70	43.78
Proforma earnings per share as reported	67.28	42.99

**Includes cost of options issued by Infosys to the employees of Infosys BPO amounting to Rs 0.6 crore for the year ended March 31, 2007.*

The fair value of each option under the Infosys BPO Employee Stock Option Plan is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended March 31,	
	2007	2006
Dividend yield %	–	0.00
Expected life	–	1-6 years
Risk free interest rate %	–	6.90-7.13
Volatility %	–	50.00

The Fair Value of each option under the Infosys 1999 Employee Stock Option Plan is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended March 31, 2007
Dividend yield %	0.20
Expected life	1-6 years
Risk free interest rate %	7-7.27
Volatility %	33.63-53.93

22.2.8. Income taxes

The provision for taxation includes tax liabilities in India on the company's global income as reduced by exempt income and any tax liabilities arising overseas on income sourced from those countries.

Most of the company's and all of Infosys BPO's operations are conducted through Software Technology Parks ("STPs"). Income from STPs is tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development, or March 31, 2009.

Infosys now also has operations in Special Economic Zones ("SEZs"). Income from SEZs is fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

During the year ended March 31, 2006, the tax authorities in an overseas tax jurisdiction completed the assessment of income up to fiscal year 2004. Based on the assessment order, management has re-estimated its tax liabilities and written back an amount of Rs. 20 crore. The tax provision for the year is net of the write back.

The current year tax provision includes a reversal of Rs. 125 crore for liability no longer required for taxes payable in various overseas jurisdictions consequent to expiry of limitation period and completion of assessment by taxation authorities.

22.2.9. Loans and advances

in Rs. crore

	As at March 31,	
	2007	2006
Deposits with financial institutions and body corporate		
Housing Development Finance Corporation Limited ("HDFC")	13	511
GE Capital Services India Limited	164	16
Life Insurance Corporation of India ("LIC")	132	80
	309	607
Interest accrued but not due (included above)	14	–

Mr. Deepak M. Satwalekar, Director, is also a Director of HDFC Limited. Except as director in this financial institution, he has no direct interest in any transactions.

Deposit with LIC represents amount deposited to settle employee benefit / leave obligations as and when they arise during the normal course of business.

22.2.10. Fixed assets

Profit / (loss) on disposal of fixed assets during the year ended March 31, 2007, is less than Rs. 1 crore and accordingly disclosed in *Note 22.3*

Profit / (loss) on disposal of fixed assets:

in Rs. crore

	Year ended March 31,	
	2007	2006
Profit on disposal of fixed assets, included in miscellaneous income	–	1
Loss on disposal of fixed assets, included in miscellaneous expenses	–	(1)
Profit / (Loss) on disposal of fixed assets, net	–	–

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of these agreements, the Company has the option to purchase the properties on expiry of the lease period. The Company has already paid 99% of the value of the properties at the time of entering into the lease-cum-sale agreements. These amounts are disclosed as "Land – leasehold" under "Fixed assets" in the financial statements. Additionally, certain land has been purchased for which the company has possession certificate for which sale deeds are yet to be executed as at March 31, 2007.

22.2.11. Details of investments

Details of investments in and disposal of securities during the year ended March 31, 2007 and 2006:

in Rs. crore

Particulars	Year ended March 31,	
	2007	2006
Investment in securities		
Liquid mutual funds	4,500	1,855
	4,500	1,855
Redemption / Disposal of investment in securities		
Long-term investments	–	–
Liquid mutual funds	5,228	2,310
	5,228	2,310
Net movement in investment	(728)	(455)

22.2.12. Holding of Infosys in its subsidiaries

Name of the subsidiary	Country of incorporation	Holding as at March 31,	
		2007	2006
Infosys BPO Ltd.	India	98.92%	71.74%
Infosys Technologies (Australia) Pty Ltd.	Australia	100%	100%
Infosys Technologies (China) Co. Ltd.	China	100%	100%
Infosys Consulting, Inc.	USA	100%	100%
Infosys BPO S.R.O.* (formerly Progeon S.R.O.)	Czech Republic	98.92%	71.74%

**Infosys BPO S.R.O is a wholly owned subsidiary of Infosys BPO Ltd.*

On December 8, 2006, the shareholders of Infosys BPO Limited ("Infosys BPO") approved a buy-back of up to 12,79,963 equity shares at a fair market value of Rs.604/- per equity share. The buy-back was in accordance with Section 77A of the Indian Companies Act, 1956. Pursuant to the buy-back offer, Infosys BPO bought back 11,39,469 equity shares which were subsequently cancelled on December 29, 2006. As of March 31, 2007 Infosys holds 98.92% of the outstanding equity shares of Infosys BPO Limited.

Investment in Infosys BPO

Buyback of shares and options

In January 2007, the Company initiated the purchase of all the shares and outstanding options in Infosys BPO from its shareholders and option holders comprising current and former employees of Infosys BPO. The share holders were given a choice to sell their shares at fair market value and the option-holders were given the choice to sell their options and / or swap Infosys BPO options for Infosys options at a swap ratio based on fair market value.

Consequent to this proposal, Infosys has paid an aggregate of Rs. 71 crore for the purchase of shares and options and granted 151,933 Infosys options under the 1999 Plan valued at fair value of Rs. 12 crore. Accordingly, the investment in Infosys BPO has increased by Rs. 83 crore and reserves have increased by Rs. 12 crore.

Additionally, the Company has committed to a deferred share purchase with the shareholders of Infosys BPO. As per the agreement, Infosys will purchase 3,60,417 Infosys BPO shares for Rs. 22 crore by February, 2008. The same will be accounted as investments on conclusion of the agreement along with the transfer of title in the shares. Upon conclusion, Infosys' holding in Infosys BPO would be 99.98%

22.2.13. Provision for doubtful debts

Periodically, the company evaluates all customer dues to the company for collectibility. The need for provisions is assessed based on various factors including collectibility of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The company normally provides for debtor dues outstanding for 180 days or longer as at the balance sheet date. As at March 31, 2007, the company has provided for doubtful debts of Rs. 7 crore (Rs. 2 crore as at March 31, 2006) on dues from certain customers, although the outstanding amounts were less than 180 days old, since the amounts were considered doubtful of recovery. The company pursues the recovery of the dues, in part or full.

22.2.14. Segment reporting

The Group's operations predominantly relate to providing IT services and business process management, delivered to customers globally operating in various industry segments. 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 and expenditure in individual segments. These are as set out in the note on significant accounting policies.

Industry segments at the Group are primarily financial services comprising customers providing banking, finance and insurance services, manufacturing companies, companies in the telecommunications and the retail industries, and others such as utilities, transportation and logistics companies.

Income and direct expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses cannot be allocated to specific segments, as the underlying services are used interchangeably. The Group 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 directly charged against total income.

Fixed assets used in the company's business or liabilities contracted have not been 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.

Customer relationships are driven based on the location of the respective client. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the East and the West), Ireland and the United Kingdom; and the rest of the world comprises all other places except, those mentioned above and India.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2007 and *2006*:

in Rs. crore

	Financial services	Manufacturing	Telecom	Retail	Others	Total
Revenues	5,209	1,877	2,679	1,394	2,734	13,893
	3,427	*1,324*	*1,566*	*968*	*2,236*	*9,521*
Identifiable operating expenses	2,216	786	1,021	570	1,100	5,693
	1,466	*586*	*587*	*394*	*896*	*3,929*
Allocated expenses	1,429	514	735	382	749	3,809
	887	*336*	*378*	*263*	*637*	*2,501*
Segmental operating income	1,564	577	923	442	885	4,391
	1,074	*402*	*601*	*311*	*703*	*3,091*
Unallocable expenses						514
						437
Operating income						3,877
						2,654
Other income (expense), net						370
						138
Net profit before taxes, minority interest and exceptional items						4,247
						2,792
Provision for taxation						386
						313
Net profit after taxes and before minority interest and exceptional items						3,861
						2,479
Income on sale of investments (net of taxes)						6
						–
Net profit after taxes, exceptional items and before minority interest						3,867
						2,479

Geographic segments

Year ended March 31, 2007 and *2006*:

in Rs. crore

	North America	Europe	India	Rest of the world	Total
Revenues	8,802	3,664	215	1,212	13,893
	6,168	*2,337*	*165*	*851*	*9,521*
Identifiable operating expenses	3,775	1,437	55	426	5,693
	2,594	*945*	*68*	*322*	*3,929*
Allocated expenses	2,413	1,005	59	332	3,809
	1,577	*565*	*39*	*320*	*2,501*
Segmental operating income	2,614	1,222	101	454	4,391
	1,997	*827*	*58*	*209*	*3,091*
Unallocable expenses					514
					437
Operating income					3,877
					2,654
Other income (expense), net					370
					138
Net profit before taxes, minority interest and exceptional items					4,247
					2,792
Provision for taxation					386
					313
Net profit after taxes and before minority interest and exceptional items					3,861
					2,479
Income on sale of investments (net of taxes)					6
					–
Net profit after taxes, exceptional items and before minority interest					3,867
					2,479

22.2.15. Dividends remitted in foreign currencies

Infosys does not make any direct remittances of dividends in foreign currency. The company remits the equivalent of the dividends payable to the holders of ADS ("ADS holders") in Indian Rupees to the depositary bank, which is the registered shareholder on record for all owners of the company's ADSs. The depositary bank purchases the foreign currencies and remits dividends to the ADS holders.

Particulars of dividends remitted:

in Rs. crore

Particulars	Number of shares to which the dividends relate*	Year ended March 31,	
		2007	2006
Final dividend for fiscal 2005	7,55,32,654	–	25
Final dividend for fiscal 2006	7,70,94,270	33	–
Silver jubilee special dividend	7,70,94,270	116	–
Interim dividend for fiscal 2006	7,61,02,422	–	25
Interim dividend for fiscal 2007	7,76,06,280	39	–

**Adjusted for bonus issue*

22.2.16. Conversion of cumulative preference shares in Infosys BPO

Infosys BPO had issued an aggregate of 87,50,000, 0.005% Cumulative Convertible Preference shares of par value Rs. 100 each to Citicorp International Finance Corporation ("CIFC") for an aggregate consideration of Rs. 94 crore as per the shareholder's agreement as of March 31, 2005. Each preference share was convertible to one equity share of par value Rs. 10/-. On June 30, 2005, CIFC exercised its rights under the shareholders' agreement and converted the preference shares to equity shares. Pursuant to the conversion, the equity share capital of Infosys BPO increased by Rs. 9 crore to Rs. 33 crore and the share premium increased by Rs. 79 crore to Rs. 85 crore. On June 30, 2006, the company completed the acquisition of the entire holdings (87,50,000 shares amounting to 23% of the equity on a fully diluted basis) of CIFC in Infosys BPO for a consideration of Rs. 530 crore (US $115.13 million). The net consideration of Rs. 309 crore, after withholding taxes of Rs. 221 crore was remitted to CIFC on the same date.

22.2.17. Provisions for investments

The Company evaluates all investments for any diminution in their carrying values that is other than temporary. The Company made a provision of Rs. Nil during the year ended March 31, 2007 (Rs. Nil for the year ended March 31, 2006) on trade investments.

The Company provided Rs. 2 crore during the year ended March 31, 2007 (Rs. Nil for the year ended March 31, 2006) on revision of the carrying amount of non-trade current investments to fair value.

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

At the annual general meeting held on June 10, 2006, the shareholders approved a 1:1 bonus issue (stock dividend) for all shareholders including the ADR holders, i.e. one additional equity share for every one existing share held by the members by capitalizing a part of the general reserves. The record date for the bonus issue was July 14, 2006 and shares were allotted on July 15, 2006. All basic and diluted shares used in determining earnings per share are after considering the effect of bonus issue.

in Rs. crore

	Year ended March 31,	
	2007	2006
Number of shares considered as basic weighted average shares outstanding	55,68,52,339	54,59,89,022
Add: Effect of dilutive issues of shares / stock options	1,24,90,355	1,56,67,598
Number of shares considered as weighted average shares and potential shares outstanding	56,93,42,694	56,16,56,620

22.2.19. Intellectual Property Rights

Infosys was liable to pay Aeronautical Development Agency (ADA) a maximum amount of Rs. 19 crore (US $4.4 million) by June 12, 2012, through a revenue sharing arrangement towards acquisition of Intellectual Property Rights in AUTOLAY, a commercial software application product used in designing high performance structural systems. During the year, Infosys foreclosed the arrangement by paying the net present value of the future revenue share amounting to Rs. 13 crore (US $3 million). The remainder of the liability in books amounts to Rs. 6 crore (US $1.4 million) and has been written back and disclosed in *Other Income*.

22.2.20. Exceptional items

During the year ended March 31, 2005, the Company sold its entire investment in Yantra Corporation, U.S.A. (Yantra) for a total consideration of US $12.57 million. An amount of Rs. 49 crore representing 90% of the consideration was received by the company and the balance amount was deposited in Escrow to indemnify any contractual contingencies.

During the year ended March 31, 2007, the Company received the balance amount of Rs. 5 crore on fulfillment of the Escrow obligations. Since the carrying value of the investment is Nil, the entire proceeds of Rs. 5 crore (net of taxes, as applicable) have been recognized in the profit and loss account as an exceptional item.

During the year ended March 31, 2007, the Company received Rs. 1 crore from CiDRA Corporation towards redemption of shares on recapitalization. The remainder of investment was written off against provision made earlier.

22.2.21. Gratuity plan

Effective April 1, 2006, the Company adopted the revised accounting standard on employee benefits. Pursuant to the adoption, the transitional obligations of the company amounted to Rs. 9 crore. As required by the standard, the obligation has been recorded with the transfer of Rs. 9 crore to general reserves.

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 Rs. crore

Particulars	Year ended March 31, 2007
Obligations at period beginning	183
Service cost	45
Interest cost	14
Actuarial (gain) / loss	(1)
Benefits paid	(16)
Obligations at period end	225
Defined benefit obligation liability as at the balance sheet is wholly funded by the company	
Change in plan assets	
Plans assets at period beginning, at fair value	170
Expected return on plan assets	16
Actuarial gain / (loss)	3
Contributions	54
Benefits paid	(18)
Plans assets at period end, at fair value	225
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of plan assets at the end of the year	225
Present value of the defined benefit obligations at the end of the period	225
Asset recognized in the balance sheet	–
Gratuity cost for the period	
Service cost	45
Interest cost	14
Expected return on plan assets	(16)
Actuarial (gain) / loss	(3)
Net gratuity cost	40
Investment details of plan assets	
100% of the plan assets are invested in debt instruments	
Assumptions	
Interest rate	7.99%
Estimated rate of return on plan assets	7.99%

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

22.2.22. Cash flow statement

22.2.22.a

The balance of cash and cash equivalents includes Rs. 2 crore as at March 31, 2007 (Rs. 3 crore as at March 31, 2006) set aside for payment of dividends.

22.2.22.b Restricted cash

Deposits with financial institutions and body corporate as at March 31, 2007 include an amount of Rs. 132 crore (Rs. 80 crore as at March 31, 2006) deposited with Life Insurance Corporation of India to settle employee benefit / leave obligations as and when they arise during the normal course of business. This amount is considered as restricted cash and is hence not considered "cash and cash equivalents".

22.3. Details of rounded off amounts

The financial statements are represented in Rupees crore as per the approval received from the Department of Company Affairs ("DCA") earlier. Those items which were not represented in the financial statement due to rounding off to the nearest Rupees crore are given below:

Balance sheet items

in Rs. crore

Schedule	Description	As at March 31,	
		2007	2006
3	Fixed assets		
	Additions		
	Vehicles	0.33	0.82
	Deductions / retirements		
	Buildings		0.80
	Land: free-hold	–	0.01
	Plant and machinery	0.35	–
	Furniture and fixtures	0.15	–
	Depreciation		
	Plant and machinery	–	7.00
	Furniture and fixtures	–	18.00
	Vehicles	0.31	0.19
7	Cash on hand	0.06	0.04
8	Unsecured, considered doubtful		
	Advance to gratuity trust	0.01	–
	Loans and advances to employees	–	0.50
	Provision for doubtful loans and advances to employees	–	0.50
22.2.9.	Loans and advances		
	Interest accrued but not due – Deposits with financial institutions and body corporates	–	0.10

Profit and loss items

in Rs. crore

Schedule	Description	Year ended March 31	
		2007	2006
12	Selling and marketing expenses		
	Office maintenance	0.25	0.39
	Insurance charges	0.10	0.51
	Computer maintenance	0.08	0.01
	Staff welfare	–	–
	Software packages		
	for own use	0.42	0.20
	Communication expenses	0.96	0.97
	Consumables	0.30	0.25
13	General and administrative expenses		
	Provision for doubtful loans and advances	1.16	0.52
	Auditors' remuneration		
	Statutory audit fees	0.90	1.14
	Certification charges	0.01	0.04
	Out-of-pocket expenses	0.04	0.04
	Freight charges	0.65	–
22.2.1.	Aggregate expenses		
	Provision for doubtful loans and advances	1.16	0.52
	Auditors' remuneration		
	Statutory audit fees	0.90	1.14
	Certification charges	0.01	0.04
	Out-of-pocket expenses	0.04	0.04
	Research grants	0.65	–
22.2.6.	Research and development expenditure-capital	0.01	0.16
22.2.10.	Profit on disposal of fixed assets, included in miscellaneous income	0.17	0.58
	Loss on disposal of fixed assets, included in miscellaneous expenses	(0.05)	(0.45)
22.2.17.	Provision for investments	–	0.70

Cash flow statement items

in Rs. crore

Schedule		As at March 31, 2007	2006
Cash flow statement	Profit / (Loss) on sale of fixed assets	0.12	0.13
	Provisions for investments	0	0.70
	Proceeds on disposal of fixed assets	0.7	–

Transactions with key management personnel

The key management personnel comprise our directors and statutory officers.

Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2007 and *2006* are as follows:

in Rs. crore

Name	Salary	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
Chairman and Chief Mentor				
N. R. Narayana Murthy*	0.05	0.02	0.21	0.28
	0.13	*0.03*	*0.26*	*0.42*
Chief Executive Officer and Managing Director				
Nandan M. Nilekani	0.14	0.04	0.33	0.51
	0.13	*0.03*	*0.25*	*0.41*
President, Chief Operating Officer and Joint Managing Director				
S. Gopalakrishnan	0.14	0.04	0.34	0.52
	0.13	*0.03*	*0.26*	*0.42*
Whole-time directors				
K. Dinesh	0.14	0.04	0.33	0.51
	0.13	*0.03*	*0.25*	*0.41*
S. D. Shibulal	0.13	0.04	0.29	0.46
	0.70	*0.01*	*0.31*	*1.02*
T. V. Mohandas Pai	0.24	0.08	0.60	0.92
	0.19	*0.04*	*0.53*	*0.76*
Srinath Batni	0.21	0.06	0.51	0.78
	0.17	*0.04*	*0.47*	*0.68*
Chief Financial Officer				
V. Balakrishnan	0.17	0.05	0.56	0.78
	0.13	*0.03*	*0.38*	*0.54*

**Whole-time director till August 20, 2006*

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2007 and *2006*:

Name	Commission	Sitting fees	Reimbursement of expenses	Total remuneration
Non-whole time directors				
Deepak M. Satwalekar	0.22	–	0.01	0.23
	0.21	*–*	*–*	*0.21*
Prof. Marti G. Subrahmanyam	0.20	–	0.12	0.32
	0.18	*–*	*0.12*	*0.30*
Philip Yeo	–	–	–	–
	0.03	*–*	*–*	*0.03*
Dr. Omkar Goswami	0.20	–	0.01	0.21
	0.18	*–*	*0.01*	*0.19*
Sen. Larry Pressler	0.04	–	0.03	0.07
	0.17	*–*	*–*	*0.17*
Rama Bijapurkar	0.20	–	0.02	0.22
	0.17	*–*	*–*	*0.17*
Claude Smadja	0.20	–	0.21	0.41
	0.16	*–*	*0.11*	*0.27*
Sridar A. Iyengar	0.32	0.01	0.14	0.47
	0.28	*–*	*0.11*	*0.39*
Jeffrey S. Lehman	0.19	–	–	0.19
	–	*–*	*–*	*–*
David Boyles	0.20	–	0.01	0.21
	0.12	*–*	*–*	*0.12*
N. R. Narayana Murthy*	0.13	–	–	0.13

**Appointed as Additional Director effective, August 21, 2006.*

Risk management report

"It doesn't work to leap a twenty-foot chasm in two ten-foot jumps"
– American proverb

The following commentary sets out the enterprise-wide risk management practiced by us. Readers are cautioned that any risks outlined here are not exhaustive and are for information purposes only. The commentary may contain forward-looking statements. 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, and to refer to the discussions on risks in the Company's previous annual reports and the filings with the Securities and Exchange Commission.

We face an ever-increasing pace of change in market dynamics. Infosys, while influencing the change, needs to adapt to this dynamic environment. The pace of change at Infosys, as demanded by increased customer expectations and our evolution into a large global player, requires that we optimally manage our diverse risk environment. It is to grow in this environment that we felt the need for a comprehensive and dedicated risk management function.

Our overview and approach to risk management

At the outset, we had embedded risk management into our fundamental business model described as 'Predictable, Sustainable, Profitable and De-risked' (PSPD). We seek long-term relationships that allow us to grow more predictably. We eschew excessive pursuit of short-term and tactical opportunities for sustainable business opportunities generated by deep client associations. We seek out opportunities that are profitable within a set time frame, making investments where necessary to enhance returns from our customers. We also appreciate the necessity to de-risk our activities to suitably build a long-term business.

We developed our perspective on correlating risks and rewards after duly considering diverse stakeholders' risk-reward expectations and our ability to manage or monitor risks while creating value. The key elements of the relationships are summarized below:

Key stakeholder	Risk-reward equilibrium
Investors	• Growth • Financial performance • Relative ranking in the peer group
Customers	• Brand • Service offerings • Value proposition • Thought leadership • Predictability / Reliability
Employees / Vendors / Partners	• Comprehensive and long-term career option • Business engagement consequences • Alliance value creation
Government / Society / Environment	• Model corporate citizenship • Returns to society • Environmental sensitivity

Over time, the risk-reward equilibrium has embedded itself into our business objectives and also formed the basis for our risk taxonomy.

Organization of the risk management function

We appreciate that risk management occurs across the enterprise, at various levels, starting with the activities of Infoscions through to Board oversight. These levels also form the various lines of defense in risk management at Infosys.

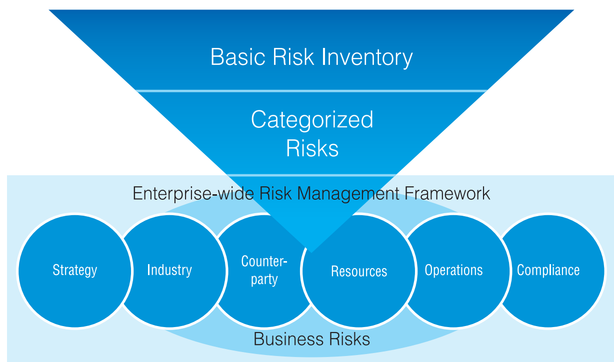
The roles and responsibilities of various Infoscions in the Company are summarized below.

Level	Role
Board of Directors	• Oversees risk management performed by the Executive Management
Risk Committee	• Comprises four independent directors: - David L. Boyles, Chairperson - Marti G. Subrahmanyam - Claude Smadja - Sridar A. Iyengar • Supports the Board in overseeing risk management, including risk identification, risk evaluation and mitigation of risks • Oversees risks on behalf of the Board • Makes recommendations on the risk management program
Risk Council	• Comprises the CEO, COO and CFO • The CEO takes the primary responsibility for the management of risk • The CEO is the last line of defense in risk management • The CEO is assisted by the COO and CFO
Office of risk management	• Comprises the network of risk managers, drawing from all business and support groups across the Infosys group • Is led by the Chief Risk Officer (CRO) • Facilitates the execution of risk management across Infosys as directed by the Risk Council • Provides assistance and guidance in managing risks across the remaining levels of the enterprise • Undertakes risk management programs such as conducting the Risk Self-Identification (RSI) exercise and developing the Infosys Risk Framework
Risk Assurance Cell	• Comprises independent risk officers who provide assurance on risk management activities conducted by operations and support groups across Infosys • Evaluates risk self-assessments of various units
Unit Heads	• Take responsibility to manage their functions as per Infosys' risk management appetite and philosophy • Influence risk management for their unit and collaboratively for Infosys by assisting the CEO and the Risk Council • Act as the second line of defense in risk management
Infoscions	• The actual implementer of ascribed risk actions • Provide feedback on the efficacy of risk management and early warnings for detection of risk events • Act as the first line of defense in risk management

Establishing risk management

To obtain as complete a set of risks as possible, we undertook a representative organization-wide Risk Self-Identification ("RSI") exercise. The exercise covered all business units, verticals, service offerings, support groups and subsidiaries. During fiscal 2007, we completed an org-wide detailed risk survey. The results gave us a deeper, more diverse and quantified feedback on the risks facing Infosys, as seen by the Infoscion than previously available.

The results of the RSI were collated and categorized and the probability and impact-magnitude assessment was completed. Using the Basic Risk Inventory, we developed a mutually exclusive, but collectively exhaustive set of risk categories that adequately represent the risks identified. These primary risk categories form the Infosys enterprise-wide Risk Management ("IRM") framework, and allow us to address actual and potential risk events in a systematic manner. The primary risk categories are sub-classified into secondary risk categories that are more detailed and also represent the sub-routines of the objectives associated with the primary risk. The IRM sets the tone for our risk view of the business and how we mitigate / monitor the universe of risks that we face.



Evolution of the Infosys Risk Management Framework

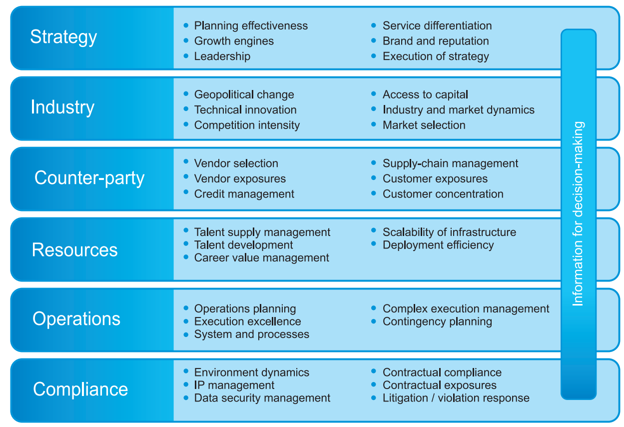
Risk definitions are established to cover all primary risk categories, which are as follows:

- *Strategy:* Relates to the choices we make, regarding the direction in which we lead the organization and its response to challenges.
- *Industry:* Relates to the inherent characteristics of our industry, our market and our customers.
- *Counter-party:* Relates to the risks arising from our association with third parties, for conducting business operations, where the behavior and / or performance of third parties is not sufficient or not desirable to achieve our business objectives.
- *Resources:* Relates to the inability to achieve business objectives due to inappropriate sourcing or sub-optimal utilization of key organization resources such as talent and infrastructure.
- *Operations:* Relates to ineffective planning or improper execution of core business processes or systems, due to sub-optimal collation, transmission and use of data, thereby eroding the competitive edge enjoyed due to excellence in these organizational processes.
- *Regulations and compliance:* Relates to inappropriate compliance with existing or new regulations, inappropriate conduct of contractual obligation or internal processes, or inadequate safeguard of organization assets, thereby threatening the ability to efficiently conduct business.

Risk definitions help us to determine the appropriate categorization and therefore response to identified risks. Moreover, they allow us to use a more unified risk language thereby reducing the time taken to understand the nature of risks, and aid evaluation of the likelihood and impact of the identified risks.

Our risk management practices address the recommendations for enterprise risk management proposed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have sub-classified the primary risk categories into a more detailed secondary level of risk categories. This allows us to rapidly identify where we are likely to face the potential impact of the identified risk. The secondary risk categorizations are set out below:



Infosys' unified view of the risk universe

Risk management activities

The holistic approach provides the assurance that, to the best of our capabilities, Infosys and all our performing units are identifying, assessing and mitigating risks that could materially impact our performance in achieving our stated objectives.

Risk identification: External and internal risk factors that must be managed are identified in the context of organizational strategy and operations. To translate strategy into operational terms, we have adopted the balanced scorecard framework. Using this framework, the overall strategy is expressed as specific business objectives. Risk factors that could potentially affect performance, vis-à-vis these stated objectives, are identified and assessed.

A subset of these risk factors, as applicable to the management of unit-level operations, is deployed to the operating units and departments through our organizational policies. Risk-related discussions with subsidiary units are structured around these factors. To refine the internal control processes pertaining to financial reporting and compliance, we have mapped all the cross-functional interfaces using our proprietary InFlux™ framework.

For a detailed list of risks identified as applicable to our business, please refer to Form 20F, filed with the Securities and Exchange Commission, U.S.A., for the year ended March 2007.

Risk assessment and control:

This includes:

- Risk assessment and reporting
- Risk control and integration with processes and systems
- Capability development

On a periodic basis, risks due to risk factors are assessed by responsible managers across the organization. Prudent norms aimed at limiting exposures within the bounds of the risk appetite are integral to this framework. These risks are formally reported through mechanisms such as operations reviews, subsidiary reviews, disclosure committee meetings, and regular updates to the Risk Council.

Internal controls are exercised through policies, processes and systems that have been established to ensure timely availability of information and facilitate proactive risk management. Policies having an impact on financial performance undergo a five-year impact simulation before approval by the CEO.

We have insured ourselves against various types of risks. This includes insurance cover for professional errors and omissions, the entire physical infrastructure, protection against fixed costs and loss of profits. We have insured against other contingencies including coverage for lives of all employees in India and abroad. This includes key insurance cover for Directors and Officers (D&O).

The following activities were also completed during the year:

- During the year, we conducted pilots using the IRM framework on a diverse set of ground-level projects, spanning two key verticals and ten large customers. The results of the exercise were well received. They also resulted in better understanding and appreciation of project risks and associated impact on project margins, especially in critical engagements. Presently, we are in the process of expanding the pilots to develop dynamic dashboards and deliver proactive risk indicators, based on data captured by our various internal systems.
- Our risk management program was showcased to a key customer in the banking and capital markets space. The joint interactions led the customer to conclude that the risk management program is satisfactory in terms of their expectations of Infosys.
- A senior official from a customer in the retail space worked in the risk department of Infosys for six weeks. The engagement helped in exchanging ideas on risk management and to obtain a customer perspective on risk management of their vendors (such as Infosys). The learnings from this interaction has helped strengthen our risk management program and supported our endeavor to be at the forefront of risk management, with high and transparent governance practices.
- The IRM framework was successfully used to assess new initiatives in Software as a Service, large multi-year, multi-service offering deals and several potential acquisition opportunities. The exercise involved identification of risk impact for the initiatives, as also evaluating planned mitigation and monitoring activities to reduce the risk to a level within Infosys' risk appetite.
- The risk management program was introduced in the annual sales planning process with a view to initiate our sales and client facing teams to risk management on a more formal basis. The program was well-received with several business unit heads taking the lead on institutionalizing the IRM framework in their customer-facing activities.
- The Chairman of the Risk Committee participated in the Annual Strategy Planning meet (STRAP) to formally communicate Infosys' Risk Philosophy with the senior leaders of the Company, and integrate risk management with the Strategy Planning and execution processes. Risk management objectives would be integrated with the Balanced Scorecard for the Company, and the resultant business plans for individual business units, effective this year.

In the coming months, we expect to make considerable progress on institutionalizing the IRM framework across the organization. We believe, over time, this will help enhance business performance by improving the balance of risks and rewards with customers.

Risk management is an on-going and iterative process based on the dynamics of the risk environment. Moreover, at Infosys, we continually seek to improve and enhance our ability to identify risks and plan responses thereto. Accordingly, the risk framework, its primary and secondary risk categories, definitions, etc., may be subject to change. The above frameworks and other information related to risk, relate only to Infosys and represent the Management's perception on risk management.

Corporate governance report

"There are those who will tell you that business and ethics cannot stand together. In the short run it might appear that companies pay a price for adhering to values while their competitors get ahead in a shorter time frame, but in the long run people would learn to distinguish, stakeholders learn to ask the right questions, and distinguish between the grain and chaff. Those that don't subscribe to values will fall by the way side; those that subscribe to values will last the course and will set benchmarks."

M. Damodaran

Chairman, Securities and Exchange Board of India

Remarks at a seminar on 'business ethics' organized by the Loyola Institute of Business Administration (LIBA) on March 15, 2007.

Corporate governance is about maximizing shareholder value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder – the Company's customers, employees, investors, vendor-partners, the government of the land and the community. Thus, corporate governance is a reflection of a Company's culture, policies, its relationship with the stakeholders, and its commitment to values.

Corporate governance had its origins in the 19th century, arising in response to the separation of ownership and control following the formation of joint stock companies. The owners or shareholders of these companies, who were not involved in day-to-day operational issues, required assurances that those in control of the Company, the directors and managers, were safeguarding their investments and accurately reporting the financial outcome of their business activities. Thus, shareholders were the original focus of corporate governance.

The Treadway Commission was formed in the U.S. in 1985 following a number of financial failures, frauds and questionable business practices reporting in 1987. The commission found that breakdowns in internal control were a contributing factor in nearly 50% of fraudulent financial reporting. In 1987, the Committee of Sponsoring Organizations' (COSO) of the Treadway Commission defined three objectives for internal control in their final framework which was issued in 1992:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with laws and regulations

Safeguarding of assets was added as an objective in 1994.

The Cadbury (internal financial control) and Greenbury (disclosure of directors' remuneration) committees report published in the United Kingdom is a landmark. As the debate on corporate governance was still raging, the Hampel Committee was formed toward the end of 1995. This committee issued its report in 1998 and highlighted the role of corporate governance as a contributor to business prosperity, in addition to its previous focus on financial reporting.

The Hampel report incorporated the recommendations from both the Cadbury and Greenbury committees and was published as the Combined Code in June 1998. In addition to reviewing the effectiveness of internal financial controls, the Hampel report recommended that the directors review all internal controls. The Turnbull Committee was subsequently established to provide guidance on this issue.

The *Higgs Report* on non-executive directors and the *Smith Report* on audit committees, both published in January 2003, form part of the systematic review of corporate governance being undertaken in the U.K. and Europe. The recommendations of these two reports are aimed at strengthening the existing framework for corporate governance in the U.K., enhancing the effectiveness of non-executive directors and switching the key audit relationship from executive directors to an independent audit committee.

Following the corporate governance scandals in the U.S., the Sarbanes Oxley Act was enacted which brought about fundamental changes in virtually every area of corporate governance and particularly in auditor independence, conflict of interest, corporate responsibility and enhanced financial disclosures.

The governments of the 30 member countries in the Organization for Economic Cooperation and Development (OECD) approved a revised version of the OECD's Principles of Corporate Governance. The Principles are intended to assist governments in their efforts to evaluate and improve the legal, institutional and regulatory framework for corporate governance in their countries, and to provide guidance and suggestions for stock exchanges, investors, corporations, and other parties that have a role in the process of developing good corporate governance.

In India, the industry, rather than the government, provided the initial impetus for corporate governance reform. Driven by a desire to make Indian businesses more competitive and respected globally, the Confederation of Indian Industries (CII) published a voluntary Code of Corporate Governance in 1998, one of the first major codes in Asia. The Securities and Exchange Board of India (SEBI) followed by setting up the Kumar Mangalam Birla Committee on Corporate Governance. The recommendations of the committee in December 1999 formed the basis for Clause 49 of the Listing Agreement.

In addition, the Department of Company Affairs, Government of India, constituted a nine-member committee under the chairmanship of Mr. Naresh Chandra, former Indian ambassador to the U.S., to examine various corporate governance issues.

SEBI instituted a committee under the chairmanship of Mr. N. R. Narayana Murthy in 2004 which recommended enhancements in corporate governance. SEBI has incorporated the recommendations made by the *Narayana Murthy Committee on Corporate Governance* report in Clause 49 of the Listing Agreement. The revised Clause 49 was made effective from January 1, 2006. Infosys' compliance with these various requirements is presented in this report. We fully comply with, and indeed go beyond, all these recommendations on corporate governance.

We believe that sound corporate governance is critical to enhance and retain investor 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 seeks to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the 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 the Company operates.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management is the trustee of the shareholders' capital and not the owner.

At the core of our corporate governance practice is, the Board, which oversees how the management serves and protects the long-term interests of all stakeholders of the Company. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. The majority of the Board, eight out of 15, are independent members. Further, we have audit, compensation, investor grievance, nominations, and risk management committees, which comprise independent directors.

As a part of our commitment to follow global best practices, we comply with the Euroshareholders Corporate Governance Guidelines 2000, and the recommendations of the Conference Board Commission on Public Trusts and Private Enterprises in the U.S. We also adhere to the UN Global Compact Programme. Further, a note on Infosys' compliance with the corporate governance guidelines of six countries – in their national languages – is presented in the section *Additional information to shareholders.*

Corporate governance ratings

CRISIL

CRISIL assigned us the "CRISIL GVC Level 1" rating. This Governance and Value Creation (GVC) rating indicates our capability to create wealth for all our stakeholders while adopting sound corporate governance practices.

ICRA

ICRA assigned "CGR 1" rating to our corporate governance practices. The rating of CGR 1 is the highest on ICRA's Corporate Governance Rating (CGR) scale of CGR1 to CGR 6. We are the first Company to be assigned the highest CGR by ICRA.

The highest CGR reflects our transparent shareholding pattern; sound Board practices; interactive decision-making process; high level of transparency and disclosures encompassing all important aspects of our operations; and our track record in investor servicing. A notable feature of our corporate governance practices is the emphasis on "substance" over "form", besides our transparent approach to following such practices:

Corporate governance guidelines

Over the years, the Board has developed corporate governance guidelines to help fulfill our corporate responsibility to various stakeholders. This ensures that the Board will have the necessary authority and practices in place, to review and evaluate our operations when required. Further, it allows the Board to make decisions that are independent of the Management.

The Board may change these guidelines from time to time to effectively achieve our stated objectives.

A. Board composition

Size and composition of the Board

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management. The Board consists of 15 members, six of whom are executive or full-time directors, one is non-executive and eight are independent directors.

Four of the executive directors are founders of the Company. The Board believes that the current size is appropriate, based on the Company's present circumstances. The Board periodically evaluates the need for increasing or decreasing its size.

The composition of our Board, and the number of outside directorships held by each of the directors is given in the table.

Composition of the Board, and directorships held during fiscal 2007

			Directorships held as on March 31, 2007		Committee membership	Chairperson
Name of director	Position	Relationship with other directors	India listed companies#	All companies around the world## (listed & unlisted)	In all companies###	In committees###
N. R. Narayana Murthy*	Chairman of the Board and Chief Mentor; Non-executive and founder director	None	1	6	4	–
Nandan M. Nilekani	CEO and Managing Director; Executive and founder director	None	–	2	1	–
S. Gopalakrishnan	President, COO and Joint Managing Director, Head – Customer Service and Technology; Executive and founder director	None	–	3	–	–
Deepak M. Satwalekar	Lead independent director	None	5	8	8	3
Prof. Marti G. Subrahmanyam	Independent director	None	1	8	7	3
Dr. Omkar Goswami	Independent director	None	7	10	16	4
Rama Bijapurkar	Independent director	None	4	9	5	2
Claude Smadja	Independent director	None	–	5	6	3
Sridar A. Iyengar	Independent director	None	1	10	5	1
David L. Boyles	Independent director	None	–	3	3	1
Jeffrey S. Lehman	Independent director	None	–	1	3	–
K. Dinesh	Head – Communication Design Group, Information Systems, and Quality & Productivity; Executive and founder director	None	–	2	1	1
S. D. Shibulal	Group Head – World-wide Sales & Customer Delivery; Executive and founder director	None	–	4	2	1
T. V. Mohandas Pai	Head – Education & Research, and Human Resources, Executive director	None	–	3	2	–
Srinath Batni	Group Co Head – World-wide Customer Delivery; Executive director	None	–	3	2	–

* *Appointed as additional director with effect from August 21, 2006*

\# *Excluding directorship in Infosys Technologies Limited and its subsidiaries*

\## *Directorships in companies around the world including Infosys Technologies Limited and its subsidiaries*

\### *Includes Audit Committee, Compensation / Remuneration Committee, Nominations Committee, Risk Management Committee and Investor Grievance Committee in all companies including Infosys Technologies Limited and its subsidiaries*

Responsibilities of the Chairman, CEO and the COO

Our current policy is to have a Chairman and Chief Mentor – Mr. N. R. Narayana Murthy; a Chief Executive Officer (CEO) and Managing Director – Mr. Nandan M. Nilekani; and a President, Chief Operating Officer (COO) and Joint Managing Director – Mr. S. Gopalakrishnan. There are clear demarcations of responsibility and authority among the three.

- *The Chairman and Chief Mentor* is responsible for mentoring our core management team in transforming us into a world-class, next-generation organization that provides state-of-the-art, technology-leveraged business solutions to corporations across the world. He also interacts with global thought leaders to enhance our leadership position. In addition, he continues to interact with various institutions to highlight and help bring about the benefits of IT to every section of society. As Chairman of the Board, he is also responsible for all Board matters.
- *The CEO and Managing Director* is responsible for corporate strategy, brand equity, planning, external contacts and other management matters. He is also responsible for achieving the annual business plan.
- *The President, COO and Joint Managing Director* is responsible for all customer service operations. He is also responsible for technology, new initiatives, acquisitions and investments.

The CEO, COO, the other executive directors and the senior management, make periodic presentations to the Board on their responsibilities, performance and targets.

Recent Management changes

From 2002 to 2006, Mr. N. R. Narayana Murthy served as the Executive Chairman of the Company. The two roles of Executive Chairman and CEO were a good combination to achieve the Company's goals. After Mr. Murthy retired in August 2006, the Board opined that having both an Executive Chairman as well as a CEO would best serve the organization. Accordingly, the Board at the meeting held on April 13, 2007, decided that effective June 22, 2007, Mr. Nandan M. Nilekani will be the Co-Chairman of the Board, Mr. S. Gopalakrishnan will be the CEO and Managing Director, and Mr. S. D. Shibulal will be the Chief Operating Officer of the Company.

Mr. Nandan M. Nilekani in his capacity as the Co-Chairman of the Board, will focus on key client relationships, deal with broader industry issues, provide global thought leadership, lead transformation initiatives, contribute to strategy, and will be a brand ambassador.

Board definition of independent directors

According to Clause 49 of the Listing Agreement with Indian stock exchanges, an independent director means, a person other than an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

We adopted a much stricter definition of independence than required by the NASDAQ listing rules and the Sarbanes-Oxley Act, U.S. The same is provided in the *Audit Committee Charter* section of this Annual Report.

Lead independent director

Mr. Deepak M. Satwalekar is the lead independent director. Mr. Satwalekar, as the lead independent director, represents and acts as spokesperson for the independent directors as a group, and is responsible for the following activities:

- Presiding over all executive sessions of the Board's independent directors;
- Working closely with the Chairman and the CEO to finalize the information flow, meeting agendas and meeting schedules;
- Liasing between the Chairman, CEO and the independent directors on the Board, and
- Along with the Chairman, taking a lead role in the Board evaluation process;

Board membership criteria

The nominations committee works with the entire Board to determine the appropriate characteristics, skills and experience needed for the Board as a whole as well as its individual members.

Board members are expected to possess the expertise, skills and experience required to manage and guide a high-growth, high-tech software Company, deriving revenue primarily from G-7 countries. Expertise in strategy, technology, finance, quality and human resources is essential. Generally, the members will be between 40 and 60 years of age. They will not be relatives of an executive director or of an independent director. They are generally 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 Board member is expected to ensure that their other current and planned future commitments do not materially interfere with the member's responsibility as our director.

Selection of new directors

The Board is responsible for the selection of any new director. The Board delegates the screening and selection process involved in selecting the new directors to the nominations committee, which consists exclusively of independent directors. The nominations committee makes recommendations to the Board on the induction of any new member.

Membership term

The Board constantly evaluates the contribution of the members and periodically recommends the shareholders about re-appointments as per statute. The current law in India mandates the retirement of one-third of the Board members (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive directors are appointed by the shareholders for a maximum period of five years at a time, but are eligible for re-appointment upon completion of their term. Non-executive directors do not have a specified term, but retire by rotation as per law. The nominations committee of the Board recommends such appointments and re-appointments. However, the membership term is limited by the retirement age for the members.

Retirement policy

Under this policy, the maximum age of retirement of all executive directors is 60 years, which is the age of superannuation for our employees. Their continuation as members of the Board upon superannuation / retirement is determined by the nominations committee. The age limit for serving on the Board is 65 years.

Succession planning

The nominations committee constantly works with the Board to evolve succession planning for the positions of the Chairman, CEO, CFO and COO and also develop plans for interim succession for any of them, in case of an unexpected occurrence. The Board, if required, may review the succession plan more frequently.

Board compensation policy

The compensation committee determines and recommends to the Board, the compensation payable to the directors. All Board-level compensation is approved by shareholders, and separately disclosed in the financial statements.

Remuneration of the executive directors consists of a fixed component and a performance incentive. The compensation committee makes a quarterly appraisal of the performance of the executive directors based on a detailed performance-related matrix. The annual compensation of the executive directors is approved by the compensation committee, within the parameters set by the shareholders at the shareholders' meetings.

Compensation payable to each of 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 0.5% of the net profits of the Company for the year, calculated as per the provisions of the Companies Act, 1956. The performance of independent directors is reviewed by the full Board on an annual basis. The compensation paid to independent directors and the method of calculation are disclosed separately in the financial statements.

Those executive directors who are founders of the Company have voluntarily excluded themselves from the 1994 Stock Offer Plan, the 1998 Stock Option Plan and the 1999 Stock Option Plan. Independent directors are also not eligible for stock options under these plans, except for the latest 1999 Stock Option Plan. Given below is the compensation of each director and grant of stock options to directors:

Cash compensation paid to directors in fiscal 2007

in Rs. except as otherwise stated

	Fixed salary							
	Basic salary	Perquisites / Allowances	Retiral benefits	Total fixed salary	Bonus / Incentives	Commission	Total	Notice period (in months)
N. R. Narayana Murthy*	5,55,886	5,73,617	1,66,721	12,96,224	15,09,233	12,73,002	40,78,459	NA
Nandan M. Nilekani	14,36,040	4,58,119	4,16,009	23,10,168	28,24,908	–	51,35,076	6
S. Gopalakrishnan	14,36,040	4,94,020	4,19,599	23,49,659	28,24,908	–	51,74,567	6
K. Dinesh	14,36,040	4,45,064	4,14,703	22,95,807	28,24,908	–	51,20,715	6
S. D. Shibulal	13,49,183	3,78,283	3,86,019	21,13,485	25,24,403	–	46,37,888	6
Srinath Batni	21,10,080	7,44,036	5,66,750	34,20,866	43,43,782	–	77,64,648	6
T. V. Mohandas Pai	25,11,120	9,38,695	6,58,880	41,08,695	50,57,166	–	91,65,861	6
Deepak M. Satwalekar	–	–	–	–	–	22,16,590	22,16,590	NA
Prof. Marti G. Subrahmanyam	–	–	–	–	–	20,01,090	20,01,090	NA
Dr. Omkar Goswami	–	–	–	–	–	20,01,090	20,01,090	NA
Rama Bijapurkar	–	–	–	–	–	20,01,090	20,01,090	NA
Claude Smadja	–	–	–	–	–	20,01,090	20,01,090	NA
Sridar A. Iyengar	–	–	–	–	–	20,01,090	20,01,090	NA
David L. Boyles	–	–	–	–	–	20,01,090	20,01,090	NA
Jeffrey S. Lehman	–	–	–	–	–	19,24,113	19,24,113	NA
Sen. Larry Pressler**	–	–	–	–	–	3,91,348	3,91,348	NA

**Ceased to be an executive director with effect from August 20, 2006*
***Ceased to be a director with effect from June 10, 2006*

None of the above directors are eligible for any severance pay.

Shares and options held by non-executive directors as on March 31, 2007

	Equity shares (No.)	ADS (Nos.)	Stock options (1999 Plan)	Grant price (Rs.)	Expiry date
N. R. Narayana Murthy	31,79,672	–	–	–	–
Deepak M. Satwalekar	56,000	–	–	–	–
Prof. Marti G. Subrahmanyam	38,000	22,300	–	–	–
Dr. Omkar Goswami	12,300	–	–	–	–
Rama Bijapurkar	20,000	–	–	–	–
Claude Smadja	8,398	–	7,602	416.71	Jul 9, 2011
Sridar A. Iyengar	10,000	–	–	–	–
David L. Boyles	–	2,000	–	–	–
Jeffrey S. Lehman	–	900	–	–	–

The above options were issued at fair market value. The options granted will vest over a period of four years from the date of grant.

Independent directors' remuneration

Section 309 of the Companies Act, 1956 provides that a director who is neither in the whole-time employment of the Company nor a managing director may be paid remuneration by way of commission, if the Company, by special resolution authorizes such payment. Members of the Company at the Annual General Meeting held on June 12, 2004, approved payment of remuneration by way of commission to non-executive directors, at a sum not exceeding 0.5% per annum of our net profits. We have paid Rs. 1.78 crore (US $413,262) as commission to our non-executive directors. The aggregate amount was arrived as per the following criteria:

	US $	Rs. crore
Fixed pay for all directors	35,000	0.15
Variable pay based on the attendance at Board meetings	12,500	0.05
Chairperson of the Board	7,500	0.03
Lead independent director	2,500	0.01
Chairperson of audit committee	5,000	0.02
Chairperson of other committees	2,500	0.01
Members of other committee not being chairperson of any other committee	2,500	0.01

(1 US $ = Rs. 43.10)

The Board of Directors at their meeting held on April 13, 2007 approved changes to the commission payable to non-executive directors. The changes are effective from April 1, 2007 and the new criteria for payment of commission are as follows:

	US $	Rs. crore
Fixed pay for all directors	75,000	0.32
Variable pay based on the attendance at Board meetings	25,000	0.10
Chairperson of the Board	25,000	0.10
Lead independent director	15,000	0.06
Chairperson of audit committee	20,000	0.08
Members of the audit committee	10,000	0.04
Chairperson of other committees	5,000	0.02
Members of other committees	2,500	0.01

(1 US $ = Rs. 43.10)

The Board believes that the above commission structure is commensurate with the global best practice in terms of remunerating non-executive directors for a company of similar size and adequately compensates for the time and contribution made by the non-executive directors.

Memberships in other Boards

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

Independent directors are 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 practices. The number of outside directorships held by each of our directors is given in the table in this report.

B. Board meetings

Scheduling and selection of agenda items for Board meetings

Dates for Board meetings in the ensuing year are decided in advance and published as part of the Annual Report. Most Board meetings are held at our 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 in consultation with the lead independent director, and distribute these in advance to the directors. Every Board member is free to suggest items for inclusion on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the annual shareholders' meeting. Additional meetings are held, when necessary. Independent directors are expected to attend at least four Board meetings in a year. However, the Board being represented by independent directors from various parts of the globe, it may not be possible for each one of them to be physically present at all the meetings. We effectively use video / teleconference facilities to facilitate their participation. Committees of the Board usually meet the day before the formal Board meeting, or when required, for transacting business. Seven Board meetings were held during the year ended March 31, 2007. These were held on April 14, 2006, April 20, 2006, June 10, 2006 (coinciding with last year's Annual General Meeting of the shareholders), July 12, 2006, October 11, 2006, January 11, 2007 and March 12, 2007.

Number of Board meetings and the attendance of directors during fiscal 2007

Given in the table is the attendance record of the directors

	No. of Board meetings held	No. of Board meetings attended	Attendance at last AGM
N. R. Narayana Murthy	7	5	Yes
Nandan M. Nilekani	7	7	Yes
S. Gopalakrishnan	7	6	Yes
Deepak M. Satwalekar	7	5	Yes
Prof. Marti G. Subrahmanyam	7	5	Yes
Sridar A. Iyengar	7	5	Yes
Dr. Omkar Goswami	7	5	Yes
Sen. Larry Pressler*	2	1	Yes
Rama Bijapurkar	7	5	Yes
Claude Smadja	7	5	Yes
David L. Boyles	7	5	Yes
Jeffrey S. Lehman	7	4	No
K. Dinesh	7	6	Yes
S. D. Shibulal	7	7	Yes
T. V. Mohandas Pai	7	7	Yes
Srinath Batni	7	7	Yes

**Ceased to be a director in June 2006*

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 of our employees. At meetings of the Board, it welcomes the presence of managers who can provide additional insights into the items being discussed.

The information regularly supplied to the Board includes:

- Annual operating plans and budgets, capital budgets, and updates
- Quarterly results of our operating divisions or business segments
- Minutes of meetings of audit, compensation, nominations, investor grievance and investment committees, as well as abstracts of circular resolutions passed. Also, Board minutes of the subsidiary companies
- General notices of interest
- Dividend data
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of CFO and company secretary
- Materially important litigations, show cause, demand, prosecution and penalty notices
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any materially relevant default in financial obligations to and by us or substantial non-payment for goods sold by us
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Transactions that involve substantial payment toward goodwill, brand equity or intellectual property
- Significant development on the human resources front
- Sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business
- Details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer

Independent directors' discussion

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 senior management personnel make presentations on relevant issues.

In addition, our independent directors will meet periodically in an executive session, i.e. without the chairperson, any of the executive directors or the management being present.

Materially significant related party transactions

There have been no materially significant related party transactions, monetary transactions or relationships between us and our directors, management, subsidiary or relatives except for those disclosed in the financial statements for the year ended March 31, 2007.

C. Board committees

Currently, the Board has five committees: the audit committee, the compensation committee, the nominations committee, the investor grievance committee, and the risk management committee. All committees, consist entirely of independent directors.

The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members, and it delegates these powers to the nominations committee.

The chairperson of the Board, in consultation with the Company secretary and the committee chairman, determine the frequency and duration of the committee meetings. Normally, all the committees meet four times a year except the investment committee and the share transfer committee, which meet as and when the need arises. Typically, the meetings of the audit, compensation, risk management, invest grievance and nominations committees last for the better part of a working day. Recommendations of the committee are submitted to the full Board for approval.

The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

1. Audit committee

Our audit committee comprises six independent directors. They are:

Deepak M. Satwalekar, *Chairperson*
Prof. Marti G. Subrahmanyam
Dr. Omkar Goswami
Rama Bijapurkar
Sridar A. Iyengar
David L. Boyles

In India, we are listed on The Bombay Stock Exchange, (BSE) and the National Stock Exchange (NSE). In the U.S., we are listed on the NASDAQ. In India, Clause 49 of the Listing Agreement makes it mandatory for listed companies to adopt an appropriate audit committee charter. The Blue Ribbon Committee set up by the U.S. Securities and Exchange Commission (SEC) recommended that every listed company adopt an audit committee charter. This recommendation has been adopted by NASDAQ also.

In our meeting on May 27, 2000, our audit committee adopted a charter which meets the requirements of Clause 49 of the Listing Agreement with Indian stock exchanges and the SEC. The charter is given below:

1.1 Audit committee charter

1. Primary objective of the audit committee

The primary objective of the audit committee (the committee) of Infosys Technologies Limited (the Company) is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, and transparency, integrity and quality of financial reporting.

The committee oversees the work carried out in the financial reporting process by the management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each.

2. Responsibilities of the audit committee

2.1 Provide an open avenue of communication between the independent auditor, internal auditor, and the Board of Directors (BoD).

2.2 Meet at least four times every year, or more frequently as circumstances require. The audit committee may ask members of the management or others to attend meetings and provide pertinent information as necessary.

2.3 Confirm and assure the independence of the independent auditor and objectivity of the internal auditor.

2.4 Appoint, compensate and oversee the work of the independent auditor (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.

2.5 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.

2.6 Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

2.7 Consider and review the following with the independent auditor and the management:

- The adequacy of internal controls including computerized information system controls and security, and
- Related findings and recommendations of the independent auditor and internal auditor, together with the management's responses

2.8 Consider and, if deemed fit, pre-approve all non-auditing services to be provided by the independent auditor to the Company. 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 of 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,
- Any other service that the BoD determines impermissible

2.9 Review and discuss with the management and the independent auditor, the annual audited financial statements and quarterly audited / unaudited financial statements, including the Company's disclosures under "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", prior to filing the Company's Annual Report on Form 20-F and quarterly results on Form 6-K, respectively, with the SEC.

2.10 Direct the Company's independent auditor to review before filing with the SEC, the Company's interim financial statements included in quarterly reports on Form 6-K, using professional standards and procedures for conducting such reviews.

2.11 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.

2.12 Review before release, the unedited quarterly operating results in the Company's quarterly earnings release.

2.13 Oversee compliance with the requirements of the SEC and SEBI, as the case may be, for disclosure of auditors' services and audit committee members, member qualifications and activities.

2.14 Review, approve and monitor the code of ethics that the Company plans for its senior financial officers.

2.15 Review management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act.

2.16 Review, in conjunction with the counsel, any legal matters that could have a significant impact on the Company's financial statements.

2.17 Oversee and review, at least annually, the Company's risk management policies, including its investment policies.

2.18 Review the Company's compliance with employee benefit plans.

2.19 Oversee and review the Company's policies regarding information technology and management information systems.

2.20 If necessary, institute special investigations with full access to all books, records, facilities and personnel of the Company.

2.21 As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.

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

2.23 Provide a report in the Company's proxy statement in accordance with the rules and regulations of the SEC.

2.24 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.

2.25 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 difficulties encountered during audit work including any restrictions on the scope of activities or access to required information, and
- Any changes required in the planned scope of the internal audit plan

2.26 Report periodically to the BoD on significant results of the foregoing activities.

3. Composition of the audit committee

The committee shall consist solely of 'independent' directors (as defined in (i) NASDAQ Rule 4200 and (ii) the rules of the Securities and Exchange Commission) of the Company and shall be comprised of a minimum of three directors. Each member will be able to read and understand fundamental financial statements, in accordance with the NASDAQ National Market Audit Committee requirements. They should be diligent, knowledgeable, dedicated, interested in the job and willing to devote a substantial amount of time and energy to the responsibilities of the committee, in addition to BoD responsibilities. At least one of the members shall be a "Financial Expert" as defined in Section 407 of the Sarbanes-Oxley Act. The members of the committee shall be elected by the BoD and shall continue until their successors are duly elected. The duties and responsibilities of a member are in addition to those applicable to a member of the BoD. In recognition of the time burden associated with the service and, with a view to bringing in fresh insight, the committee may consider limiting the term of the audit committee service, by automatic rotation or by other means. One of the members shall be elected as the chairperson, either by the full BoD or by the members themselves, by majority vote.

4. Relationship with independent and internal auditors

4.1 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 independence
- Obtaining from the independent auditor periodic formal written statements delineating all relationships between the auditor and the Company consistent with applicable regulatory requirements and presenting this statement to the BoD
- Actively engaging in dialogue with the auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and / or recommend that the full BoD take appropriate action to ensure their independence
- Encouraging the independent auditor 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 includes such issues as the clarity of the Company's financial disclosures, and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates, and other significant decisions made by the management in preparing the financial disclosure and audited by them.
- Carrying out the attest function in conformity with U.S. GAAS, to perform an interim financial review as required under Statement of Auditing Standards 71 of the American Institute of Certified Public Accountants and also discuss with the committee or its chairman, and an appropriate representative of Financial Management and Accounting, in person or by telephone conference call, the matters described in SAS 61, Communications with the Committee, as amended by SAS 90 Audit Committee Communication prior to the Company's filing of its Form 6-K (and preferably prior to any public announcement of financial results), including significant adjustments, management judgment and accounting estimates, significant new accounting policies, and disagreements with management, and
- Reviewing reports submitted to the audit committee by the independent auditor in accordance with the applicable SEC requirements.

4.2 The internal auditors of the Company are in the best position to evaluate and report on the adequacy and effectiveness of the internal controls. Keeping in view the need for the internal auditors' independence from 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 auditor and appropriate recommendations made to the BoD.

5. Disclosure requirements

5.1 The committee charter should be published in the Annual Report once every three years and also whenever any significant amendment is made to the charter.

5.2 The committee shall disclose in the Company's Annual Report whether or not, 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 auditor 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 auditor pursuant to the requirements above, believes that the Company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects, and
- The committee has satisfied its responsibilities in compliance with its charter.

5.3 The committee shall secure compliance that the BoD has affirmed to the NASD / Amex Stock Exchange on the following matters, as required in terms of the relevant NASD / Amex rules:

- Composition of the committee and independence of committee members
- Disclosures relating to non-independent members
- Financial literacy and financial expertise of members, and
- Review of the committee charter.

5.4 The committee shall report to shareholders as required by the relevant rules of the U.S. Securities and Exchange Commission (SEC).

6. Meetings and reports

6.1 The committee shall meet at least four times a year.

6.2 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 internal auditor of the Company, at such times as it deems appropriate (but not less than quarterly) to fulfill the responsibilities of the audit committee under this charter.

6.3 In addition to preparing the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with the committee's charter.

7. 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.

8. Definitions

8.1 Independent member

To be 'independent', members should have no relationship with the Company that may interfere with the exercise of their independence from the management and the Company. The following are not considered independent:

- A director who is employed by the Company or any of its affiliates for the current year or in the past five years
- A director who has been a former partner or employee of the independent auditor who worked on the Company's audit engagement in the current year or in the past five years
- A director who accepts any compensation from the Company or any of its affiliates in excess of $60,000 during the previous fiscal year, other than compensation for Board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation in the current year or in the past five years
- A director who is a member of the immediate family of an individual who is, or has been, in the past three years, employed by the Company or any of its affiliates as an executive officer. "Immediate family" includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home.
- A director who is a partner in, or a controlling shareholder or an executive officer of, any for-profit business organization to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the Company's or business organization's consolidated gross revenues for that year, or $200,000, whichever is more, in the past five years
- A director who is employed as an executive of another entity such that any of the Company's executives serve on that entity's compensation committee for the current year or in the past five years, and
- A shareholder owning or controlling 20% or more of the Company's voting securities

8.2 Financial expert

For purposes of this Item, an "audit committee financial expert" is an individual with the following attributes:

(1) An understanding of generally accepted accounting principles and financial statements

(2) The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves

(3) Experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience in actively supervising one or more persons engaged in such activities;

(4) An understanding of internal control over financial reporting, and

(5) An understanding of audit committee functions.

The individual shall have acquired such attributes through:

(i) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions

(ii) Experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions

(iii) Experience in overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements, or

(iv) Other relevant experience.

1.2 Audit committee attendance during fiscal 2007

Four audit committee meetings were held during the year. These were held on April 13, 2006; July 11, 2006; October 10, 2006 and January 10, 2007.

	No. of meetings	
	Held	Attended
Deepak M. Satwalekar	4	4
Prof. Marti G. Subrahmanyam	4	4
Dr. Omkar Goswami	4	4
Rama Bijapurkar	4	4
Sridar A. Iyengar	4	4
David L. Boyles	4	4

During the year, the audit committee held two conference calls on April 4, 2006 and July 7, 2006.

1.3 Audit committee report for the year ended March 31, 2007

Each member of the committee is an independent director, according to the definition laid down in the audit committee charter, and Clause 49 of the Listing Agreement with the relevant Indian stock exchanges.

The management is responsible for the Company's internal controls and the financial reporting process. 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. The management represented to the committee that the Company's financial statements were prepared in accordance with Generally Accepted Accounting Principles. 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 reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The committee also discussed with the auditors other matters required by the Statement on Auditing Standards No.1 (SAS 61) – Communication with Audit Committees as amended and the Sarbanes Oxley Act of 2002.

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 Generally Accepted Accounting Principles 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 prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the internal control systems of the Company.

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

The company's auditors provided to the committee the written disclosures required by Independence Standards Board Standard No. 1 – 'Independence Discussions with Audit Committees', based on which the committee discussed the auditors' independence with both the management and the auditors. After review, the committee expressed its satisfaction on the independence of both the internal and the statutory auditors.

Moreover, the committee considered whether any non-audit services provided by the auditors' firm could impair the auditors' independence, and concluded that there were no such services provided.

The committee secured compliance on the affirmation of the Board of Directors to the NASDAQ stock exchange, under the relevant rules of the exchange on composition of the committee and independence of the committee members, disclosures relating to non-independent members, financial literacy and financial expertise of members, and a review of the audit charter.

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:

1. The audited financial statements prepared as per Indian GAAP of Infosys Technologies Limited for the year ended March 31, 2007, be accepted by the Board as a true and fair statement of the financial status of the Company
2. The audited consolidated financial statements prepared as per Indian GAAP of Infosys Technologies Limited and its subsidiaries for the year ended March 31, 2007 be accepted by the Board as a true and fair statement of the financial status of the group, and
3. The audited financial statements prepared as per U.S. GAAP, and to be included in the Company's Annual Report on Form 20-F, for the fiscal year ended March 31, 2007 be filed with the U.S. Securities and Exchange Commission.

The committee has recommended to the Board the re-appointment and fees of BSR & Co., Chartered Accountants, as the statutory auditors of the Company for the fiscal year ending March 31, 2008, and that the necessary resolutions for appointing them as auditors be placed before the shareholders. The committee has also recommended to the Board, the appointment of KPMG, India, as independent auditors of the Company for the U.S. GAAP financial statements, for the financial year ending March 31, 2008.

The committee recommended the appointment of internal auditors to review various operations of the Company, and determined and approved the fees payable to them.

The committee has also issued a letter in line with recommendation No. 9 of the Blue Ribbon Committee on audit committee effectiveness, which is to be provided in the *Financial statements prepared in accordance with U.S. GAAP* section of the Annual Report on Form 20-F.

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

Sd/-

Bangalore — Deepak M. Satwalekar
May 02, 2007 — *Chairperson, Audit committee*

2. Compensation committee

Our compensation committee comprises four independent directors. They are:

Prof. Marti G. Subrahmanyam, *Chairperson*
Deepak M. Satwalekar
Sridar A. Iyengar
Prof. Jeffrey S. Lehman*
Sen. Larry Pressler**

** Appointed as a member with effect from April 14, 2006*
*** Ceased to be a member with effect from June 10, 2006*

Compensation committee charter

Purpose

The purpose of the compensation committee of the Board of directors (the Board) shall be, to discharge the Board's responsibilities relating to compensation of the Company's executive directors and senior management. The committee has overall responsibility for approving and evaluating the executive directors and senior management compensation plans, policies and programs.

Committee membership and organization

The compensation committee will be appointed by the Board and will serve at its discretion. The compensation committee shall consist of no fewer than three members. The members of the compensation committee shall meet the (i) independence requirements of the listing standards of the NASDAQ, (ii) non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and (iii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The members of the compensation committee will be appointed by the Board on the recommendation of the nomination committee.

Committee responsibilities and authority

The compensation committee shall annually review and approve for the CEO, the executive directors and senior management (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements / provisions, and (e) any other benefits, compensation or arrangements.

The compensation committee, in consultation with the CEO, shall review the performance of all the executive directors each quarter, on the basis of detailed performance parameters set for each of the executive directors at the beginning of the year. The compensation committee may, from time to time, also evaluate the usefulness of such performance parameters, and make necessary amendments.

The compensation committee is responsible for administering our stock option plans, including the review and grant of options to eligible employees under the plans.

The compensation committee may also make recommendations to the Board with respect to incentive compensation plans.

The compensation committee may form subcommittees and delegate authority to them when appropriate.

The compensation committee shall make regular reports to the Board.

The compensation committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

The compensation committee shall annually review its own performance.

The compensation committee shall have the sole authority to retain and terminate the services of any compensation consultant to be used to assist in the evaluation of CEO, executive directors or senior management compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The compensation committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Compensation committee attendance during fiscal 2007

Four compensation committee meetings were held during the year ended March 31, 2007. These were held on April 13, 2006; July 12, 2006; October 11, 2006; and January 11, 2007.

	No. of meetings	
	Held	Attended
Prof. Marti G. Subrahmanyam	4	4
Deepak M. Satwalekar	4	4
Sridar A. Iyengar	4	4
Prof. Jeffrey S. Lehman*	3	3
Sen. Larry Pressler**	1	1

** Appointed as a member with effect from April 14, 2006*
*** Ceased to be a member with effect from June 10, 2006*

During the year, the Compensation committee held four conference calls on June 10, 2006; September 11, 2006; January 4, 2007 and March 6, 2007.

Compensation committee report for the year ended March 31, 2007

The committee reviewed the performance of all executive directors on a quarterly basis and approved the payment of individual performance incentive to each of them.

The committee reviewed all the outstanding unvested options granted under the 1998 and 1999 plans and approved acceleration of 5,72,000 options which were held by non-managerial employees of the Company. In the normal course, these options were to vest by October 2007.

The committee granted 6,38,761 stock options under the Employees Stock Options Plan 1999 to the employees of Infosys BPO Limited (majority owned subsidiary of Infosys Technologies Limited).

The committee believes that the compensation and benefits are adequate to motivate and retain the senior officers of the Company.

Save as disclosed, 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.

Sd/-
Bangalore — Prof. Marti G. Subrahmanyam
April 12, 2007 — *Chairperson, Compensation committee*

3. Nominations committee

Our nominations committee comprises of five independent directors. They are:

Claude Smadja, *Chairperson*
Deepak M. Satwalekar
Dr. Omkar Goswami
David L. Boyles
Prof. Jeffrey S. Lehman*
Sen. Larry Pressler**

** Appointed as a member with effect from April 14, 2006*
*** Ceased to be a member with effect form June 10, 2006*

Nominations committee charter

Purpose

The purpose of the Nomination Committee (the "Committee") of the Board of Directors (the "Board") of Infosys Technologies Limited (the "Company") is to oversee the Company's nomination process for the top level management and specifically to identify, screen and review individuals qualified to serve as Executive Directors, Non Executive Directors and Independent Directors consistent with criteria approved by the Board and to recommend, for approval by the Board, nominees for election at the annual meeting of shareholders.

Membership

The members of the Committee will be appointed by and shall serve at the discretion of the Board. The Committee shall consist exclusively of Independent Directors of the Board, and the minimum number for such a Committee shall be three.

Unless the Board designates a chair, members of the Committee may designate a chair by majority vote of the Committee. A majority of the members of the Committee will constitute a quorum for the transaction of the business of the Committee, or two members of the Committee, whichever is less.

Authority and responsibilities

The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes. Specific responsibilities of the Committee include:

Director nomination

Identifying, screening and reviewing candidates for Executive Director, Non Executive Director and Independent Director positions, consistent with qualifications and criteria approved by the Board (including evaluation of incumbent Directors for potential re-nomination), and passing on the recommendations to the Board candidates for: (i) nomination for election or re-election by the stockholders; and (ii) any Board vacancies that are to be filled by the Board.

The Nomination Committee may act on its own in identifying potential candidates, inside or outside the 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.

Consultative role

The Nomination Committee plays a consultative role for any appointment requiring Board approval, as stipulated via by-law or regulation, for top management positions such as CFO, Corporate Secretary, Head of HR (if the candidate for the position is not slated to be an Executive Director). It provides its advice and recommendation to the Board.

Director evaluation

Coordinating and overseeing the annual self-evaluation of the performance of the Board and of individual Directors in the governance of the Company.

Other responsibilities

- Reviewing and reassessing the adequacy of the Committee's charter as the need requires and recommending changes to the Board.
- Reviewing the Company's Corporate Governance Guidelines periodically and recommending amendment to the Board as necessary.

Specific powers

- The Committee may conduct or authorize studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities, and personnel of the Company.
- The Committee may, at the expense of the Company, retain advisors to assist it in connection with its functions, as it deems necessary or appropriate. The Company shall provide for appropriate funding, as determined by the Committee, for payment of any advisors employed by the Committee pursuant to this charter. The Company shall pay the ordinary administrative expenses of the Committee that are necessary or appropriate for the carrying out of its duties.

Meetings

The Committee shall meet at least twice a year, in conjunction with regular Board of Directors meetings. Additional meetings of the Committee shall be held from time to time as determined by the needs of the Board or the Committee. If need arises, meetings may be held telephonically to address issues in between Nomination Committee meetings. In lieu of a meeting, upon decision from the chairman of the Committee, the Committee may also act by unanimous written consent.

Minutes

The Committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board, and will also comprise the record of any action taken by written consent.

Reports

The Committee shall report to the full Board at the regularly scheduled Board meetings on such issues as the Committee may determine are necessary or appropriate in the discharge of its duties.

Compensation

Members of the Committee shall receive such fees, if any, for their services as Committee members as may be determined by the Board.

Nominations committee attendance during fiscal 2007

Nominations committee held four meetings during the year on April 13, 2006; July 11, 2006; October 10, 2006; and January 11, 2007.

	No. of meetings	
	Held	Attended
Claude Smadja	4	4
Deepak M. Satwalekar	4	4
Dr. Omkar Goswami	4	4
David L. Boyles	4	4
Prof. Jeffrey S. Lehman*	3	3
Sen. Larry Pressler**	1	1

** Appointed as a member with effect from April 14, 2006*

***Ceased to be a member from June 10, 2006*

Nominations committee report for the year ended March 31, 2007

The committee discussed the issue of the retirement of members of the Board as per statutory requirements. As a third of the members have to retire every year based on their date of appointment, Mr. Deepak M Satwalekar, Prof. Marti G Subrahmanyam, Mr. S. Gopalakrishnan, Mr. S. D. Shibulal and Mr. T. V. Mohandas Pai will retire in the ensuing Annual General Meeting. The committee considered their performance and recommended that the necessary resolutions for their re-election be considered by the shareholders. The committee also recommended the appointment of Mr. N. R. Narayana Murthy to the office of director and recommended that the necessary resolution for their appointment be considered by the shareholders.

The committee also recommended the re-appointment of Mr. Nandan M. Nilekani and Mr. K. Dinesh as whole-time Directors' for a further period of five years and recommended that the necessary resolution for their re-appointment be considered by the shareholders.

The committee further recommended to the Board that effective June 22, 2007, Nandan M. Nilekani, CEO and Managing Director, assume the role of Co-Chairman of the Board of Directors, S. Gopalakrishnan (Kris), currently Chief Operating Officer, President and Joint Managing Director, take over as Chief Executive Officer and Managing Director and S. D. Shibulal, currently serving as Member of the Board and Group Head – World-wide Sales & Customer Delivery be the Chief Operating Officer.

Sd/-

Bangalore
April 12, 2007

Claude Smadja
Chairperson, Nominations committee

4. Investor grievance committee

Our investor grievance committee comprises of four independent director. They are:

Rama Bijapurkar, *Chairperson*
Dr. Omkar Goswami
Claude Smadja
Prof. Jeffrey S. Lehman*
Sen. Larry Pressler**

** Appointed as a member with effect from April 14, 2006*
*** Ceased to be a member with effect from June 10, 2006*

Parvatheesam K., Company Secretary is the Compliance Officer.

Investor grievance committee attendance during fiscal 2007

The committee has the mandate to review and redress shareholder grievances. Four investor grievance committee meetings were held during the year on April 13, 2006; July 12, 2006; October 10, 2006; and January 11, 2007.

	No. of meetings	
	Held	Attended
Rama Bijapurkar	4	4
Dr. Omkar Goswami	4	4
Claude Smadja	4	3
Prof. Jeffrey S. Lehman*	3	3
Sen. Larry Pressler**	1	1

** Appointed as a member with effect from April 14, 2006*
*** Ceased to be a member with effect from June 10, 2006*

Investor grievance committee report for the year ended March 31, 2007

The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system.

Details of complaints resolved during the financial year 2006-07 are as follows:

Nature of complaints received	Received during the year	Resolved during the year	Closing
Dividend related	859	859	–

It has also noted the shareholding in dematerialized mode as on March 31, 2007 as being 99.62%, as against 99.61% in the previous year.

Sd/-

Bangalore
April 12, 2007

Rama Bijapurkar
Chairperson, Investor grievance committee

5. Risk management committee

Our risk management committee comprises of four independent director. They are:

David L. Boyles, *Chairperson*
Prof. Marti G. Subrahmanyam
Claude Smadja
Sridar A. Iyengar

Risk management committee charter

Purpose

The purpose of the risk management committee of the Board of Directors (the "Board") of Infosys Technologies Limited (the "Company") shall be to assist the Board in fulfilling its corporate governance in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks. The Committee has overall responsibility for monitoring and approving the Risk Policies and associated practices of the Company.

The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

Committee membership and organization

The risk management committee shall be appointed by and will serve at the discretion of the Board. The risk management committee shall consist of no fewer than three members. The members of the risk management committee shall meet the (i) independence requirements of the listing standards of the NASDAQ, (ii) non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, (iii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended, and any other requirements in India.

The members of the risk management committee will be appointed by the Board on the recommendation of the nominating committee.

Meetings and Quorum

The committee shall meet at least four times a year. Two members, being independent directors present shall form the quorum for the meeting of the committee.

Committee responsibilities and authority

The risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.

The risk management committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

The risk management committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).

The risk management committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. Internal or external audit issue relating to risk management policy or practice).

The risk management committee may form and delegate authority to subcommittees when appropriate.

The risk management committee shall make regular reports to the Board.

The risk management committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Board shall review the performance of the risk management committee annually.

The risk management committee shall have access to any internal information necessary to fulfill its oversight role. The risk management committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Risk management committee attendance during fiscal 2007

Risk management committee held three meetings during the year on July 11, 2006; October 11, 2006; and January 11, 2007.

	No. of meetings	
	Held	Attended
David L. Boyles	3	3
Prof. Marti G. Subrahmanyam	3	3
Claude Smadja	3	3
Sridar A. Iyengar	3	3

Risk management committee report for the year ended March 31, 2007

The committee reviewed the risk management activities concluded in Infosys on a quarterly basis, and approved the risk management approach adopted by the organization. The committee reviewed the findings of the Risk Self Identification (RSI) exercise and the Risk Identification and Assessment pilots, and approved of the systemic and immediate measures instituted to decrease the risk profile for the Company.

The committee also reviewed and approved the Infosys Risk Management Framework, for comprehensive deployment across the enterprise in a phased manner. The committee believes that the Infosys Risk Framework is adequate to cover all material risks facing the organization, and will strengthen the risk management practices across the Company, resulting in a reduced risk exposure.

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

Sd/-

Bangalore
April 13, 2007

David L. Boyles
Chairperson, Risk management committee

D. Management review and responsibility

Formal evaluation of officers

The compensation committee of the Board approves the compensation and benefits for all executive Board members as well as members of the management council. Another committee, headed by the CEO, reviews, evaluates and decides the annual compensation of our officers from the level of Associate Vice President, but excluding members of the management council. The compensation committee of the Board administers the 1998 and the 1999 Stock Option Plans.

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

The chairman, the CEO and the COO, in consultation with the CFO, handle all interactions with investors, media, and various governments. The CEO and the COO manage all interactions with clients and employees.

Risk management

We have an integrated approach to managing risks inherent in various aspects of our business. A detailed *Risk management report* is provided elsewhere in the Annual Report.

Management's discussion and analysis

This is given as a separate section in this Annual Report in accordance with both Indian GAAP and U.S. GAAP financials.

E. Shareholders

Disclosures regarding appointment or re-appointment of directors

According to the Articles of Association, one-third of the directors retire by rotation and, if eligible, offer themselves for re-appointment at the Annual General Meeting of shareholders. As per Article 122 of the Articles of Association, Mr. Deepak M. Satwalekar, Prof. Marti G Subrahmanyam, Mr. S. Gopalakrishnan, Mr. S. D. Shibulal and Mr. T. V. Mohandas Pai will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring directors. The detailed resumes of all these directors are provided in the Notice to the Annual General Meeting.

Communication to shareholders

Since June 1997, we have been sending to each shareholder, quarterly reports, which contain selective financial data extracted from the audited financial statements under Indian GAAP and unaudited financial statements under U.S. GAAP, along with additional information. Moreover, the quarterly / annual results and official news releases are generally published in *The Economic Times, The Times of India, Business Standard, Business Line, Financial Express* and the *Udayavani* (a regional daily published from Bangalore). Quarterly and annual financial statements, along with segmental information, are posted on our website (www.infosys.com). Earnings calls with analysts and investors are broadcast live on the website, and their transcripts are published on the website soon thereafter. Any specific presentations made to analysts and others are also posted on our website.

The proceedings of the Annual General Meeting are webcast live for shareholders across the world. The video archives are also available on our website for reference.

Investor grievances and share transfer

We have a Board-level investor grievance committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the full Board. The details of shares transferred and the nature of complaints are provided in the *Additional information to shareholders* section of the Annual Report.

For shares transferred in physical form, the Company gives adequate notice to the seller before registering the transfer of shares. The share transfer committee of the Company will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Karvy Computershare Private Limited, our registrar and share transfer agent. Their address is given in the section on Shareholder information.

Shares transacted in electronic form can be effected in a much simpler and faster manner. After confirmation of sale / purchase transaction from the broker, shareholders should approach the depositary participant with a request to debit or credit the account for the transaction. The depositary participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to the Company to register the share transfer.

Details of non-compliance

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI or SEC, on any matters relating to the capital market over the last three years.

General body meetings

Details of the last three Annual General Meetings are given below:

Date, time and venue of the last three AGMs

Financial year ended	Date	Start time	Venue
Mar 31, 2004	Jun 12, 2004	15:00 hrs IST	J. N. Tata Auditorium, IISc, Bangalore, India
Mar 31, 2005	Jun 11, 2005	15:00 hrs IST	NIMHANS Convention Centre, Hosur Road, Bangalore, India
Mar 31, 2006	Jun 10, 2006	15:00 hrs IST	NIMHANS Convention Centre, Hosur Road, Bangalore, India
	Nov 7, 2006*	09:00 hrs IST	NIMHANS Convention Centre, Hosur Road, Bangalore, India

** Extraordinary General Meeting*

The following special resolutions were passed by the members during the past three Annual General Meetings:

Annual General Meeting held on June 10, 2006

- Alteration in the capital clause of Articles of Association.

Annual General Meeting held on June 11, 2005

- Approve keeping of register of members, index of members, returns and copies of certificates and documents in the office of Karvy Computershare Private Limited, the Company's registrar and share transfer agents.

Annual General Meeting held on June 12, 2004

- Delist the Company's shares from the Bangalore Stock Exchange Limited.
- Payment of remuneration in the form of commission to directors who are neither in the whole-time employment of the Company nor a managing director.
- Alteration in the capital clause of Articles of Association.

Postal ballots

For the year ended March 31, 2007, there are no ordinary or special resolutions that need to be passed by our shareholders through a postal ballot.

Auditors' certificate on corporate governance

As required by Clause 49 of the Listing Agreement, the auditors' certificate is given as an annexure to the Directors' report.

CEO and CFO certification

As required by Clause 49 of the Listing Agreement, the CEO / CFO certification is provided elsewhere in the Annual Report.

Compliance with non-mandatory requirements of Clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement mandates us to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the Clause and annex the certificate with the director's report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and the same is given as an annexure to the Directors' report.

The Clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the *Corporate governance report* in the Annual Report. We comply with the following non-mandatory requirements:

The Board

Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on our Board.

None of the independent directors on our Board have served for a tenure exceeding nine years from the date when the new Clause 49 became effective.

Remuneration committee

We have instituted a compensation committee. A detailed note on compensation / remuneration committee is provided elsewhere in the report.

Shareholders' rights

The Clause states that a half-yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each shareholder. We communicate with investors regularly through e-mail, telephone and face-to-face meetings either in investor conferences, company visits or on road shows. We also leverage the Internet in communicating with our investor base.

We announce quarterly financial results within two weeks of the close of a quarter. After the announcement of the quarterly financial results, a business television channel in India, telecasts a live discussion with our management. This enables a large number of retail shareholders in India to better understand our operations. The announcement of quarterly results is followed by press conferences and earnings conference calls. The earnings calls are webcast live on the Internet so that information is available to all at the same time. Further, transcripts of the earnings calls are posted on our website (www.infosys.com), within 72 hours. Also, we send the quarterly reports to each household of shareholders.

Highlights of the results are also made available to mobile phone users in India through SMS and WAP.

We have also voluntarily furnished eXtensible Business Reporting Language (XBRL) data to the United States Securities and Exchange Commission (SEC). We are participating in SEC's voluntary program for reporting financial Information on EDGAR using XBRL and are one of the few companies in the world to adopt this standard.

Training of Board members

All new non-executive directors inducted into the Board are given an orientation. Presentations are made by various executive directors giving an overview of our operations to familiarize the new non-executive directors with the operations. The new non-executive directors are given orientation on our services, group structure and subsidiaries, Company's constitution, Board procedures and matters reserved for Board, Company's major risks, risk management strategy, etc.

The Board's policy is to have separate meetings regularly with independent directors to update them on all business-related issues and new initiatives. In such meetings, the executive directors and other senior management personnel make presentations on relevant issues.

Mechanism for evaluating non-executive Board members

The Board evaluates the performance of non-executive / independent directors through a peer-evaluation process every year. Each external Board member has to present before the entire Board on how they have performed / added value to us. Every Board member evaluates each external Board member on a scale of 1 to 10 based on the performance indicators.

Independent directors have three key roles, namely, 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 – this includes participation and attendance.

Whistle-blower policy

We have established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases. We further affirm that during fiscal 2007, no employee has been denied access to the audit committee.

F. Compliance with the corporate governance codes

Naresh Chandra Committee

The Government of India, by an order dated August 21, 2002, constituted a high-level committee under the Chairmanship of Mr. Naresh Chandra to examine the auditor-company relationship and to regulate the role of auditors. The trigger was the happenings in the U.S. and certain instances in India involving auditors. In fact, the spontaneity with which the U.S. responded to the high-profile corporate scams by enacting Sarbanes-Oxley Act in a very short time and taking strong measures to deter recurrences of such scams, has made the Indian regulators and authorities come out with almost similar recommendations. The Naresh Chandra Committee report contains five chapters. Chapters 2, 3 and 4 which deal with auditor-company relationship, auditing the auditors' and independent directors' role, remuneration and training are relevant to us. Chapter 1 is an introductory section and chapter 5 relates to regulatory changes. We comply with these recommendations.

Kumar Mangalam Birla Committee

The Securities and Exchange Board of India (SEBI) appointed the Committee on Corporate Governance on May 7, 1999, under the chairmanship of Mr. Kumar Mangalam Birla, member of SEBI Board, to promote and raise the standards of corporate governance. SEBI Board considered and adopted the recommendations of the committee in its meeting held on January 25, 2000. In accordance with the guidelines provided by SEBI, the market regulator, the stock exchanges had modified the listing requirements by incorporating in the listing agreement a new Clause 49, so that proper disclosure for corporate governance is made by companies in the following areas: Board of Directors, Audit Committee, Remuneration Committee, Board Procedure, Management Discussion and Analysis, Information to Shareholders, and Report on Corporate Governance in the annual report. We comply with these recommendations.

Revised Clause 49 of the listing agreement

SEBI, with a view to improve corporate governance standards in India, constituted the Committee on Corporate Governance under the chairmanship of Mr. N. R. Narayana Murthy. This move of SEBI signifies the regulator's anxiety to ensure that the governance practices are corrected and improved upon expeditiously. The terms of reference to the committee were to review the performance of corporate governance and to determine the role of companies in responding to rumors and other price-sensitive information circulating in the market, in order to enhance the transparency and integrity of the market.

The committee came out with two sets of recommendations: the mandatory recommendations and the non-mandatory recommendations.

The mandatory recommendations focus on strengthening the responsibilities of audit committees, improving the quality of financial disclosures, including those pertaining to related party transactions and proceeds from initial public offerings, requiring corporate executive boards to assess and disclose business risks in the annual reports of companies, calling upon the Board to adopt a formal code of conduct, the position of nominee directors and improved disclosures relating to compensation to non-executive directors and shareholders' approval of the same.

The non-mandatory recommendations pertain to moving to a regime providing for unqualified corporate financial statements, training of Board members and evaluation of non-executive directors' performance by a peer group comprising the entire Board of Directors, excluding the director being evaluated.

SEBI has incorporated the recommendations made by the Narayana Murthy Committee on Corporate Governance in Clause 49.

Clause 49 as revised was made effective from January 1, 2006. We fully comply with the revised Clause 49 of the listing agreement.

Euro shareholders Corporate Governance Guidelines 2000

"Euroshareholders" is the confederation of European shareholders associations, constituted with the overall task of representing the interests of individual shareholders in the European Union. In April 1999, the Organization for Economic Cooperation and Development (OECD) published its general principles on corporate governance. The Euroshareholders guidelines are based on the same principles, but are more specific and detailed. Subject to the statutory regulations in force in India, we comply with these recommendations.

Compliance with findings and recommendation of The Conference Board Commission on Public Trust and Private Enterprises in the U.S.

The Conference Board Commission on Public Trust and Private Enterprises was convened to address the circumstances which led to corporate scandals and the subsequent decline of confidence in American capital markets. The Commission has suggested ways in which appropriate governance practices can work to rebuild confidence in the integrity, reliability, and transparency of these markets by addressing three key, and much debated, areas – executive compensation, corporate governance, and audit and accounting issues – as they relate to publicly-held corporations. The Commission issued its first set of findings and recommendations – Part 1: Executive Compensation, on September 17, 2002. Part 2: Corporate Governance and Part 3: Audit and Accounting were released on January 9, 2003. We substantially comply with these recommendations.

OECD Principles of Corporate Governance

The governments of the 30 Organization for Economic Cooperation and Development (OECD) countries have recently approved a revised version of the OECD's Principles of Corporate Governance adding new recommendations for good practice in corporate behavior with a view to rebuilding and maintaining public trust in companies and stock markets.

The revised Principles respond to a number of issues that have undermined the confidence of investors in Company management in recent years. They call on governments to ensure genuinely effective regulatory frameworks and on companies themselves to be truly accountable. They advocate increased awareness among institutional investors and an effective role for shareholders in executive compensation. They also urge strengthened transparency and disclosure to counter conflicts of interest.

We substantially comply with these principles of corporate governance.

A detailed compliance report with the recommendations of various committees listed above is available in the Investors section of our website (www.infosys.com).

United Nations Global Compact Programme

Announced by the United Nations Secretary General, Mr. Kofi Annan, at the World Economic Forum in Davos, Switzerland, in January 1999, and formally launched at the UN Headquarters in July 2000, the Global Compact Programme calls on companies to embrace nine principles in the areas of human rights, labor standards and environment. The Programme is a value-based platform designed to promote institutional learning. It utilizes the power of transparency and dialogue to identify and disseminate good practices based on universal principles. The nine principles are drawn from the Universal Declaration of Human Rights, the International Labor Organization's Fundamental Principles on Rights at Work, and the Rio Principles on Environment and Development.

According to these principles, business should:

- Support and respect the protection of internationally proclaimed human rights:

  Corporate leadership in human rights is good for the community and for business. The benefits of responsible engagement for business include a greater chance of a stable and harmonious atmosphere in which to do business, and a better understanding of the opportunities and problems of the social context. Further, the benefits of corporate social responsibility for society include less adverse impacts from ill-thought-through business initiatives.

- Ensure that they are not complicit in human rights abuses:

  An effective human rights policy will help companies avoid being implicated in human rights violations.

- Uphold the freedom of association and the effective recognition of the right to collective bargaining:

  Freedom of association and the exercise of collective bargaining provide opportunities for constructive rather than confrontational dialogue, which harness energy to focus on solutions that result in benefits to the enterprise, its stakeholders, and the society at large.

- Support the elimination of all forms of forced and compulsory labor:

  Forced labor robs societies of the opportunities to apply and develop human resources for the labor markets of today, and develop the skills in education of children for the labor markets of tomorrow.

- Support the effective abolition of child labor:

  Child labor results in scores of under-skilled, unqualified workers and jeopardizes future skills improvements in the workforce. Children who do not complete their primary education are likely to remain illiterate and will not acquire the skills needed to get a job and contribute to the development of a modern economy.

- Eliminate discrimination with respect to employment and occupation:

  Discrimination in employment and occupation restricts the available pool of workers and skills, and isolates an employer from the wider community. Non-discriminatory practices help ensure that the best-qualified person fills the job.

- Support a precautionary approach to environmental challenges:

  It is more cost-effective to take early actions to ensure that irreversible environmental damage does not occur. This requires developing a life-cycle approach to business activities to manage the uncertainty and ensure transparency. Investing in production methods that are not sustainable, that deplete resources and that degrade the environment, has a lower long-term return than investing in sustainable operations.

- Undertake initiatives to promote greater environmental responsibility:

  Given the increasingly central role of the private sector in global governance issues, the public is demanding that business manage its operations in a manner that will enhance economic prosperity, ensure environmental protection and promote social justice.

- Encourage the development and diffusion of environment friendly technologies:

  Limit production processes and technology that do not use resources efficiently, generate residues and discharge effluents. Implementing environmentally sound technologies helps a Company reduce the use of raw materials leading to increased efficiency and increased competitiveness of the Company.

On August 27, 2001, we adopted the UN Global Compact Programme and became a partner with the UN in this initiative. A strong sense of social responsibility is an integral part of our value system. We adhere to the principles of the UN Global Compact Programme.

Shareholder information

Registered office

Electronics City, Hosur Road, Bangalore 560 100, India
Tel.: +91 80 2852 0261, Fax: +91 80 2852 0362
Website: www.infosys.com

Date, time and venue of 26th AGM

June 22, 2007, 3.00 p.m. at the NIMHANS Convention Centre, Hosur Road, Bangalore 560 029

Final dividend

For fiscal 2007

On or after June 22, 2007, (Within the statutory time limit of 30 days), subject to shareholders' approval

Dates of book closure

June 8, 2007 to June 22, 2007 (both days inclusive)

Calendar (tentative and subject to change)

Financial reporting for the quarter ending

Jun 30, 2007	:	Jul 11, 2007
Sep 30, 2007	:	Oct 11, 2007
Dec 31, 2007	:	Jan 11, 2008
Mar 31, 2008	:	Apr 15, 2008

Interim dividend, if any, for fiscal 2008

November 2007

Annual General Meeting for fiscal 2008

June 2008

Listing on stock exchanges

	In India		Outside India
Codes	NSE	BSE	NASDAQ
Exchange	INFOSYSTCH	500209	INFY
Reuters	INFY.NS	INFY.BO	INFY.O
Bloomberg	NINFO IN	INFO IN	–

Listing fees for 2007-08

Paid for all the above stock exchanges

Investor services

Servicing of investor complaints

	2007		2006	
	Received	Attended	Received	Attended
Non-receipt of dividend warrants / bonus shares	859	859	430	430

We attended to most of the investors' grievances / correspondences within a period of 10 days from the date of receipt of such grievances. The exceptions have been for cases constrained by disputes or legal impediments.

Dematerialization of shares and liquidity

We were the first in India to pay a one-time custodial fee of Rs. 44.43 lakh to the National Securities Depositary Limited (NSDL). Consequently, our shareholders do not have to pay depositary participants the custodial fee charged by NSDL on their holding. 99.62% of our outstanding shares are now held in electronic form.

Share transfers in physical form

Shares sent for physical transfer are effected after giving a notice of 15 days to the seller for sale confirmation. Our share transfer committee meets as often as required. The total number of shares transferred in physical form during the year was 5,557 as against 6,309 for the previous year.

ECS mandate

We have received complaints regarding non-receipt of dividend warrants from shareholders who have not updated their bank account details with the depository participants. In order to enable us to serve our investors better, we request shareholders to update their bank accounts with their respective depository participants.

Legal proceedings

There are certain pending cases related to disputes over title to shares, in which we had been made a party. However, these cases are not material in nature.

Distribution of shareholding as on March 31, 2007

Range of equity shares held	No. of shareholders	%	No. of shares	%
1	9,606	1.96	9,606	0.00
2–10	1,82,140	37.26	12,53,027	0.22
11–50	1,87,240	38.30	51,12,753	0.90
51–100	47,235	9.66	37,24,204	0.65
101–200	23,981	4.91	37,02,416	0.65
201–500	14,474	2.96	47,95,454	0.84
501–1,000	9,481	1.94	71,17,775	1.25
1,001–5,000	9,825	2.01	2,33,11,316	4.08
5,001–10,000	2,261	0.46	1,60,00,658	2.80
10,001 and above	2,625	0.54	39,70,25,996	69.50
Total (excluding ADSs)	4,88,868	100.00	46,20,53,205	80.89
Equity shares underlining ADS*	1	0.00	10,91,56,657	19.11
Total	4,88,869	100.00	57,12,09,862	100.00

** Beneficially owned outside India.*

Distribution of shareholding

Category	March 31, 2007			March 31, 2006		
	Shareholders (No.)	Voting strength (%)	Number of shares held	Shareholders (No.)	Voting strength (%)	Number of shares held
Founders holding						
Indian founders	19	16.54	9,44,83,178	19	19.50	5,37,30,717
Total of founders holding	19	16.54	9,44,83,178	19	19.50	5,37,30,717
Public shareholding						
Institutional investors						
Mutual funds	227	3.35	1,90,64,788	184	3.66	1,00,92,784
Banks, financial institutions and insurance companies	60	2.92	1,66,68,286	56	2.78	76,72,718
Foreign institutional investors	646	32.55	18,59,15,580	535	37.91	10,44,67,680
Others						
Private corporate bodies	4,337	2.35	1,34,34,982	2,753	1.41	38,92,188
Indian public	4,76,788	19.48	11,12,79,541	1,89,375	15.49	4,26,47,831
NRIs / OCBs / Foreign nationals	6,739	3.20	1,83,34,246	2,998	4.49	1,23,85,054
Trusts	52	0.50	28,72,604	35	0.81	22,33,286
Total public shareholding	4,88,849	64.35	36,75,70,027	1,95,936	66.55	18,33,91,541
Equity shares underlying ADS	1	19.11	10,91,56,657	1	13.95	3,84,32,722
Total	4,88,869	100.00	57,12,09,862	1,95,956	100.00	27,55,54,980

Note: The Company issued bonus shares in the ratio of 1:1 during July 2006.

Stock market data relating to shares listed in India

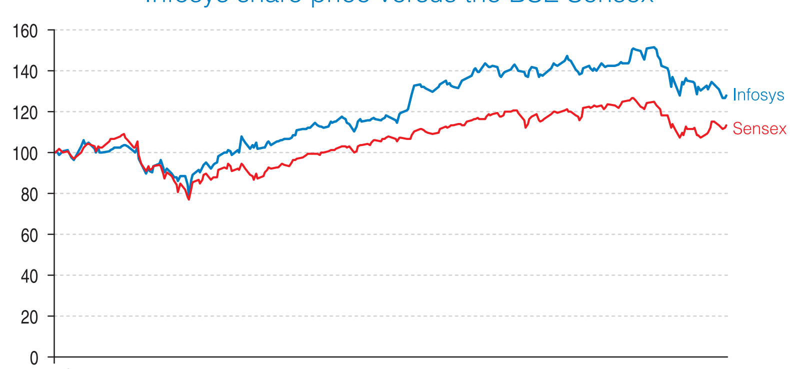
Our market capitalization is included in the computation of the BSE-30 Sensitive Index (Sensex), the BSE Dollex, S&P CNX NIFTY Index and NASDAQ 100 Index. The table below gives the monthly high and low quotations as well as the volume of shares traded at The Stock Exchange, Mumbai and the National Stock Exchange of India for the current year.

Monthly highs, lows and trading volume for equity shares

	BSE			NSE			Total volume
	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Volume (No.)	(BSE & NSE) (No.).
Apr 2006	1,667.65	1,510.40	1,27,28,754	1,668.00	1,509.42	5,18,92,290	6,46,21,044
May	1,627.60	1,413.27	87,20,848	1,628.12	1,411.85	3,73,56,448	4,60,77,296
Jun	1,538.77	1,241.75	1,10,77,418	1,539.47	1,242.60	4,49,45,134	5,60,22,552
Jul	1,693.22	1,551.95	74,13,066	1,693.83	1,552.50	2,79,89,035	3,54,02,101
Aug	1,808.80	1,658.70	54,39,160	1,806.40	1,658.00	2,26,05,028	2,80,44,188
Sep	1,856.45	1,736.35	40,85,075	1,858.15	1,733.55	1,83,59,072	2,24,44,147
Oct	2,124.05	1,803.20	67,12,809	2,127.70	1,799.95	2,96,56,318	3,63,69,127
Nov	2,253.10	2,070.55	51,80,127	2,256.50	2,070.00	2,71,39,802	3,23,19,929
Dec	2,253.30	2,150.50	42,35,538	2,252.65	2,149.65	2,45,53,566	2,87,89,104
Jan, 2007	2,312.60	2,168.75	56,54,599	2,311.35	2,164.45	2,70,77,383	3,27,31,982
Feb	2,377.50	2,078.35	43,17,118	2,382.95	2,077.55	2,11,22,234	2,54,39,352
Mar	2,153.45	1,991.00	65,54,512	2,159.15	1,990.70	3,28,71,866	3,94,26,378
Total	*2,377.50	*1,241.75	8,21,19,024	*2,382.95	*1,242.60	36,55,68,176	44,76,87,200
Volume traded /	FY 2007		18			79	97
average outstanding shares (%)	FY 2006		27			101	128
	FY 2005		48			135	182

** Represents the yearly high and yearly low of equity shares.*
The number of shares outstanding is 46,20,53,205. American Depositary Shares (ADSs) have been excluded for the purpose of this calculation.

Infosys share price versus the BSE Sensex



Base 100 = April 1, 2006

Stock market data relating to American Depositary Shares (ADSs)

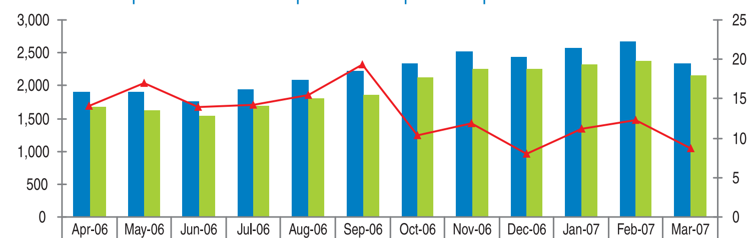
Monthly highs, lows and trading volume for ADS

	High		Low		Volume
	($)	(Rs.)	($)	(Rs.)	(No.)
Apr, 2006	42.39	1,901.61	37.49	1,681.80	4,49,07,020
May	41.21	1,904.72	34.34	1,587.42	3,71,87,106
Jun	38.20	1,752.46	32.85	1,506.82	4,31,99,736
Jul	41.61	1,934.45	38.18	1,775.00	4,05,19,519
Aug	44.96	2,087.50	40.26	1,869.27	1,76,07,487
Sep	48.24	2,216.62	44.11	2,026.85	1,81,18,101
Oct	52.22	2,344.68	47.28	2,122.87	2,98,38,591
Nov	56.50	2,519.33	50.85	2,267.40	3,65,21,691
Dec	55.20	2,434.87	52.68	2,323.71	3,13,50,978
Jan, 2007	58.32	2,570.16	54.23	2,389.91	3,55,18,979
Feb	60.55	2,669.04	53.51	2,358.72	2,72,19,324
Mar	54.34	2,342.05	50.16	2,161.89	3,78,71,005
Total*	60.55	2,669.04	32.85	1,506.82	39,98,59,537

** Represents yearly high and yearly low of ADSs.*

Note: 1 ADS = 1 equity share. U.S. Dollar has been converted into Indian Rupees at the monthly closing rates. The number of ADSs outstanding as on March 31, 2007 was 10,91,56,657. The percentage of volume traded to the total float was 367% as against 501% in the previous year.

ADS premium compared to price quoted on BSE



	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07
ADR	1,902	1,905	1,752	1,934	2,088	2,217	2,345	2,519	2,435	2,570	2,669	2,342
Equity	1,668	1,628	1,539	1,693	1,809	1,856	2,124	2,253	2,253	2,313	2,378	2,153
Premium	14.03	17.03	13.89	14.25	15.41	19.40	10.39	11.82	8.06	11.14	12.26	8.76

(Based on the monthly high price)

Outstanding ADR warrants and their impact on equity

Our American Depositary Shares (ADSs) as evidenced by American Depositary Receipts (ADRs) are traded in the U.S. on the NASDAQ National Market under the ticker symbol "INFY". Each equity share is represented by one ADS. The ADRs evidencing ADSs began trading on the NASDAQ from March 11, 1999, when they were issued by the Depositary Bankers Trust Company (the Depositary), pursuant to the Deposit Agreement. As of March 31, 2007, there were 85,172 record holders of ADRs evidencing 10,91,56,657 ADSs (1 ADS = 1 equity share).

Investor contacts

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Registrars and Share Transfer Agents
Plot No. 17 to 24, Near Image Hospital
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Tel.: +9140 2343 1595, Fax: +91 40 2342 0814
E-mail: shobha@karvy.com

Custodian in India (ADS)

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Tel.: +91 22 5667 2030 / 2026, Fax: +91 22 5667 2740 / 2779

Depositary bank (ADS)

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Trust & Securities Services
60 Wall Street, 27th Floor
MS# NYC60-2727
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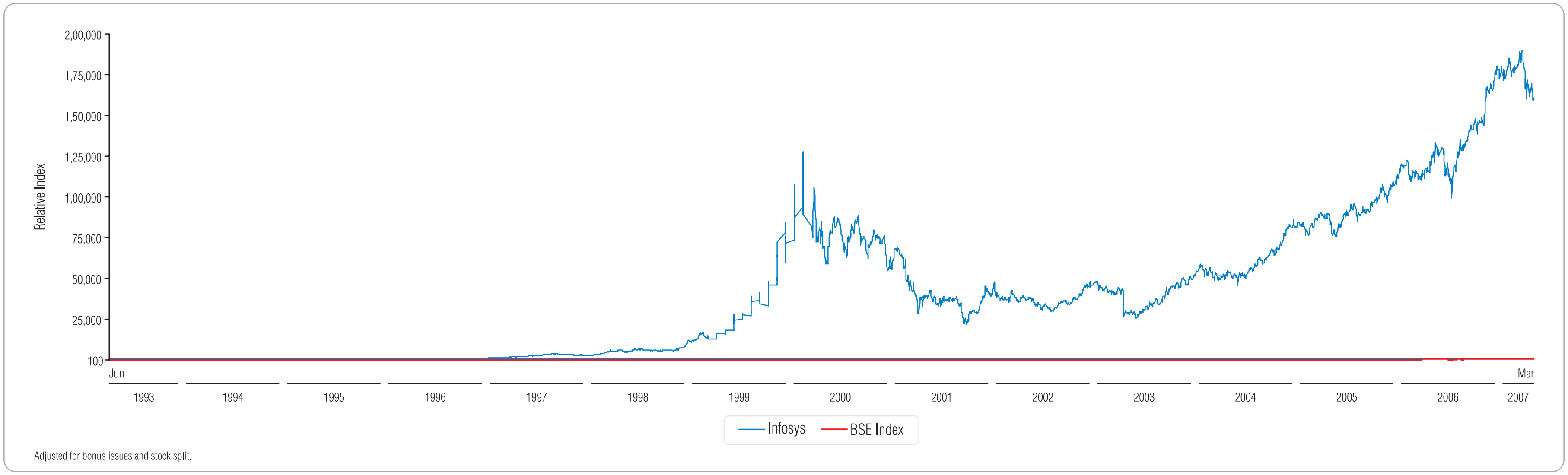
India
Deutsche Bank A. G.
Trust & Securities Services
Hazarimal Somani Marg
Fort, Mumbai 400 001, India
Tel.: +91 22 5658 4621 26, Fax: +91 22 2207 9614

Share price chart

Base 100 = June 1993



Historical stock price performance should not be considered indicative of potential future stock price performance.

Frequently asked questions

Corporate

Where and in which year was Infosys incorporated?

We were incorporated in 1981 as Infosys Consultants Private Limited, as a private limited company under the Indian Companies Act, 1956. We changed our name to Infosys Technologies Private Limited in April 1992 and to Infosys Technologies Limited in June 1992, when we became a public limited company. We completed our initial public offering of equity shares in India in 1993 and our initial public offering of ADSs in the United States in 1999. In August 2003, June 2005 and November 2006, we completed sponsored secondary offerings of ADSs in the United States on behalf of our shareholders.

Infosys BPO Limited is our majority-owned subsidiary. Infosys Australia, Infosys China, and Infosys Consulting are our wholly-owned subsidiaries.

The address of our registered office is Electronics City, Hosur Road, Bangalore 560 100, Karnataka, India. The telephone number of our registered office is +91 80 2852 0261. Our website address is www.infosys.com.

Does Infosys have a disclosure policy?

Yes. We have a written disclosure policy, which covers interaction with all the external constituents such as analysts, fund managers and the media.

Does Infosys have any quiet periods?

During a quiet period, we or any of our officials will not discuss earnings expectations with any external parties. It starts from 15 days prior to the month in which the earnings are going to be released, and ends two days after the announcement of the earnings numbers.

Based on the tentative dates of the earnings release in fiscal 2008, the tentative quiet periods would be as follows:

Quarter ending	Earnings release date	Quiet period
Jun 30, 07	Jul 11, 07	Jun 16 to Jul 13, 07
Sep 30, 07	Oct 11, 07	Sep 16 to Oct 13, 07
Dec 31, 07	Jan 11, 08	Dec 16 to Jan 13, 08
Mar 31, 08	Apr 15, 08	Mar 16 to Apr 17, 08

What is the employee strength of the Infosys Group?

Distribution of employees:

	2007		2006	
Functional classification				
Software professionals	68,156	94.3%	49,495	93.9%
Support	4,085	5.7%	3,220	6.1%
	72,241	100%	52,715	100%
Gender classification				
Male	49,922	69.1%	38,179	72.4%
Female	22,319	30.9%	14,536	27.6%
	72,241	100%	52,715	100%
Age profile				
20 – 25	43,099	59.7%	30,971	58.8%
26 – 30	19,642	27.2%	14,932	28.3%
31 – 40	8,600	11.9%	6,107	11.6%
41 – 50	744	1.0%	585	1.1%
51 – 60	148	0.2%	116	0.2%
60+	8	0.0%	4	0.0%
	72,241	100%	52,715	100%

How many software development centers does Infosys have?

We have 44 global development centers of which 24 are in India – seven in Bangalore, three each in Chennai and Pune, two each in Bhubaneswar, Chandigarh and Mangalore, and one each in New Delhi, Hyderabad, Jaipur, Mysore and Thiruvananthapuram. We have a global development center in Toronto, Canada. In addition, there are eight proximity development centers in the United States – Boston, Charlotte, Chicago, Fremont, Houston, New Jersey, Phoenix and Plano; three each in China and the United Kingdom: two in Australia; and one each in Czech Republic, Japan (Tokyo) and Mauritius.

How many marketing offices does Infosys have?

We have 43 marketing offices around the world of which 38 are located outside India – 14 in the United States, three in Germany, two each in Australia and Switzerland, and one each in Belgium, Canada, China, Czech Republic, Denmark, France, Finland, Hong Kong, Italy, Ireland, Japan, Norway, Spain, Sweden, The Netherlands, U.A.E. and U.K. Addresses of offices are provided in the Annual Report.

American Depositary Shares (ADSs)

What is an American Depositary Share?

An ADS is a negotiable certificate evidencing ownership of an outstanding class of stock in a non-United States company. ADSs are created when ordinary shares are delivered to a custodian bank in the domestic market, which then instructs a depositary bank in the United States to issue ADSs based on a predetermined ratio. ADSs are SEC-registered securities and may trade freely, just like any other security, either on an exchange or in the over-the-counter market.

What is the difference between an ADS and a GDR?

ADSs and GDRs (Global Depositary Receipts) have the same functionality – they both evidence ownership of foreign securities deposited with a custodian bank. ADSs represent securities that are listed in the United States, while GDRs represent securities listed outside the United States, typically in London.

Do the ADS holders have voting rights?

Yes. In the event of a matter submitted to the holders of ordinary shares for a vote, the ADS holders on record as at a particular date will be allowed to instruct the depositary bank to exercise the vote with respect to the equity shares representing the ADS held by them.

Are the ADSs entitled to cash dividends?

Yes, whenever dividends are paid to ordinary shareholders, cash dividends to ADS holders are declared in local currency and paid in dollars (based on the prevailing exchange rate) by the depositary bank, net of the depositary's fees and expenses.

Equity shares

When did Infosys have its initial public offer (IPO) and what was the initial listing price? Was there any follow-on offering?

We made an initial public offer in February 1993 and were listed on stock exchanges in India in June 1993. Trading opened at Rs. 145 per share, compared to the IPO price of Rs. 95 per share. In October 1994, we made a private placement of 5,50,000 shares at Rs. 450 each to Foreign Institutional Investors (FIIs), Financial Institutions (FIs) and body corporate. In March 1999, we issued 20,70,000 ADSs (equivalent to 10,35,000 equity shares of par value of Rs. 10 each) at US $34 per ADS under the American Depositary Shares Program and the same were listed on the NASDAQ National Market. All the above data is unadjusted for issue of stock split and bonus shares. During July 2003, June 2005 and November 2006, we successfully completed secondary ADR issues of US $294 million, US $1.07 billion and US $1.6 billion respectively.

What is the history of bonus issues (equivalent to stock split in the form of stock dividend) and stock split at Infosys?

Fiscal	Bonus ratio	Stock split ratio
1986	1:1	2 for 1
1989	1:1	2 for 1
1991	1:1	2 for 1
1992	1:1	2 for 1
1994	1:1	2 for 1
1997	1:1	2 for 1
1999	1:1	2 for 1
2000	–	2 for 1
2005	3:1	4 for 1
2007	1:1	2 for 1

Does Infosys have a dividend reinvestment program or dividend stock purchase plan?

We do not offer a dividend reinvestment program or dividend stock program, at present.

What is the dividend policy of Infosys?

The current dividend policy is to distribute not more than 20% of the PAT (unconsolidated Indian GAAP) as dividend. The Board of Directors reviews the dividend policy periodically.

Financial

What is the employee strength and revenue growth since 1996?

			US GAAP (US $ million)				Indian GAAP – consolidated (Rs. crore)			
Fiscal	Employees	Growth %	Revenues	Growth %	Net income	Growth %	Income	Growth %	PAT***	Growth %
1996	1,172	30	27	47	7	72	89	60	21	58
1997	1,705	45	40	49	9	27	139	57	34	60
1998	2,605	53	68	73	*13	60	258	85	60	79
1999	3,766	45	121	77	*30	119	509	98	133	120
2000	5,389	43	203	68	61	102	882	73	286	115
2001	9,831	82	414	103	132	115	1,901	115	623	118
2002	10,738	9	545	32	164	25	2,604	37	808	30
2003	15,876	48	754	38	195	18	3,640	40	955	18
2004	25,634	61	1,063	41	270	39	4,853	33	1,244	30
2005	36,750	43	1,592	50	**419	55	7,130	47	**1,846	48
2006	52,715	43	2,152	35	555	32	9,521	34	2,458	33
2007	72,241	37	3,090	44	#850	53	13,893	46	#3,850	57
5-year CAGR	46%		41%		39%		40%		37%	

*This excludes a one-time deferred stock compensation expense arising from a stock split amounting to US $13 million and US $2 million in fiscal 1999 and 1998, respectively.

**Includes US $11 million gain on sale of investment in Yantra Corporation, U.S.

***Before exceptional items

#Includes US $1 million gain on sale of investment in Yantra Corporation, U.S. and tax reversal of $29 million.

Select historical data

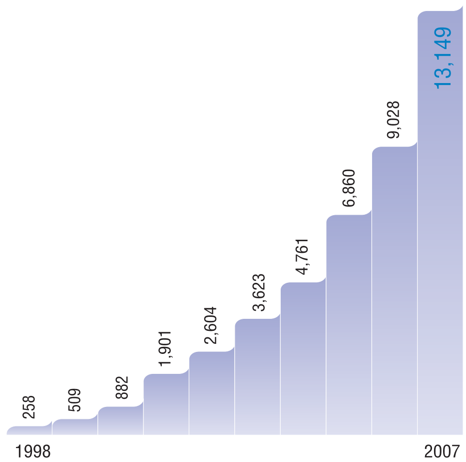
in Rs. crore, except per share data, other information and ratios

	1982	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Financial performance											
Income	0.12	258	509	882	1,901	2,604	3,623	4,761	6,860	9,028	13,149
Operating profit (PBIDTA)	0.04	86	202	347	765	1,038	1,272	1,584	2,325	2,989	4,225
Interest	–	–	–	–	–	–	–	–	–	–	–
Depreciation and amortization	–	23	36	53	113	161	189	231	268	409	469
Provision for taxation	–	6	23	40	73	135	201	227	325	303	352
Profit after tax**	0.04	60	133	286	623	808	958	1,243	1,859	2,421	3,777
Dividend	–	7	12	30	66	132	179	196	310	412	649
One-time / Special dividend	–	–	–	–	–	–	–	668	–	830	–
Return on average net worth (%)**	96.9	42.2	54.2	40.6	56.1	46.6	38.8	40.7	43.8	39.9	41.9
Return on average capital employed (%)	96.9	46.1	63.5	46.3	62.6	54.4	46.9	48.1	51.4	44.9	45.7
Per share data (Rs.)*											
Basic EPS**	–	1.14	2.59	5.41	11.78	15.27	18.09	23.43	34.63	44.34	67.82
Dividend	–	0.38	0.47	0.56	1.25	2.50	3.38	3.69	5.75	7.50	11.50
One-time / Special dividend	–	–	–	–	–	–	–	12.50	–	15.00	–
Book value	–	3.27	10.86	15.75	26.26	39.29	53.98	61.03	96.87	125.15	195.41
Financial position											
Share capital	–	16	33	33	33	33	33	33	135	138	286
Reserves and surplus	0.04	157	541	800	1,357	2,047	2,828	3,220	5,107	6,759	10,876
Net worth	0.04	173	574	833	1,390	2,080	2,861	3,253	5,242	6,897	11,162
Debt	–	–	–	–	–	–	–	–	–	–	–
Debt-equity ratio	–	–	–	–	–	–	–	–	–	–	–
Gross block	–	105	169	284	631	961	1,273	1,570	2,183	2,837	3,889
Capital expenditure	–	34	72	160	463	323	219	430	794	1,048	1,443
Cash and cash equivalents	0.02	51	417	508	578	1,027	1,639	1,839	1,683	3,779	5,650
Investment in liquid mutual funds	–	–	–	–	–	–	–	930	1,168	684	–
Net current assets	0.06	97	473	612	798	1,293	2,018	1,220	2,384	3,832	7,137
Total assets	0.04	173	574	833	1,390	2,080	2,861	3,253	5,242	6,897	11,162
Shareholding related											
Number of shareholders	7	6,622	9,527	46,314	89,643	88,650	77,010	66,945	1,58,725	1,95,956	4,88,869
Market capitalization-period end	NA	2,963	9,673	59,338	26,926	24,654	26,847	32,909	61,073	82,154	1,15,307
Public shareholding (%)***	–	69.04	67.18	67.55	67.69	68.08	68.32	65.56	70.20	66.55	64.35
Credit rating											
Standard & Poor's									"BBB"	"BBB"	"BBB"
Dun & Bradstreet								5A1	5A1	5A1	5A1
Corporate governance rating											
CRISIL								GVC Level 1	GVC Level 1	GVC Level 1	GVC Level 1
ICRA								CGR 1	CGR 1	CGR 1	CGR 1

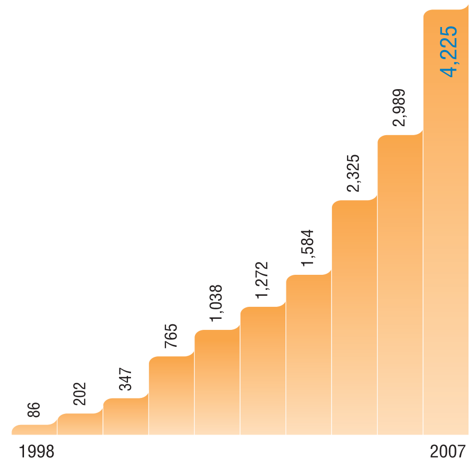
Note: The above figures are based on Indian GAAP (unconsolidated)
** Calculated on a per share basis, adjusted for bonus issues in previous years*
*** Excluding extraordinary activities / exceptional items. Fiscal 2007 includes a tax reversal of Rs. 125 crore*
**** Total public shareholding as defined under Clause 40A of the listing agreement (Excludes shares held by founders and American Depositary Receipt holders)*

Select historical data

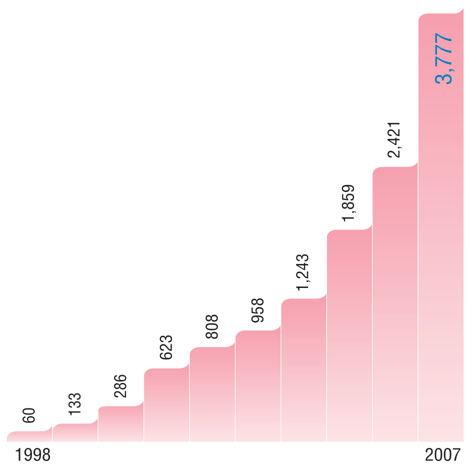
in Rs. crore, except per share data



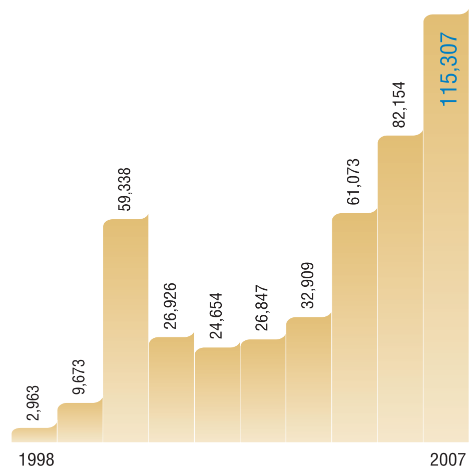
Income



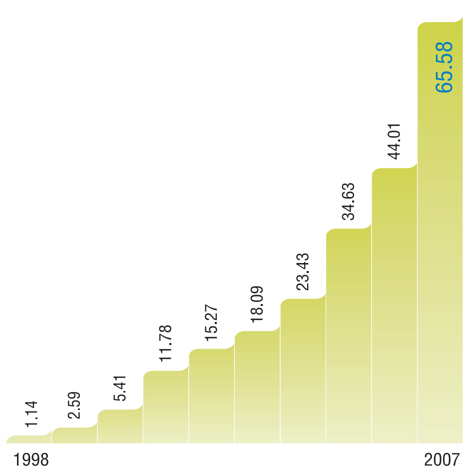
Operating profit (PBIDTA)



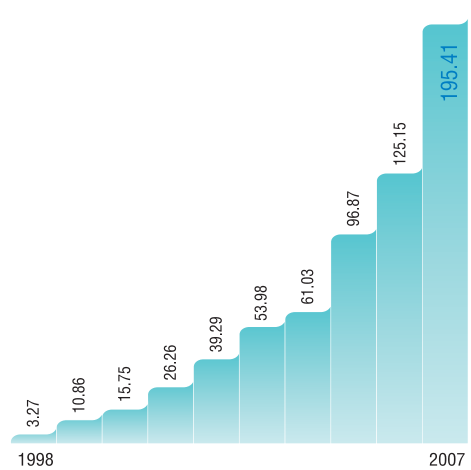
Profit after tax**



Market capitalization



Basic EPS**



Book value

*** Excluding extraordinary activities / exceptional items. for Fiscal 2007, includes a tax reversal of Rs. 125 crore.*

Revenue segmentation

Geography

in %

	2007	2006	2005	2004	2003
North America	63.3	64.8	65.2	71.2	73.0
Europe	26.4	24.5	22.3	19.2	17.7
India	1.6	1.7	1.9	1.4	2.1
Rest of the world	8.7	9.0	10.6	8.2	7.2
Total	100.0	100.0	100.0	100.0	100.0

Industry segmentation

in %

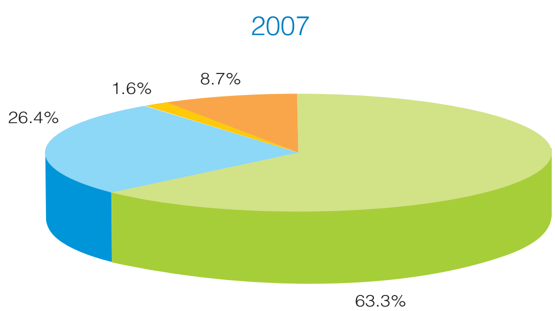
	2007	2006	2005	2004	2003
Manufacturing	13.5	13.9	14.4	14.8	16.4
Banking, financial services and insurance	37.4	36.0	34.6	36.6	37.6
Banking and financial services	30.2	28.5	25.2	23.7	23.3
Insurance	7.2	7.5	9.4	12.9	14.3
Telecom	19.3	16.5	18.5	16.6	15.2
Retail	10.0	10.1	9.8	11.6	11.4
Energy and utilities	5.3	4.7	3.2	3.0	2.9
Transportation	2.4	5.1	7.6	7.1	6.8
Others	12.1	13.7	11.9	10.3	9.7
Total	100.0	100.0	100.0	100.0	100.0

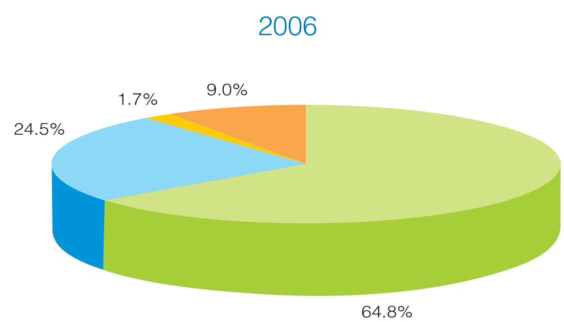
Service offering

in %

	2007	2006	2005	2004	2003
Services					
Development	21.0	20.2	23.2	25.7	32.1
Maintenance	29.3	30.2	29.9	30.1	28.2
Package implementation	17.5	16.2	15.2	14.5	11.0
Testing	6.9	5.9	5.8	5.3	3.4
Re-engineering	2.1	4.7	6.2	6.0	5.5
Consulting	3.6	3.5	3.6	3.7	4.3
Business process management	4.7	4.0	2.7	1.6	0.5
Engineering services	1.6	1.8	2.0	2.2	2.6
Other services	9.4	9.7	8.4	8.1	7.8
Total services	96.1	96.2	97.0	97.2	95.4
Products	3.9	3.8	3.0	2.8	4.6
Total	100.0	100.0	100.0	100.0	100.0

Geographic Segmentation





North America Europe India Rest of the world

Note: Figures based on Indian GAAP consolidated financials

Ratio analysis

Ratio analysis is one of the standard tools used to analyze the financial health and performance of a company. It helps to spot trends across companies and facilitates intra-firm and inter-firm analysis. Ratios also provide a bird's eye view of the financial condition of the Company. The ratios analyzed in this section are based on Indian GAAP financial statements.

Financial performance

Exports have grown by 46% during the year ended March 31, 2007, as against 32% in the previous year. Export revenue is from various parts of the globe and is well segmented. Segmental analysis of the revenue is provided under the *Notes to financial statements* section in this report. Exports constituted 98% of total revenue during the fiscal years 2006 and 2007. Domestic revenue constituted 2% of total revenue for the fiscal years 2006 and 2007.

Gross profit for the year ending March 31, 2007 was 45% as compared to 46% in the previous year.

Aggregate employee costs were approximately 48% of total revenue, compared to 47% during the previous year. Selling, general and administration expenses were approximately 13% during the years ended March 31, 2007 and 2006, respectively.

Depreciation was approximately 4% and 5% of total revenue, for the years ended March 31, 2007 and 2006, respectively. Depreciation to average gross block was at 14%, compared to 16% during the previous year.

Effective tax rate excluding tax reversals was approximately 12% for the years ended March 31, 2007 and 2006, respectively.

Profit after tax before exceptional items was 29% and 27% of total revenue, for the years ended March 31, 2007 and 2006, respectively.

PAT after exceptional items was 28% and 27% of total revenue for the years ended March 31, 2007 and 2006.

Balance sheet analysis

The key ratios affecting our financial condition are discussed below:

As on March 31, 2007, we are a debt-free company. We fund our short-term and long-term cash requirements primarily from internal cash flows.

Current ratio as on March 31, 2007 is 4.9, compared to 2.7 as on March 31, 2006.

The debtors turnover as on March 31, 2007 was 64 days compared to 61 days for the year ended March 31, 2006.

Cash and equivalents to total assets was 51% and 65% as of March 31, 2007 and 2006 respectively. As a percentage of total revenue, cash and equivalents represented 43% and 49% as of March 31, 2007 and March 31, 2006 respectively.

Return on average net worth is 42% as against 40% during the previous year. As we maintain around 51% of our assets in liquid funds, where the returns are less, the above figures need further analysis. If the average liquid assets are adjusted against the average net worth, and revenue earned after tax from liquid assets is adjusted against net profit, return on invested capital stands at 89%, compared to 94% during the previous year.

Capital output ratio is 1.46 compared to 1.49 for the previous year. Invested capital output ratio is 3.31, compared to 3.74 for the previous year.

Value added to total revenue is 81% for the years ended March 31, 2007 and 2006. Enterprise value to total revenue is eight times, compared to nine times in the previous year.

Per share data*

Basic earnings per share before exceptional items and excluding tax reversals is Rs. 65.58 for the year ended March 31, 2007 as compared to Rs. 44.01 in the previous year.

Basic earnings per share before exceptional items is Rs. 67.82, as compared to Rs. 44.33 for the previous year. Cash earnings per share (basic) is Rs. 76.35, compared to Rs. 51.83 during the previous year. This is due to higher cash generation. Book value per share has increased to Rs. 195.41 as against Rs. 125.15 on March 31, 2006. Dividend payout ratio (excluding one-time special dividend in fiscal 2006) for the years ended March 31, 2007 and 2006 was 19.85% and 19.36% respectively.

The P/E to EPS growth was approximately 0.56, compared to 1.20 for the previous year. This represents our valuation in comparison to our growth in earnings.

Appreciation in our share price (adjusted for bonus issues and stock splits since 1994) over the public issue price is 2,71,987%. Since the public issue, our market capitalization has grown to Rs.1,15,307 crore as on March 31, 2007 from the public issue valuation of Rs. 31.84 crore during February 1993.

**Previous year's per share data has been adjusted for the issue of bonus shares on July 15, 2006 alloted in the ratio of 1:1.*

Ratio analysis

	2007	2006	2005
Ratios – Financial performance			
Export revenue / total revenue (%)	98.40	98.18	98.05
Domestic revenue / total revenue (%)	1.60	1.82	1.95
Software development expenses / total revenue (%)	55.35	54.13	53.28
Gross profit / total revenue (%)	44.65	45.87	46.72
Selling and marketing expenses / total revenue (%)	5.47	5.53	5.72
General and administration expenses / total revenue (%)	7.05	7.23	7.11
SG&A expenses / total revenue (%)	12.52	12.76	12.83
Aggregate employee costs / total revenue (%)	48.02	47.29	46.39
Operating profit / total revenue (%)	32.13	33.12	33.90
Depreciation / total revenue (%)	3.57	4.53	3.91
Operating profit after depreciation and interest / total revenue (%)	28.56	28.58	29.99
Other income / total revenue (%)	2.85	1.59	1.86
Provision for investments / total revenue (%)	0.02	0.00	0.00
Profit before tax and exceptional items / total revenue (%)	31.40	30.17	31.85
Tax / total revenue (%)	2.68	3.36	4.74
Effective tax rate – Tax / PBT (%)	8.53	11.12	14.89
Effective tax rate excluding tax reversal – Tax / PBT (%)	11.55	11.78	14.89
PAT before exceptional items / total revenue (%)	28.72	26.82	27.10
PAT after exceptional items / total revenue (%)	28.77	26.82	27.76
PAT after exceptional items and excluding tax reversal / total revenue (%)	27.82	26.62	27.76
Ratios – Balance sheet			
Debt-equity ratio	–	–	–
Current ratio	4.91	2.73	2.77
Days Sales Outstanding (DSO)	64	61	67
Cash and equivalents / total assets (%) (1)	50.62	64.71	54.38
Cash and equivalents / total revenue (%) (1)	42.97	49.44	41.56
Capital expenditure / total revenue (%)	10.97	11.61	11.57
Depreciation / average gross block (%)	13.95	16.30	14.29
Technology investment / total revenue (%)	3.36	3.69	4.11
Ratios – Return			
PAT before exceptional items / average net worth (%)	41.83	39.89	43.77
ROCE (PBIT / average capital employed) (%)	45.73	44.89	51.43
Return on average invested capital (%) (1)	89.10	93.96	123.56
Capital output ratio	1.46	1.49	1.61
Invested capital output ratio (1)	3.31	3.74	4.77
Value added / total revenue (%)	80.71	80.79	81.30
Enterprise-value / total revenue (X)	8.34	8.61	8.49
Dividend / adjusted public offer price (%)	1,549	1,011	775
Market price / adjusted public offer price (%)	2,71,987	2,00,852	1,52,064
Ratios – Growth			
Overseas revenue (%)	45.97	31.79	43.27
Total revenue (%)	45.65	31.60	44.08
Operating profit (%)	41.35	28.56	46.82
Net profit (before exceptional items) (%)	56.01	30.23	49.52
Net profit (before exceptional items and excluding tax reversal) (%)	51.98	29.26	49.52
Net profit (after exceptional items) (%)	56.25	27.15	53.15
Basic EPS (before exceptional items) (%)	52.95	28.02	47.87
Basic EPS (before exceptional items and tax reversal) (%)	49.01	27.09	47.87
Basic EPS (after exceptional items) (%)	53.20	24.98	51.45
Ratios – Per share			
Basic EPS (before exceptional items) (Rs.) (2)	67.82	44.33	34.63
Basic EPS (before exceptional items and tax reversal) (Rs.) (2)	65.58	44.01	34.63
Basic EPS (after exceptional items) (Rs.) (2)	67.93	44.33	35.48
Basic cash EPS (before exceptional items) (Rs.) (2)	76.24	51.83	39.63
Basic cash EPS (after exceptional items) (Rs.) (2)	76.35	51.83	40.47
Price / earning, end of year (3)	29.76	33.62	32.59
Price / cash earnings, end of year (3)	26.48	28.76	28.48
PE / EPS growth (3)	0.56	1.20	0.68
Book value (Rs.)	195.41	125.15	96.87
Price / book value,end of year (3)	10.33	11.91	11.65
Dividend per share (4)	11.50	7.50	5.75
Dividend (%) (4)	230	150	115
Dividend payout (%) (4)	19.85	19.36	18.48
Market capitalization / total revenue, end of year	8.77	9.10	8.90

Note: The ratio calculations are based on stand alone Indian GAAP financial statements

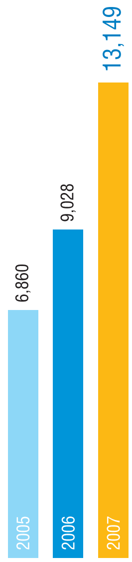
(1) Investments in liquid mutual funds have been considered as cash and cash equivalents for the purpose of the above ratio analysis

(2) Data for fiscal 2006 has been adjusted for the issue of bonus shares allotted in the ratio of 1:1 allotted on July 15, 2006

(3) Before exceptional items

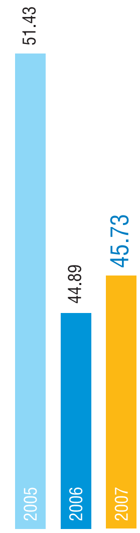
(4) Dividend ratios exclude silver jubilee dividend for fiscal 2006

Income
(Rs. crore)



Net profit / total revenue
after exceptional items and excluding tax reversal (%)

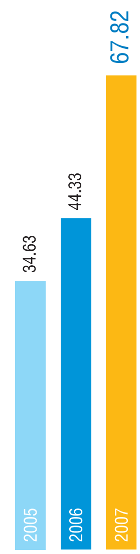
Return on average capital employed
(%)



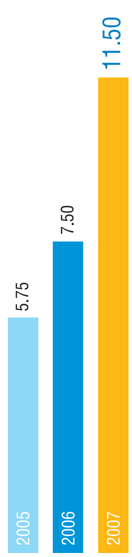
Capital output ratio

Value-added / total revenue
(%)

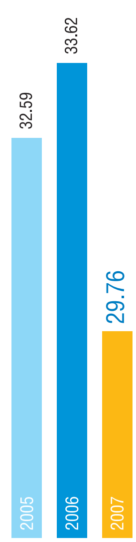
Basic earnings per share before exceptional items
(Rs.)



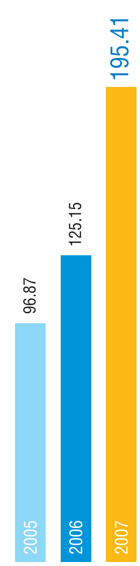
Dividend per share
Excluding one-time / silver jubilee special dividend
(Rs.)



Price / earning end of year
(Ratio)



Book value
(Rs.)



Statutory obligations

Software Technology Parks (STP) scheme

We have Software Technology Parks (STP) – 100% export-oriented units – for the development of software at Bangalore, Mangalore, Pune, Chennai, Bhubaneswar, Hyderabad, Chandigarh, Mysore and Thiruvananthapuram (all in India). Certain capital items purchased for these centers are eligible for 100% customs and excise duty exemption, subject to fulfillment of stipulated export obligations, which was five times the value of duty-free imports of capital goods, or duty-free purchase of goods subject to excise, over a period of five years on a yearly basis. Beginning April 2001, the export obligation on duty-free import of capital goods, or duty-free purchase of goods subject to excise is three times the value of such goods over a period of five years. Beginning April 2002, the export obligation on duty-free import of capital goods, or duty-free purchase of goods subject to excise is three times the value of such goods over a period of three years. Beginning April 2003, the export obligation is restricted to net foreign exchange earnings for that particular financial year on duty-free import of capital goods, or duty-free purchase of goods subject to excise. All STP units started after March 2003 are subject to the new guidelines on calculation of export obligation as stated above. The export obligation on the wage bill was removed a few years ago.

The non-fulfillment of export obligations may result in penalties as stipulated by the government, which may have an impact on future profitability. The table showing the export obligation, and the export obligation fulfilled by the Company, on a global basis, for all its STP units together, is given below:

in Rs. crore

Fiscal	Export obligation	Export obligation fulfilled	Excess / (shortfall)	Cumulative excess / (shortfall)
1994	3	8	5	5
1995	8	16	8	13
1996	28	48	20	33
1997	40	69	29	62
1998	74	142	68	130
1999	125	306	181	311
2000	107	493	386	697
2001	360	1,010	650	1,347
2002	462	1,360	898	2,245
2003	623	1,659	1,036	3,281
2004	*1,611	2,643	1,032	4,313
2005	396	3,312	2,916	7,229
2006	439	5,217	4,778	12,007
2007	749	6,726	5,977	17,984

**The cumulative balance of export obligation was adjusted during the year*

The total customs and excise duty exempted on both computer software and hardware imported and indigenously procured by us since 1993, amounts to Rs. 513 crore.

We have fulfilled our export obligations on a global basis for all our operations under the Software Technology Park Scheme. However, in case of STPs operationalized during the year, the export obligation will be met in the future years. The export obligation in fiscal 2004 was higher on account of setting off cumulative export obligations for and including 2004 in the same year.

Special Economic Zone scheme

Our first ever Special Economic Zone ("SEZ") unit, became operational at Mahindra World City (a private multi-product Special Economic Zone), Chennai, in the financial year 2005-06, with an approved area of about 75.06 acres. During the financial year 2006-07, we established a new SEZ unit at Chandigarh (Rajiv Gandhi Chandigarh Technology Park), with an approved area of about 30.22 acres. The SEZ Unit came into existence under the new Special Economic Zones Act, 2005 ('the SEZ Act')

As per the SEZ Act, the Unit will be eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Other fiscal benefits including indirect tax waivers are being extended for setting up, operation and maintenance of the unit.

Taxation

We benefit from certain significant tax incentives provided to the software industry under Indian tax laws. These incentives currently include: (i) deduction of export profit from the operation of software development facilities designated as "Software Technology Parks" (the STP tax deduction); and (ii) deduction of export profits from units in Special Economic Zones. The period of the STP tax deduction available to each STP is restricted to 10 consecutive years beginning from the financial year when the unit started producing computer software or March 31, 2000, whichever is earlier.

The details of the operationalization of various software development centers and the year to which the exemption under the Software Technology Park Scheme is valid, are presented in this Annual Report.

The benefits of these tax incentive programs have historically resulted in an effective tax rate for us well below the statutory rates. There is no assurance that the Government of India will continue to provide these incentives.

The government may reduce or eliminate the tax exemptions provided to Indian exporters anytime in the future. This may result in the export profits of the Company being fully taxed, and may adversely affect the post-tax profits of the Company in the future. On a full-tax-paid basis, without any duty concessions on equipment, hardware and software, the Company's post-tax profits for the relevant years are estimated as given below:

in Rs. crore, except per share data

	2007	2006	2005
Profit before tax and exceptional items	4,247	2,792	2,172
Less: Additional depreciation on duty waived for certain assets	76	83	74
Reduction in other income	38	21	14
Adjusted profit before tax	4,133	2,688	2,084
Less: Income tax on the above on full tax basis	1,451	981	796
Restated profit after tax	2,682	1,707	1,288
Restated basic EPS (Rs.)	48.17	31.27	23.99

Note: The figures above are based on Consolidated Indian GAAP financial statements. However, it may be noted that this is only an academic exercise. The Company has provided for income tax in full in the respective years and there is no carried-forward liability on this account.

Human resources valuation

The dichotomy in accounting between human and non-human capital is fundamental. The latter is recognized as an asset and is, therefore, recorded in the books and reported in the financial statements, whereas the former is ignored by accountants. The definition of wealth as a source of income inevitably leads to the recognition of human capital as one of the several forms of wealth such as money, securities and physical capital.

We have used the Lev & Schwartz model to compute the value of human resources. The evaluation is based on the present value of future earnings of employees and on the following assumptions:

- Employee compensation includes all direct and indirect benefits earned both in India and abroad
- The incremental earnings based on group / age have been considered
- The future earnings have been discounted at the cost of capital of 14.97% (previous year – 12.96%).

in Rs. crore, unless stated otherwise

	2007	2006
Employees (no.)		
Software professionals	68,156	49,495
Support	4,085	3,220
Total	72,241	52,715
Value of human resources		
Software professionals	53,592	43,336
Support	3,860	3,301
Total	57,452	46,637
Total income	13,893	9,521
Total employee cost	7,112	4,801
Value-added	11,879	8,030
Net profits excluding exceptional items	3,861	2,479
Ratios		
Value of human resources per employee	0.80	0.88
Total income / human resources value (ratio)	0.24	0.20
Employee cost / human resources value (%)	12.4	10.3
Value-added / human resources value (ratio)	0.21	0.17
Return on human resources value (%)	6.7	5.3

Value-added

in Rs. crore

	2007	%	2006	%
Value-added				
Income	13,893		9,521	
Less: Operating expenses excluding personnel costs				
Software development expenses	1,187		812	
Selling and marketing expenses	371		231	
General and administration expenses	834		587	
	2,392		1,630	
Value-added from operations	11,501		7,891	
Other income (including exceptional items)	378		139	
Total value-added	11,879		8,030	
Distribution of value-added				
Human resources				
Salaries and bonus	7,112	59.9	4,801	59.8
Providers of capital				
Dividend	654	5.5	1,238	15.4
Minority interest	11	0.1	21	0.3
Interest	–	–	–	–
	665	5.6	1,259	15.7
Taxes				
Income taxes	386	3.2	313	3.9
Tax on dividend	102	0.9	174	2.2
	488	4.1	487	6.1
Retained in business				
Depreciation	514	4.3	437	5.4
Income retained in business	3,100	26.1	1,046	13.0
	3,614	30.4	1,483	18.4
Total	11,879	100.0	8,030	100.0

Note: The figures above are based on the consolidated Indian GAAP financial statements.
Dividends for fiscal 2007 include one-time silver jubilee dividend of Rs. 827 crore.
Income taxes for fiscal 2007 include tax reversal of Rs. 125 crore.

Brand valuation

The strength of the invisible

From time to time, we have used various models for evaluating assets of the balance sheet to bring certain advances in financial reporting from the realm of research to the notice of our shareholders. The aim of such modeling is to lead the debate on the balance sheet of the next millennium. These models are still the subject of debate among researchers and using such models and data in projecting the future is risky. We are not responsible for any direct, indirect or consequential losses suffered by any person using these models or data.

A balance sheet discloses the financial position of a company. The financial position of an enterprise is influenced by the economic resources it controls, its financial structure, liquidity and solvency, and its capacity to adapt to changes in the environment. However, it is becoming increasingly clear that intangible assets have a significant role in defining the growth of a high-tech company.

Valuing the brand

The wave of brand acquisitions in the late 1980s exposed the hidden value in highly branded companies and brought brand valuation to the fore. The values associated with a product or service are communicated to the consumer through the brand. Consumers no longer want just a product or service, they want a relationship based on trust and familiarity.

A brand is much more than a trademark or a logo. It is a 'trustmark' – a promise of quality and authenticity that clients can rely on. Brand equity is the value addition provided to a product or a company by its brand name. It is the financial premium that a buyer is willing to pay for the brand over a generic or less worthy brand. Brand equity is not created overnight. It is the result of relentless pursuit of quality in manufacturing, selling, service, advertising and marketing. It is integral to the quality of client experiences in dealing with the Company and its services over a period.

The second annual BRANDZ™ Top 100 Most Powerful Brands ranking published in cooperation with the *Financial Times* was announced in April 2007 by Millward Brown. As per the report Google tops the ranking with a brand value of $66 billion. The market capitalization of Google at that time was 108 billion. Thus, 61% of market capitalization represented its brand value. *(Source: NASDAQ website)*

Methodology

The task of measuring brand value is a complex one. Several models are available for accomplishing this. The most widely used is the brand-earnings-multiple model. There are several variants of this model.

We have adapted the generic brand-earnings-multiple model (given in the article 'Valuation of Trademarks and Brand Names' by Michael Birkin in the book *Brand Valuation*, edited by John Murphy and published by Business Books Limited, London) to value our corporate brand, "Infosys". The methodology followed for valuing the brand is given below:

- Determine brand profits by eliminating the non-brand profits from the total profits
- Restate the historical profits at present-day values
- Provide for the remuneration of capital to be used for purposes other than promotion of the brand
- Adjust for taxes
- Determine the brand-strength or brand-earnings multiple

Brand-strength multiple is a function of a multitude of factors such as leadership, stability, market, internationality, trend, support and protection. We have internally evaluated these factors on a scale of 1 to 100, based on the information available within.

Brand valuation

in Rs. crore

	2007	2006	2005
Profit before interest and tax	3,877	2,654	2,048
Less: Non-brand income	335	125	112
Adjusted profit before tax	3,542	2,529	1,936
Inflation factor	1.000	1.064	1.132
Present value of brand profits	3,542	2,690	2,192
Weightage factor	3	2	1
Weighted average profits	3,033		
Remuneration of capital	457		
Brand-related profits	2,576		
Tax	867		
Brand earnings	1,709		
Brand multiple	18.50		
Brand value	31,617		

Assumptions:

- The figures above are based on consolidated Indian GAAP financial statements.
- Total revenue excluding other income after adjusting for cost of earning such income is brand revenue, since this is an exercise to determine our brand value as a company and not for any of our products or services.
- Inflation is assumed at 6% per annum, 5% of the average capital employed is used for purposes other than promotion of the brand, and tax rate is at 33.66%.
- The earnings multiple is based on our ranking against the industry average based on certain parameters (exercise undertaken internally and based on available information).

in Rs. crore

	2007	2006	2005
Brand value	31,617	22,915	14,153
Market capitalization	1,15,307	82,154	61,073
Brand value as a percentage of market capitalization	27.4%	27.9%	23.2%

Balance sheet including intangible assets

As of March 31,

in Rs. crore

	2007	2006
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	286	138
Reserves and surplus		
Capital reserves – Intangible assets	89,069	69,552
Other reserves	10,969	6,828
	1,00,038	76,380
Minority interest	4	68
	1,00,328	76,586
APPLICATIONS OF FUNDS		
Fixed assets		
At cost	4,642	2,983
Less: Accumulated depreciation	1,836	1,328
Net block	2,806	1,655
Add: Capital work-in-progress	965	571
	3,771	2,226
Intangible assets		
Brand value	31,617	22,915
Human resources	57,452	46,637
	89,069	69,552
Investments	25	755
Deferred tax assets	92	65
Current assets, loans and advances		
Sundry debtors	2,436	1,608
Cash and bank balances	5,871	3,429
Loans and advances	1,214	1,297
	9,521	6,334
Less: Current liabilities and provisions		
Current liabilities	1,469	934
Provisions	681	1,412
Net current assets	7,371	3,988
	1,00,328	76,586

Note:

1. *The figures above are based on consolidated Indian GAAP financial statements.*
2. *This balance sheet is provided for the purpose of information only. We accept no responsibility for any direct, indirect or consequential losses or damages suffered by any person relying on the same.*

Current-cost-adjusted financial statements

Current Cost Accounting ("CCA") seeks to state the value of assets and liabilities in a balance sheet at their value, and measure the profit or loss of an enterprise by matching current costs against current revenues. CCA is based on the concept of "operating capability", which may be viewed as the amount of goods and services that an enterprise is capable of providing with the existing resources during a given period. In order to maintain its operating capability, an enterprise should remain in command of resources that form the basis of its activities. Accordingly, it becomes necessary to take into account the rising cost of assets consumed in generating these revenues. CCA takes into account the changes in specific prices of assets as they affect the enterprise.

The consolidated balance sheet and profit and loss account of Infosys and its subsidiary companies for fiscal 2007, prepared in substantial compliance with the current cost basis, are presented below. The methodology prescribed by the Guidance Note on Accounting for Changing Prices issued by the Institute of Chartered Accountants of India is adopted in preparing the statements.

Consolidated balance sheet as of March 31,

in Rs. crore

	2007	2006
ASSETS EMPLOYED		
Fixed assets		
Original cost	5,039	3,222
Accumulated depreciation	(2,082)	(1,519)
	2,957	1,703
Capital work-in-progress	965	571
Net fixed assets	3,922	2,274
Investments	25	755
Deferred tax assets	92	65
Current assets, loans and advances		
Cash and bank balances	5,871	3,429
Loans and advances	1,214	1,297
Monetary working capital	829	613
	7,914	5,339
Less: Other liabilities and provisions	(681)	(1,412)
Net current assets	7,233	3,927
	11,272	7,021
FINANCED BY:		
Share capital and reserves		
Share capital	286	138
Minority interest	4	68
Reserves:		
Capital reserve	5	54
Share premium	2,768	1,543
Current cost reserve	178	165
General reserve	8,031	5,053
	10,982	6,815
	11,272	7,021

Current-cost-adjusted financial statements

Consolidated profit and loss account for the year ended March 31,

in Rs. crore

	2007	2006
Total income	13,893	9,521
Historic cost profit before tax	4,247	2,792
Add / Less: Current cost operating adjustments	(111)	(43)
	4,136	2,749
Less: Gearing adjustment	–	–
Current cost profit before tax, exceptional items and minority interest	4,136	2,749
Provision for taxation		
Previous years	–	–
Current year	(386)	(313)
Current cost profit after tax, before exceptional items and minority interest	3,750	2,436
Exceptional items – Income from sale of investments (net of taxes)	6	–
Current cost profit after tax and exceptional items, before minority interest	3,756	2,436
Minority interest	(11)	(21)
Current cost profit after tax, exceptional items and minority interest	3,745	2,415
Appropriations		
Dividend		
Interim	278	177
Final (proposed)	371	234
Silver jubilee special dividend	–	827
Dividend tax	102	174
Amount transferred – general reserve	2,994	1,003
	3,745	2,415
Statement of retained profits / reserves		
Opening balance of reserves	5,217	4,206
Retained current cost profit for the year	2,994	1,003
Movements in current cost reserve during the year	(2)	8
	8,209	5,217

Note:

1. *The cost of technology assets, like computer equipment, decreases over time. This is offset by an accelerated depreciation charge to the financial statements. Accordingly, such assets are not adjusted for changes in prices.*
2. *The above data is provided solely for information purposes. The Management accepts no responsibility for any direct, indirect or consequential losses or damages suffered by any person relying on the same.*

Intangible assets score sheet

We caution investors that this data is provided only as additional information to investors. We are not responsible for any direct, indirect or consequential losses suffered by any person using this data.

From 1840s to early 1990s, a corporate's value was mainly driven by its tangible assets – values presented in the corporate balance sheet. The managements of companies valued those resources and linked all their performance goals and matrices to those assets – Return on Investment, capital turnover ratio, etc. The market capitalization of companies also followed the value of tangible assets shown in the balance sheet with the difference being seldom above 25%. In the latter half of the 1990s, the relationship between market value and tangible asset value changed dramatically. By early 2000, the book value of the assets represented less than 15% of the total market value. So, what are the key drivers of the market value in this new economy? It is the intangible assets.

A knowledge-intensive company leverages know-how, innovation and reputation to achieve success in the marketplace. Hence, these attributes should be measured and improved upon year after year to ensure continual success. Managing a knowledge organization necessitates a focus on the critical issues of organizational adoption, survival, and competence in the face of ever-increasing, discontinuous environmental change. The profitability of a knowledge firm depends on its ability to leverage the learnability of its professionals, and to enhance the reusability of their knowledge and expertise.The intangible assets of a company include its brand, its ability to attract, develop and nurture a cadre of competent professionals, and its ability to attract and retain marqué clients.

Intangible assets

The intangible assets of a company can be classified into four major categories: human resources, intellectual property assets, internal assets and external assets.

Human resources

Human resources represent the collective expertise, innovation, leadership, entrepreneurship and managerial skills in the employees of an organization.

Intellectual property assets

Intellectual property assets include know-how, copyrights, patents, products and tools that are owned by a corporation. These assets are valued based on their commercial potential. A corporation can derive its revenues from licensing these assets to outside users.

Internal assets

Internal assets are systems, technologies, methodologies, processes and tools that are specific to an organization. These assets give the organization a unique advantage over its competitors in the marketplace. These assets are not licensed to outsiders. Examples of internal assets include, methodologies for assessing risk, methodologies for managing projects, risk policies, and communication systems.

External assets

External assets are the market-related intangibles that enhance the fitness of an organization for succeeding in the marketplace. Examples are customer loyalty (reflected by the repeat business of the Company) and brand value.

The score sheet

We published models for valuing our two most valuable, intangible assets of Infosys – human resources and the "Infosys" brand. This score sheet is broadly adopted from the intangible asset score sheet provided in the book titled *The New Organizational Wealth*, written by Dr. Karl-Erik Sveiby and published by Berrett-Koehler Publishers Inc., San Francisco. We believe such representation of intangible assets provides a tool to our investors for evaluating our market-worthiness.

Clients

The growth in revenue is 44% this year, compared to 35% in the previous year (in US $). Our most valuable intangible asset is our client base. Marqué clients or image-enhancing clients contributed 44% of revenues during the year. They give stability to our revenues and also reduce our marketing costs.

The high percentage (95%) of revenues from repeat orders during the current year is an indication of the satisfaction and loyalty of our clients. The largest client contributed 7.0% to our revenue as compared to 4.4% during the previous year. The top five and 10 clients contributed around 19.4% and 31.4%, of our revenue respectively, as compared to 17.8% and 30.3%, respectively, during the previous year. Our strategy is to increase our client base, and, thereby, reduce the risk of depending on a few large clients. During the year, we added 160 new clients compared to 144 in the previous year. We derived revenue from customers located in 54 countries against 51 countries in the previous year. Sales per client grew by around 32% from $ 4.7 million in the previous year to $ 6.2 million this year. Days Sales Outstanding (DSO) was 64 days this year compared to 62 in the previous year.

Organization

During the current year, we invested around 4.01% of the value-added (3.44% of revenues) on technology infrastructure, and around 1.40% of the value-added (1.20% of revenues) on R&D activities.

A young, fast-growing organization requires efficiency in the area of support services. The average age of support employees is 30.9 years, as against the previous year average age of 30.8 years. The sales per support staff, as well as the proportion of support staff to the total organizational staff, have improved over the previous year.

People

We are in a people-oriented business. We added 30,946 employees this year on gross basis (net – 19,526) from 22,868 (net – 15,965) in the previous year. We added 8,023 laterals this year against 4,842 the previous year. The education index of employees has gone up substantially to 2,03,270 from 1,48,499. This reflects the quality of our employees. Our employee strength comprises people from 65 nationalities. The average age of employees as of March 31, 2007 was 26, the same as in the previous year. Attrition was 13.7% for this year compared to 11.2% in the previous year (excluding subsidiaries).

Notes

- Marqué or image-enhancing clients are those who enhance the Company's market-worthiness – typically Global 1000 clients. Often, they are reference clients for us
- Sales per client is calculated by dividing total revenue by the total number of clients
- Repeat business revenue is the revenue during the current year from those clients who contributed to our revenue during the previous year also
- Value-added statement is the revenue less payment to all outside resources. The value-added statement is provided in the *Additional information to shareholders* section in this report
- Technology investment includes all investments in hardware and software, while total investment in the organization is the investment in our fixed assets
- Average proportion of support staff is the average number of support staff to average total staff strength
- Sales per support staff is our revenue divided by the average number of support staff (support staff excludes technical support staff)
- Education index is shown as at the year-end, with primary education calculated as 1, secondary education as 2, and tertiary education as 3

Intangible assets score sheet

External structure – our clients			Internal structure – our organization			Competence – our people		
	2007	2006		2007	2006		2007	2006
Growth / renewal								
Revenue growth (%)			R&D			Total employees	72,241	52,715
– in US Dollar terms	44	35	– R&D / total revenue (%)	1.20	1.07	Added during the year		
– in Rupees terms	46	34	– R&D / value-added (%)	1.40	1.28	– Gross	30,946	22,868
Exports / total revenue (%)	98	98	Technology investment			– Net	19,526	15,965
Clients			– Investment / revenue (%)	3.44	3.78	Laterals added	8,023	4,842
– Total	500	460	– Investment / value-added (%)	4.01	4.48	Staff education index	2,03,270	1,48,499
– Added during the year	160	144	Total investment			Employees – No. of nationalities	65	59
Marque clients			– Total investment / total revenue (%)	10.87	11.45	Gender classification (%)		
– Total	114	101	– Total investment / value-added (%)	12.71	13.58	– Male	69.1	72.4
– Added during the year	26	26				– Female	30.9	27.6
– Revenue contribution (%)	44	48						
Revenue derived – No. of countries	54	51						
Efficiency								
Sales / Client			Sales per support staff			Value added / employee (Rs. crore)		
– US$ million	6.18	4.68	– US$ million	0.92	0.85	– Software professionals	0.19	0.19
– Rs. crore	27.79	20.70	– Rs. crore	4.14	3.76	– Total employees	0.18	0.18
Sales & marketing expenses / revenue (%)	6.69	6.30	General & admin expenses / revenue (%)	8.03	8.02	Value-added / employee ($ million)		
DSO (days)	64	62	Average proportion of support staff (%)	5.18	5.60	– Software professionals	0.04	0.04
						– Total employees	0.04	0.04
Stability								
Repeat business (%)	95	95	Average age of support staff (years)	30.87	30.76	Average age of employees (years)	26.0	26.0
No. of clients accounting > 5% of revenue	1	–				Attrition – excluding subsidiaries (%)	13.7	11.2
Client concentration								
Top client (%)	7.0	4.4						
Top five clients (%)	19.4	17.8						
Top 10 clients (%)	31.4	30.3						
Client distribution								
1-million-dollat +	275	221						
5-million-dollat +	107	81						
10-million-dollat +	71	54						
20-million-dollat +	36	26						
30-million-dollat +	25	19						
40-million-dollat +	16	14						
50-million-dollat +	12	9						
60-million-dollat +	11	5						
70-million-dollat +	9	4						
80-million-dollat +	4	1						
90-million-dollat +	4	1						
100-million-dollat +	3	–						
200-million-dollat +	1	–						

The above figures are based on Indian GAAP consolidated financial statement

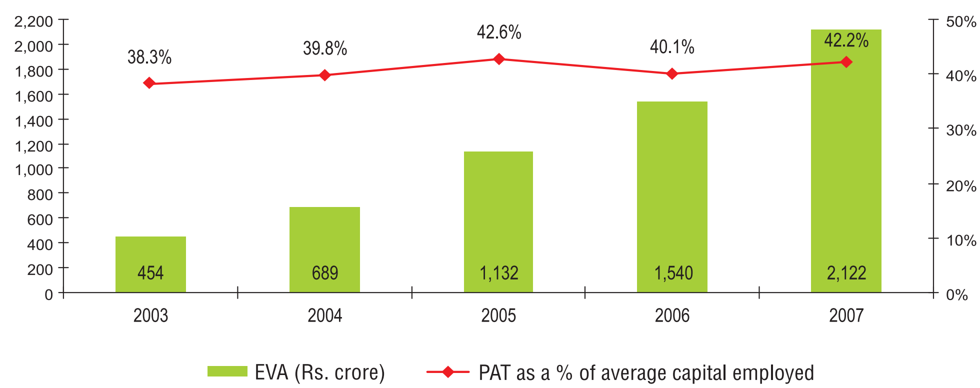
Economic Value-Added (EVA®)

Economic value-added measures the profitability of a company after taking into account the cost of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value. Companies which earn lower returns than cost of capital are deemed destroyers of shareholder value.

in Rs. crore, except as otherwise stated

	2007	2006	2005	2004	2003
Cost of capital					
Return on risk free investment (%)	8.00	7.50	6.80	5.20	6.00
Market premium (%)	7.00	7.00	7.00	7.00	7.00
Beta variant	0.99	0.78	0.98	1.27	1.57
Cost of equity (%)	14.97	12.96	13.63	14.09	16.99
Average debt / total capital (%)	–	–	–	–	–
Cost of debt – net of tax (%)	NA	NA	NA	NA	NA
Weighted Average Cost of Capital (WACC) (%)	14.97	12.96	13.63	14.09	16.99
Average capital employed	9,147	6,177	4,331	3,125	2,493
Economic Value Added (EVA®)					
Operating profit (excluding extraordinary income)	3,877	2,654	2,048	1,357	1,079
Less: Tax	386	313	326	228	201
Cost of capital	1,369	801	590	440	424
Economic Value Added	2,122	1,540	1,132	689	454
Enterprise Value					
Market value of equity	1,15,307	82,154	61,073	32,909	26,847
Add: Debt	–	–	–	–	–
Less: Cash and cash equivalents	6,073	4,709	2,998	2,873	1,684
Enterprise value	1,09,234	77,445	58,075	30,036	25,163
Return ratios					
PAT / average capital employed (%)	42.2	40.1	42.6	39.8	38.3
EVA® / capital employed (%)	23.2	24.9	26.1	22.1	18.2
Enterprise value / average capital employed (X)	11.9	12.5	13.4	9.6	10.1

Note:
1. Cost of equity = return on risk-free investment + expected risk premium on equity investment adjusted for our beta variant in India
2. Figures above are based on consolidated Indian GAAP financial statements.
3. Cash and cash equivalents includes investments in liquid mutual funds



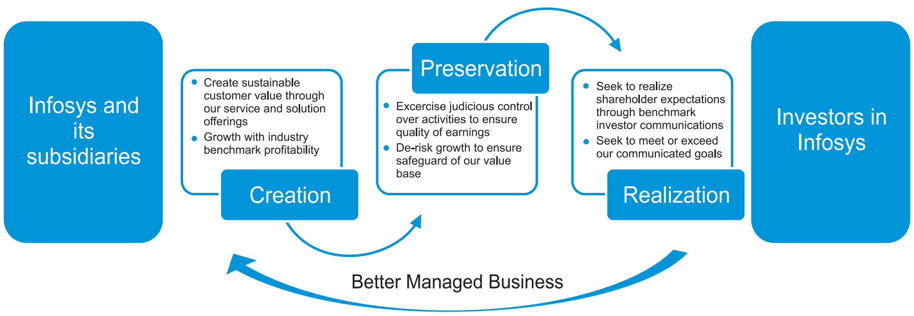
Value Reporting™

At Infosys, we always believe that information asymmetry between management and shareholders should be minimized. Accordingly, we have always been at the forefront in practicing progressive and transparent disclosure. We were the first in India to adopt U.S. Generally Accepted Accounting Principles (GAAP). Thereafter, we rapidly progressed to additional disclosures that give deeper insights to the way Infosys runs its business and our value creation. We continue to provide information that is not mandated by law because we believe it will help reduce the knowledge asymmetry and enable investors to make more informed choices about our performance.

Authored by Robert Eccles, Robert Herz, Mary Keegan and David Phillips, associated to accounting firm PricewaterhouseCoopers, *The Value Reporting Revolution: Moving Beyond the Earnings Game* (published by John Wiley & Sons, Inc., USA, ©2001), acknowledged the need to go beyond GAAP in providing information to shareholders. In their book, *Building Public Trust: The Future of Corporate Reporting* (published by John Wiley & Sons, Inc., USA, ©2002 PricewaterhouseCoopers), Infosys' business model and reporting were referred to in detail.

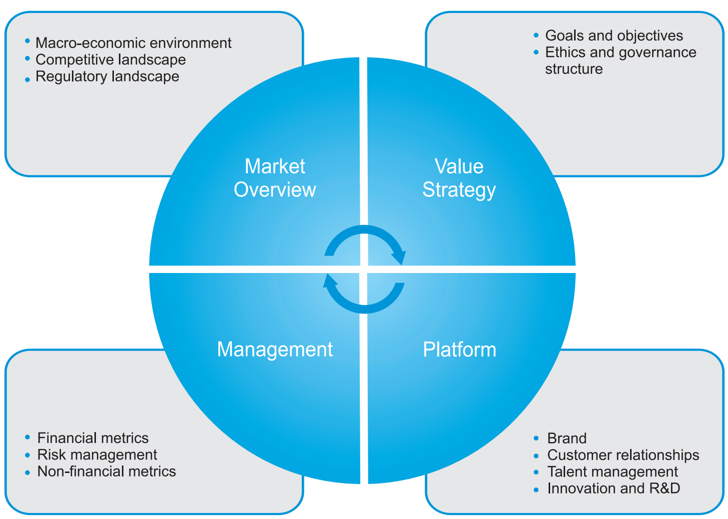
The Value Reporting™ paradigm as we believe applies to Infosys as follows:

The Value Reporting™ paradigm



We identified the need to provide a range of non-financial parameters early in our existence – before our Indian public offering in 1993.

The Value Reporting ™ Disclosure Model



To reduce information asymmetry, we make the following disclosures in addition to the mandated Indian and US GAAP financial statements and supplementary data as required by the relevant statutes – brand valuation, balance sheet including intangible assets, Economic Value-Added (EVA®) statement, current-cost-adjusted financial statements, intangible asset scorecard, risk management report, human resource accounting and value-added statement. These reports are integral to the Annual Report.

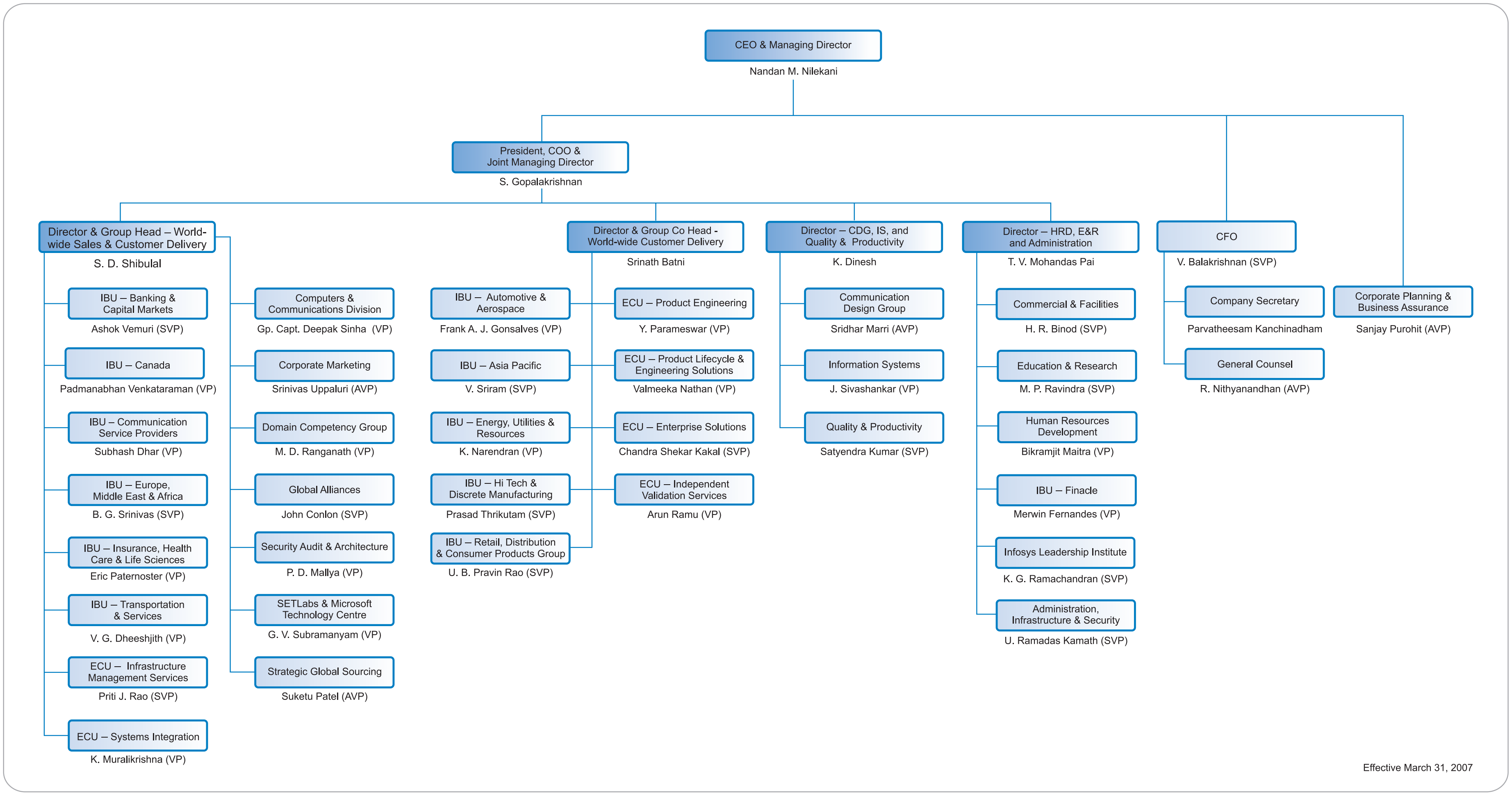
By adopting similar internal measures to evaluate business performance, our employees are adjudged based on metrics that are additional to the financials. This balances financial and non-financial performance across all levels of the organization. Accordingly, we seek to align the measures by which stakeholders measure our performance with what results in employee rewards.

In fiscal 2005, Infosys adopted and furnished eXtensible Business Reporting Language (XBRL) data to the United States Securities and Exchange Commission (SEC) for the first time. We are the fourth company worldwide to adopt XBRL. We continue to participate in SEC's Voluntary Program for reporting financial information on EDGAR using XBRL.

In the coming years, we will continue in our commitment to furnish additional qualitative information to help our shareholders to better understand our management of Infosys' business.

We are currently evaluating the "Enhanced Business Reporting Framework" established by the EBR consortium. We believe that we are in substantial compliance with the same.

Management structure – Infosys Technologies Ltd.



CEO : Chief Executive Officer
COO : Chief Operating Officer
CFO : Chief Financial Officer
SVP : Senior Vice President
VP : Vice President
AVP : Associate Vice President

ECU : Enterprise Capability Unit
IBU : Integrated Business Unit
SETLabs : Software Engineering and Technology Labs

Infosys Foundation

At Infosys, the distribution of wealth is as important as its legal and ethical creation. Our strong sense of social responsibility defines us and is an important part of our value system. The Infosys Foundation works extensively in the areas of healthcare, education, rural upliftment and the arts and culture, to support the under-privileged and enrich their lives. The Foundation also steps in and contributes in times of natural disasters.

Highlights of the projects undertaken by the Foundation over the past five years are given below:

Healthcare

- Constructed Central Pathology Lab at Victoria Hospital, Bangalore. The building was handed over to the hospital authorities in July, 2006
- Donated 'Radiant Warmer with Electrical Slow Suction and Apgar Timer' to Sargur Hospital, H.D. Kote, where tribal patients are treated free of cost
- Supplied free medicines for diabetic children through Jnanasanjeevini, Bangalore
- Helping the mentally challenged through SEVAK, an organization that runs a halfway home-cum-crisis intervention unit, two comprehensive outdoor clinics in Kolkata, and the Akshaya Trust, Madurai
- Donated medical equipment, chairs, and an x-ray unit to Northern Bihar Hospital, Bangalore Hospital and Jammu Hospital, where poor patients receive treatment free of cost
- Donated medical equipment to Pavagada Eye Hospital, Karnataka, and Kakinada Eye Hospital, Andhra Pradesh
- Helping poor patients through Little Drops Public Charitable Trust, Chennai, and Ramakrishna Sarada Mission Matri Bhavan, Kolkata
- Constructing an advanced Pediatric Block for Wenlock Hospital, Mangalore
- Paid Rs. 3 crore to buy 'Linear Accelerator' for Chennai Cancer Insitute, Chennai
- Donated CT scan machine to Government Hospital, Bhubaneswar

Education

- Constructed and donated school buildings for poor and orphaned students in Orissa, Tamil Nadu, Pondicherry, Kerala and Karnataka
- Created a book bank which can be accessed by needy students at rural places in Karnataka
- Donated books on engineering and technology for poor students in The Engineering College, Mysore
- Under the Library Project, donated books to schools, women centers and youth clubs across rural areas in Karnataka
- Donated children's books, in Kannada and English, to rural schools to inculcate reading habit among students
- Helped the Akshaya Patra Foundation to establish its kitchen and the mid-day meal program, for poor children in rural areas of Nava Nagar, North Karnataka and Jaipur
- Helping FORHD, an organization that shelters prisoners' children in the age group of 5-15 years and provides them with food and education
- Donated books and furniture to a library in Dhonje village, Pune.
- Constructed class rooms at the Wayanad Girijan Seva Trust that works for *Girijan* students in Kerala
- Donated books on topics such as engineering, medicine, mathematics, science, history, economics, etc., to book banks in Karnataka. Book banks are extremely useful for poor students who use these books for reference
- Helping the hearing impaired with their education and training through the Rotary School for the Deaf, Hubli
- Sponsored scholarships for 607 students in Athani, 30 socially backward students in Davangere, and 15 in Bijapur
- Donated video projectors and helped to produce programs on the lives of great scientists at Nehru Planetarium, Bangalore
- Donated hearing aids to Bangalore Speech and Hearing Trust, an organization that takes care of poor, hearing impaired students
- Supporting Prerana, an NGO, to provide learning support and improve the performance of poor students at 10 learning centers in Bangalore
- Rendered financial help to over 2,500 students across 15 districts through Vidya Poshak and Prerana, NGOs that take care of meritorious but financially backward students' education
- Constructing a dormitory for students of Braille Without Borders Charity Trust School, Thiruvananthapuram
- Sponsored the training of two athletes in Usha School of Athletics, Kerala

Rural upliftment

- Working with Kalika India, a trust in rural Bangalore that works with underprivileged women and children, providing education and aiding economic development
- Helping under-privileged women, through RAPID, an organization in rural Karnataka that works in the rehabilitation of such groups
- Renovated Chitra Poor Home, an orphanage in Thiruvananthapuram
- Donated sewing machines to destitute women in Haliyala and Athani, and enabling their financial security
- Helping the children in Deena Bandhu, an orphanage in Chamrajanagar, with the mid-day meal program
- Running a Braille Transcription Unit at Sahana Charitable Trust that transcribes printed books into Braille
- Helping women, children, small farmers and physically challenged in marginalized sections of society in Ananthapur, Andhra Pradesh
- Constructed an orphanage for Sri Chayadevi Anathashrama Trust, Mysore
- Constructed suspension foot bridges in Mangalore district
- Providing basic necessities to children in orphanages across Maharastra and Karnataka
- Donated teaching aids and an uninterrupted power supply unit for the visually challenged in Snehankit Association, Pune
- Helped self help women groups in Gujarat
- Working with Prerana, a non-governmental organization (NGO), on the rehabilitation of street children in Bangalore and Delhi. Working toward the rehabilitation of *devadasis* and their children, by ensuring proper training and education in Raichur, Karnataka
- Donated a vehicle to Akshaya Patra Foundation that helps to supply food to various schools in Bangalore and a vehicle to Sri Kottal Basweshware Bharatiya Shikshana Samiti, which helps to travel to rural areas

Arts and culture

- Felicitated physically challenged musicians, artists and Yakshagana artists from rural areas
- Sponsored Kala Darshan, a musical program in rural areas, through Bhartiya Vidya Bhavan
- Sponsored a folk fest in Bangalore to provide direct market opportunities for rural artisan communities and promote culture. Approximately 100 craftsmen from 20 states participated in the fest.

Grants by Infosys to the Foundation

The grants made during the last three years are given below:

in Rs. crore

	Grants
2007	19.00
2006	13.25
2005	15.00

Report on environment, health and safety

A report on "Ozone", the Infosys HSE initiative

The development centers of Infosys were certified ISO 14001:1996 compliant in March 2004. Since then, each location has been subject to surveillance audits every year, on a rotational basis. We became ISO 14001:2004 compliant during the surveillance audit in October 2005. These audits have enabled the environmental management system at Infosys become stronger. The re-certification audit is due in May 2007.

While good processes have helped the system to grow stronger, we now wish to enhance our environmental performance to become 'carbon and water neutral' in the near future. Reduction of Green House Gas (GHG) emissions, sequestration using carbon sinks created on our campuses, conservation of energy, water, and paper, and waste management are high on the agenda.

We are committed to the provisioning of high health and safety standards for our employees. We wish to create a 'safety culture' within Infosys. To formalize the various initiatives and make it process oriented, the environmental initiative has been enhanced to include health and safety. The Ozone initiative has thus become our Health, Safety and Environmental (HSE) management system. The initial certification audit for OHSAS 18001:1999 is due in May 2007, together with the ISO 14001 recertification audit.

The Infosys HSE policy

The Health, Safety and Environmental (HSE) Policy is a statement by the Management, enunciating the philosophy and commitment of Infosys toward environmental protection and management, of health and safety of employees, contractors and visitors.

The HSE policy of Infosys is as follows:

"Infosys as a corporate citizen is committed to demonstrating a high standard of environmental protection, sharing of best practices and provision of a safe and healthy work place. To achieve this, we shall work toward:

- Conservation of resources
- Prevention of pollution
- Adherence to all applicable legislations
- Eliminating accidents, occupational illnesses and injuries at work

We will work with various stakeholders toward continual improvement of our environmental, health and safety management system.

We shall meet mandated health and safety requirements as a minimum and strive to go beyond regulatory limitations to become a leader in environment, health and safety management."

The scope of the HSE policy is to provide for the health and safety of employees, contractors and visitors and to ensure environmental protection. This would include all activities of the Company which relate to services provided and business solutions offered to its customers, leveraging information technology, at its development centres and corporate head office, Bangalore.

Environmental performance at Infosys

Objectives and targets

For most of the development centers, the critical objectives have been to arrive at high levels of efficiency in terms of conservation of resources and waste management. To achieve this, the following objectives were adopted to:

- Reduce consumption of power
- Reduce consumption of water
- Reduce consumption of paper
- Segregate waste at source, recycle as much as possible and dispose it in an acceptable manner
- Define a proper system and process for e-waste management

Using the previous year's consumption data as a baseline, all development centers targeted reduction ranging from 5% to 20%. Effective environment management plans were put into place to ensure that targets were achieved. This resulted in pushing the consumption levels down consistently.

Awareness was created among employees in various ways including e-module training sessions, mailers, wall messages, etc. These messages reached not only our employees, but also our contractual employees and service providers. The Ozone initiative is well recognised in Infosys today with org-wide acceptance.

Water management: Becoming a water positive company

Water is one of the most precious natural resources for all life forms. It is widely believed that less than 3% of water on earth is potable water. Though one in every six people in the world lives in India, the county's share of fresh water is abysmally small at about 4%. There is a pressing need to conserve water.

Strategy for effective management of water

At all development centers (DCs), the strategy adopted is to reduce utilization of fresh water and recycle and reuse waste water.

Monitoring and analysis of data have helped to identify high utilization and low efficiency areas.

Sourcing

Infosys DCs are mostly located on campuses which are outside city limits. We have been a pioneer in setting up campuses away from the city center. Sourcing of water therefore is purely based on options available at these locations.

Where available, we get fresh water from the city corporation. The second option is to get water from private suppliers. A small percentage of our fresh water needs are met from our own tube wells. Due to poor quality of fresh water in some locations, it has become necessary for us to install fresh water treatment plants to treat water to achieve potable quality. This results in some amount of wastage of water which is recycled through the sewage treatment plants.

Across DCs, the total intake of fresh water was 2.2 MKL (million kilo litres) during the last year. Of this, 1.9 MKL came from city corporations and private suppliers. 0.3 MKL came from our tube wells. Per capita basis consumption was 5% lesser than the previous year, though in absolute terms it was higher by 22% due to growth.

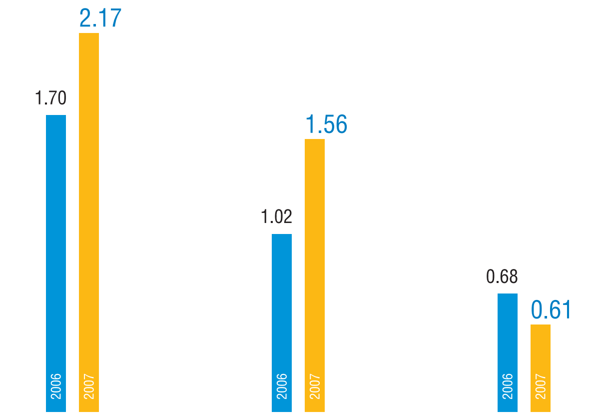
Utilization

Fresh water is used purely for primary purposes including drinking, office maintenance, kitchen and dish washing. It is also used for our employees staying in our hostels and guest houses. Fresh water is not used for landscape maintenance. Our consumption is in accordance with recommended National Building Code (NBC) standards.

Waste water

All waste water is recycled and treated in our sewage treatment plants (STPs). No waste water is discharged outside. Modern technology has been used in our sewage treatment plants to improve quality of recycled water. Efforts are on to introduce systems which would recycle water to tertiary quality standards. This would enable usage of recycled water for primary use such as toilet flushing and cooling towers. This would further reduce the fresh water intake.

During the year, 1.6 MKL water was recycled through our STPs and reused, mainly for landscape maintenance.



Audits and dashboards

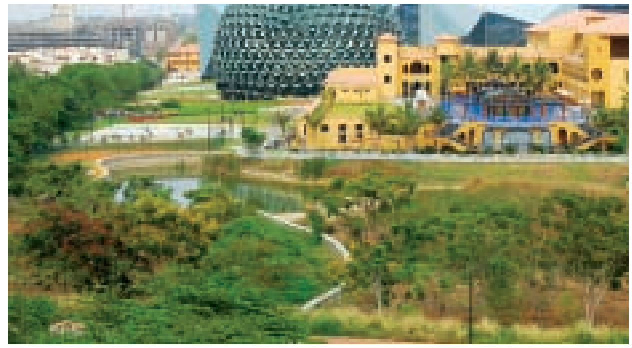
Facilities managers and their team members are now working with Quality Assurance Managers on water conservation. A dashboard has been prepared and is continuously monitored. A Six Sigma project called "Optimization of Fresh Water Consumption" is underway as a pilot exercise at Bangalore. Dishwashing machines are installed in all food courts to bring down consumption.

Rain water harvesting

In our efforts to become water positive, we have created sleeve wells and bunds to trap storm water and charge the water table. Rainwater harvesting is an integral part in the design of our new campuses. We will continue to focus our efforts to enhance our positive foot print in the days to come.

Sleeve wells on campus

Rain water harvesting at Infosys



Rain water harvesting at Infosys

Energy conservation

Strategy

Global warming and its adverse effects have now captured the attention of the world. There is a pressing need to act in a responsible manner to alleviate the threat of climate change and its impact. We must find ways to reduce the emission of green house gases which cause global warming.

We are now exploring possibilities of reducing GHG emissions by way of our operations. Our strategy is as follows:

- Adoption of best practices, latest technology and high levels of efficiency for conservation of energy
- Utilization of alternate or renewable sources of energy
- Sequestration through 'carbon sinks' to become carbon neutral

Sourcing

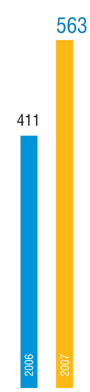
Our development centers source their energy needs from state electricity boards. However, captive generation is resorted to in the events of any outages on the grid power.

Utilization

Roughly, 45% of our energy requirements go toward operation of chillers and air handling units, 35% for energizing of UPS systems, and 10% for lighting.

Consumption

Our operations consumed a total of 563 TJ (Terra Joules) of energy in fiscal 2007. On a per capita basis, sustained conservation efforts resulted in a reduction of 3% over the last year. In absolute terms, the total power consumption went up by about 27% due to growth in our operations.



Power Consumption in Terra Joules

Conservation

Conservation of energy has been achieved on a continual basis over the last few years. Sustained efforts by our electrical engineers to achieve high levels of efficiency, monitoring and measurement of utilization, energy audits, and analysis of data have helped to conserve energy year after year.

We have spared no effort to upgrade technology to improve conservation. One such recent measure was the implementation of a public lighting management system by Paris-based Citelum Group at our Mysore campus. This system will enable us to conserve up to 60% energy used for street lighting.

Renewable energy

We have used solar water heaters in all our hostel facilities at Bangalore, Mysore, Pune, Chandigarh, Bhubaneswar and Hyderabad. Efforts are on to identify other potential areas to use renewable energy.

Energy efficiency practices

Some of the energy efficient practices adopted across Infosys' development centers are given below:

- Transformers with high efficiency from reputed companies maintain ing a power factor of 0.92 on the distribution side. Automatic Transfer Switch (ATS) is used to transfer power from grid to captive
- Air conditioners are programmed through logic control systems
- Energy-efficient computer systems
- Compact Fluorescent Lamps are used for lighting
- All street lighting is logic controlled to ensure that lighting depending upon the natural sunlight and darkness thereby saving energy
- Skylights in the atrium and terrace areas to optimally use sunlight
- Solar water heating system for in-campus guest houses
- Variable Frequency Drives are sequenced in operation for AHU, primary pumps and secondary pumps
- PVC pipes for irrigation and swimming pool operations in order to reduce friction and thereby reduce power costs in pumping
- Sensors in toilets to eliminate the human factor and thereby reduce working of the HNS
- Water pumping is affected through hydro pneumatic pumps to ensure constant pressure at the taps
- UPS is used for all PCs and server rooms win 100% redundancy
- Harmonic mitigation is achieved by capacity in inductive filter through proper balancing which is kept under 10%
- Fire retalient cables are used in our distribution network for power
- Smoke detection system is used to ensure the detection is systematic and programmed
- Sprinklers are used wherever required
- Early fire detection system using VESDA technology in server rooms
- False ceilings are used to reduce the load on air condition, thus saving energy
- Fans are used in fair weather conditions, instead of air conditioners, thus saving energy
- Glazing is minimized from NE and SW area so that solar rays are minimized

HVAC design impact

1. The HVAC design for current Infosys buildings have been based on the Energy Conservation Building Code 2006 and the ASHRAE Green Guide to a large extent. The primary objective is to reduce energy consumption while providing satisfactory conditions inside the buildings during extreme weather conditions.
2. In order to follow green building norms, Infosys ensures that there is proper planning and execution supported by effective operational procedures to ensure lower total cost of ownership and mitigate long-term environmental impacts.
3. The HVAC was designed keeping in mind the following facts:
   - Sun orientation path will be a driving factor in positioning the envelop
   - U-values will a major parameter in the design of the building meeting the requirements of ECBC
   - Walls and roofs will be properly insulated to reduce the effect of heat losses
   - Using double glazed windows to reduce infra red (IR) radiation
   - Provision of operable windows for natural ventilation
   - Effective management of ventilation to ensure acceptable air quality
   - Proper positioning of fire escape routes
   - Use of material with VOC emissions
   - Roof surface treated to reduce the absorption of heat
   - The design intent is to eliminate sick building syndrome

Salient features of HVAC design for buildings:

- Cooling load calculations using the latest software available
- Applying of diversity to reduce installed cooling capacity
- Carrying out of Life Cycle Costing Analysis to arrive at the most economical system to be employed
- Modular design of chillers for optimized operation
- Recommend water-cooled chillers, wherever water is avalable
- Implimenting methods to reduce water consumption such as Ozone treatment of cooling tower water and side stream filtration
- High COP chillers
- Ecologically friendly refrigerants such as R 134 a
- Variable Speed Drives on chillers
- VFDs on chilled water pumps
- VFDs on Cooling Towers
- Effluent treated water for cooling towers
- Employing variable air volume air distribution systems
- VFDs on AHUs
- VAV Boxes for zone temperature control
- Reliable and calibrated temperature sensors and controllers
- Building Automation System for monitoring and controlling of the HVAC system
- Adopting Demand Control Ventilation to vary outdoor air requirement based on indoor CO_2 levels
- Providing dedicated exhaust ventilation for reprographic areas

Paper – the goal is to become a paperless office

Sustained efforts and awareness have resulted in reduction of paper usage across development centers. Infosys is committed to coming as close as it can to become a paper-less office.

Conservation

Paper is primarily used for printing and copying. Some of the departments responsible for training within Infosys, such as Education and Research, Infosys Leadership Institute (ILI) and Human Resources, have adopted innovative ways to reduce usage of paper.

The Education and Research Department and ILI have introduced e-learning modules and online training systems to effectively control the use of paper.

The recruitment wing of Human Resources introduced the e-docket system to reduce paper records.

Recycling

Awareness is created to reduce utilization of paper as much as possible. Employees are encouraged to use best practices like double side printing, smaller fonts, etc. Usage of copier machines is generally discouraged.

Most development centers work with paper recyclers to recycle waste paper. Notepads made from such recycled paper are used for office stationery.

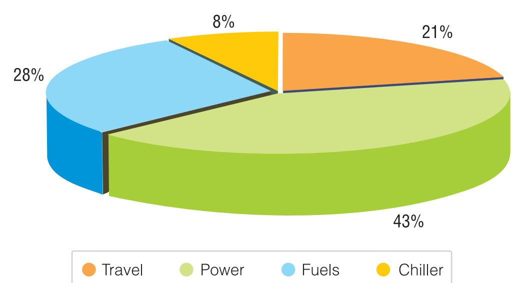
Global warming

Climate change and global warming are environmental issues of grave concern to all of us. It is anticipated that even a small rise in temperature can cause serious consequences to the environment and to our social and economic infrastructure.

Green House Gas emissions

Green House Gas (GHG) emissions are a result of burning of fossil fuels such as coal, oil and natural gas. Though much of the GHG emissions come from the heavy industry, the IT and services industry also contribute to CO_2 emissions. The source for CO_2 is electricity, heat and transportation.

GHG Emissions



We are committed to reducing emissions of CO_2 from our operations. The total CO_2 emission during fiscal 2007 was 292 kilotonnes.

Much of the emissions are sequestrated by the foliage and trees on our campuses which act as carbon sinks. As on March 31, 2007, we own 784 acres of land across campuses in India. Of this, roughly 31.5% or 247 acres, was dedicated for landscaping. This huge green cover acts as a carbon sink.

We are working with the India Climate Exchange to have an effective mitigation plan and to become carbon neutral in the days to come. Currently, we are analyzing data to set a target for reduction of green house gases.

Carbon sinks at Infosys

Environmental impact assessment

Building of new facilities or extensions of existing ones are done only after a detailed environmental impact assessment wherever applicable, and as stipulated by the Ministry of Environment and Forest (MoEF).

Waste management

The Ozone initiative has helped us manage our solid waste effectively. There is a system for segregation of waste at source. Every development center has a dedicated waste segregation and processing yard. We have adopted best practices to manage our waste, and efforts are on to reduce solid waste generation as well.

Solid waste management at Infosys is based on the triple R (Reduce, Reuse and Recycle) principle. Plastic is used judiciously. Food vendors at Infosys are urged not to use disposable plastic. Suppliers are encouraged to take back package material.

Of the inevitable waste that is generated, innovative ways and means to reuse are explored. Wood waste for instance is used in carpentry. Paper printed on one side is stapled together and used as scribbling pads. Paper, plastic, bottles and steel scrap is sent to approved recyclers.

Hazardous waste is restricted to used batteries and used oil. Used batteries are returned to suppliers in accordance with The Pollution Control Board (PCB) norms. Used oil is also sent to approved oil recyclers.

E-waste is handled as per the norms laid out by the PCB. At present, the legislation applicable to hazardous waste management applies to e-waste as well. Disposal of waste is done as per these norms.

Biomedical waste generated from the medical centers on our campus are segregated at the center and then sent to approved agencies for incineration.

Food waste is sent to nearby piggeries and vermi-compost pits.

Occupational health and safety

World over, the work place has become safer in recent years and the number of job-related accidents or injuries have come down. Companies seeking best practices in Corporate Health and Safety aim for "zero" incidents and occupational illnesses. We aspire for the same high levels of performance in terms of occupational health and safety, and are committed to putting in place a strong system to manage the same. We wish to develop a safety culture among our employees. Some of the elements which are essential to establish a sound health and safety system include:

- Leadership commitment
- Confidence on the part of all employees that we value safety and health
- Creating and implementing a health and safety management system
- Monitoring performance regularly

We wish to eliminate all accidents and occupational illnesses at work. To implement and maintain a strong health and safety management system, the scope of the Ozone initiative, which was our Environmental Management System, was enhanced in July 2006 to include "Occupational Health and Safety" as well. Ozone is now our HSE management system.

OH&S best practices at Infosys

The Occupational Health and Safety initiative at Infosys is structured around the following guiding principles:

- Measuring effectiveness, reach and value is part of the OH&S initiative. The OHSAS18001 specifications ensure that all objectives and targets are measured. It also helps to measure the lost time rates, which indicate whether the desired results are achieved or not.
- Safety is integrated into all operations
- Motivational programs are conducted to encourage employee participation
- A feedback mechanism is set up for employees to provide constructive feedback

- A safety committee is formed which meets regularly to discuss performance and progress. Core members work closely with medical practitioners to evaluate occupational injuries and illnesses and plan for mitigation
- Periodic surveys are planned, to assess opportunities for improvement

To demonstrate leadership commitment to the OH&S system, managers at Infosys are encouraged to voice their concerns for employee safety and health. They are urged to discuss safety and health issues during monthly meetings, attend safety committee meetings or health and safety motivational programs, and identify and report hazards and incidents at the workplace.

The managers are encouraged to ensure employee participation in training programs and to help create a trusting relationship among the employees to disclose accidents or incidents.

Safety committee

An Occupational Health and Safety Committee is set up in each development center. 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 across the workplace. It is the committee's role to take a proactive approach in assisting the employer to develop and implement the best possible OH&S policies, plans and procedures for eliminating or minimizing the occupational risks that are inherent in the business.

The committee will discuss, explore, study and make recommendations on various OH&S related issues. The committee will also provide employees the opportunity to voice concerns relating to hazards.

OH&S representatives or OH&S committee members

The following people are members of the OH&S committee

- The Management Representative (MR): The MR in most locations is the HSE / Facilities manager
- Element Champions: Element Champions are those who are responsible for the various elements of the OH&S management plan
- OH&S representatives
- Chairperson: The head of the development center.

Scope of the committee

The scope would include, but will not be limited to, the following:

- Discuss occupational health and safety related issues and to exchange information on accidents, incidents, hazards and hazard control during monthly meetings
- Prepare and maintain records of health and safety issues
- Review occupational accidents and investigate the cause of incidents / accidents resulting in occupational injury or illness and, where appropriate, submit suggestions to senior management or department supervisor for the prevention of future incidents / accidents, thereby reducing risk
- Review hazardous conditions brought to the attention of any committee member. The committee may request that Infosys conduct an investigation to assist them in their study
- Review results of periodic and scheduled work site inspections
- Conduct scheduled and unscheduled safety inspections
- Review safety standards of all new work places and approve commencement of operations from such places
- Submit recommendations to assist in the evaluation of employee safety suggestions
- Minute all proceedings

Risk assessment

The activities and services at our campus may contain potential health, safety and fire hazards. Potential health hazards also include those related to quality of indoor air and ergonomics.

Hazards may pose risk if controls are not provided and implemented. A preliminary risk assessment is conducted to identify routine and non-routine activities. Then, a comprehensive risk assessment is conducted for each of the routine and non-routine activities and services at each site to identify, monitor, measure and manage the identified risks in a structured manner, to minimize or control their impacts and achieve continual improvement. Risk assessment is also conducted for new or modified activities, products and services.

Many hazards can be prevented from occurring through documented self-inspections. An effective hazard control system will identify hazards that exist or develop in the workplace and corrective measures that will prevent their recurrence.

Upon completion of scheduled or unscheduled inspections, all findings are prepared in writing and submitted to respective department heads and to the facilities department. Corrective action or a suitable timetable for elimination of a hazard (where appropriate) is the responsibility of the department supervisor.

Once identified, hazards are ranked according to severity. Prioritization of abatement actions is based on the ranking scheme. Serious violations and hazards are always given top priority and corrected immediately. Operations affected by serious violations or hazards are temporarily suspended until resolution of the same.

Training and awareness

The training needs of all employees, support and security staff and contract workers are identified and relevant training is provided. While identifying the training needs, the role of the department and the impact of its activities on the HSE system of the campus are considered.

Personnel whose work may create a significant impact on the environment or whose work may pose occupational health and safety risks are given an appropriate orientation to make them aware of:

- The significant environmental, occupational health and safety impact and consequences, actual or potential, of their work activities and the benefits of improved personal performance
- Their roles and responsibilities in achieving conformance with the HSE policy and procedures, and with the requirements of the HSEMS, including emergency preparedness and response requirements
- The potential consequences of deviations from specified operating procedures
- Effective dissemination of safety information lies at the very heart of a successful HSE program. It is necessary to provide training for employees on general safe work practices (Safety Training Program) as well as specific instructions on hazards unique to each employee's job assignment.

E-module training

As an integral part of the learning journey, the e-route has been created to help reach out to the ever-growing employees located across geographies. The e-learning module on EMS has been organized to include content on the standards and specific initiatives at Infosys in managing the environment. Modules relevant to occupational health and safety are also included. The objective tests at the end of each module are designed to capture the knowledge gain of the learner.

The Health Assessment and Lifestyle Enrichment Plan initiative

The Health Assessment and Lifestyle Enrichment Plan (HALE) initiative focusses on increasing emotional value-add of our employees, by optimizing their health, quality of life and work environment. The goal is to ensure healthy and happy employees who will be more productive and in the long-term, add to our competitive edge in business.

This initiative strives to achieve this goal through a set of offerings that focus on health, safety, stress and leisure. All these are made available on a portal that has a wealth of knowledge on these aspects. The initiative currently engages over 35,000 employees across locations and has been recognized at various forums as a best-in-class initiative in employee health, safety and wellbeing.

Health

The health portfolio consists of offerings such as preventive healthcare options for employees and families, health checks, talks, consultations, fitness related interventions, and health awareness campaigns. The annual edition of the HALE Health Week held in November 2006 saw over 22,500 employees being covered in varied health related activities. This year alone, over 20,000 employees have availed of health related offerings with over 130 other interventions across locations.

There has been a special focus on ergonomics, nutrition, cardiac and women health with numerous talks, consultations and collateral being shared. Health-related innovations include Fitness Quotient – a fitness benchmarking and exercise / diet intervention that had over 1,300 employees taking part and a campaign to encourage them to keep fit by taking the stairs.

Safety

Various safety related offerings like talks, training sessions on first aid, trauma handling CPR and safety awareness campaigns have been conducted under HALE. The annual HALE Safety Week held in March 2007 has seen over 37,700 employees taking part in safety related activities. Accidental Appu, the safety mascot, has become a popular character at Infosys, thanks to regular quizzes on safety related aspects.

Stress

The HALE Tool (with over 2,000 responses) and the Hotline (with about 20-25 calls per week across locations) are well-appreciated offerings which aim to provide timely, expert help to employees and their families on issues related to relationships, stress, depression and personal issues. A stress audit which had over 8,000 responses over the last year, a pilot rollout of the EAP (Employee Assistance programme), and topical workshops on relationships, families and work-life balance were also organized.

Leisure

A strong set of leisure options that act as stress busters and aid life enrichment are offered across locations – hobby sessions, team games (indoor / outdoor) and movie screenings have been conducted across locations (over 120 initiatives with over 30,000 employees participating). Online puzzles and trivia are bringing leisure to the desktop and has seen over 22,000 employees taking part.

HALE has played a key role in increasing awareness and bringing a greater focus on health and lifestyle enrichment of our employees and their families. Feedback by employees for this initiative has been very encouraging and there have been significant benefits due to the various interventions that HALE offers.

Group Medi-claim policy

Infosys employees working in India are covered under a Group Medi-claim policy for Rs.2,00,000 per family per year on a floater basis. Family would include the employee and three dependents who could be spouse, children and / or dependent parents.

Employees working in other countries are also covered under various health insurance policies.

Safety

The OHSAS18001 specifications require that focused attention be paid to the following areas of our operations to address safety:

1. Fire safety
2. Motor vehicle safety
3. Ergonomics
4. Quality of indoor air and drinking water

At Infosys, the following systems are in place.

Fire safety

Major fires are often caused by electrical short circuits, availability of flammable, combustible material, delayed detection, delayed response and inefficient fire protection systems.

Fire prevention at Infosys starts with the building design. Detailed attention is given to fire resistant material, sufficient open spaces, dampers in HVAC systems, low flame spread interior finishes and glass façade with fire resistance rating of one hour or more.

Fire exits are kept free and proper signages are given for such exits. Smoke and heat alarms are installed in all buildings and checked periodically. Fire extinguishers are available at all points and the required awareness training is provided to employees and support staff. Fire hydrants are installed and a process is in place to monitor working of the whole system including water storage, pumps, staff, hose reels and hydrants.

Accumulation of combustibles is not permitted in any building.

Electrical systems are safe and care is taken to ensure there are no spliced cables, closed junction boxes or wiring in conduits. Extreme care is taken to prevent fires at HSD yards, STPs and LPG cylinder storage bunks.

LPG gas leak detection systems are put in place. Annual maintenance contracts and schedules for servicing of all fire fighting equipment are monitored diligently.

Motor vehicle safety

Contractual agreements are in place with all transportation service providers to ensure high standards of safety. High levels of maintenance, usage of seat belts in taxi cabs, non-utilization of mobile phones by drivers while driving, and breath analyzer tests for drivers providing services at night are some of the measures in place to enhance safety. Employee feedback is acted upon swiftly in case of non-adherence.

Awareness building sessions and motivational programs for drivers are conducted regularly. Training for defensive driving is planned for employees.

Ergonomics

Ergonomics related disorders such as Carpal Tunnel Syndrome, low back pain, etc., are caused by a number of reasons including poor ergonomics of work station furniture, posture, long working hours without breaks, exercises and physical health of the individual.

Workstation furniture at Infosys is chosen after careful deliberations and checks. Sample furniture is used by employees before selections are finalized.

A physiotherapist is available at all development centers. Apart from providing first aid and treatment, the physiotherapist also conducts training sessions for employees to advise them on posture and suitable exercises. Detailed sessions on ergonomics are conducted. During the year, 47 sessions were conducted across our campuses.

Ergonomics related disorders are now being tracked as part of the OH&S activity. One of the objectives is to reduce ergonomics related disorders at each of our locations.

Quality of indoor air and drinking water

Poor indoor air quality is often due to reduced ventilation, poor quality building material and furnishing, deferred maintenance, usage of pesticide and housekeeping chemicals, and premature occupancy of office buildings.

Acceptable air quality is defined as 'Air in which there are no known contaminants at harmful concentrations as determined by concerned authorities and with which a substantial majority (80% or more) of the employees exposed do not express dissatisfaction.'

'Sick Building Syndrome' is a condition when occupants experience symptoms such as dry eyes, dry throat, headache, dry skin, mucous membrane irritation, lethargy, asthmatic symptoms or loss of concentration. These symptoms disappear when they are outside the buildings.

The business requirement at Infosys is such that the work place undergoes change from time to time, in accordance with client specifications. This very often alters the number of people or equipment within the facility. During the year 76 tests were conducted across campuses to check indoor air quality. In 31 cases the CO_2 level was found to exceed acceptable levels. Measures were taken to increase intake of fresh air to bring down CO_2 levels to within acceptable levels.

During the year, 76 tests were conducted across campuses to check indoor air quality. The business requirement at Infosys is such that the work place undergoes changes from time to time, in accordance with client specifications. This often alters the number of people or equipment within the facility. Such changes are monitored and efforts are made to ensure that CO_2 levels do not exceed 1,000 ppm at any time.

Over 1,000 drinking water samples were tested to check quality. This is an activity which is monitored closely at each location. Water purifiers are replaced if they are 4-5 years old. The best available fresh water treatment plants are installed in our campuses to ensure potability of water. This is necessary since the water in many of our campuses is not potable.

Health and safety of contractual employees

While all contractual workers at Infosys enjoy the campus facilities for health and safety, We have enabled a health check program for all contractual employees. This is an annual health check which is available for all contractual employees, free of charge. During the year, 1,971 contractual employees availed of this facility across our campuses.

All contractual employees are covered under provident fund and ESI benefits as per statutory requirements. The following insurance schemes are also available for them:

- Group Medical Insurance cover up to Rs.1,00,000 per person
- Accident Insurance cover up to Rs.2,00,000 per person
- Life Insurance cover of Rs.5,00,000 per person

Disaster Recovery and Business Continuity Plan

We face the threat of disaster from internal and external sources. They could be natural or man-made, technological or political. Disasters could be accidental or intentional. Such disasters could be within controll or beyond the organization's control. Disasters could strike with prior warning or could come with no prior warning.

The preparedness of the Company is prepared to survive a business / service disruption with minimum interruption to its daily routine depends on the elements identified, and the provisions made for review, implementation, maintenance, quality assurance and accuracy of its continuity plan. The essence of the Disaster Recovery and Business Continuity Plan (DR and BCP) is to be equipped to handle disasters that are avoidable and to be prepared to deal with those that are unavoidable or outside the control of the organization.

The Infosys physical infrastructure business or service continuity planning is the process that defines the procedures employed to ensure timely and orderly resuming of our business cycle through its ability to execute plans with minimal or no interruption to time-sensitive business or service operations. The objectives of this plan are to:

- Minimize interruptions to business / service operations
- Resume critical operations within a specified time after a disaster
- Minimize financial loss
- Assure customers and community that their interests are protected
- Limit the severity of the disruption
- Expedite the restoration of services
- Establish awareness so that management and staff understand the implications of a disaster on services
- Maintain a positive public image of the organization

An exhaustive, well-defined and well-rehearsed Disaster Recovery and Business Continuity Plan exists at Infosys, to effectively address all perceived threats.

Financial statements (unaudited) presented in substantial compliance with GAAP requirements of various countries and International Financial Reporting Standards and reports of substantial compliance with the respective corporate governance standards

Over the past decades, the technology and information revolutions have fundamentally transformed economic and political relationships between nations. Thanks to the opening up of financial markets across the globe, investors today have a wide choice of capital markets to invest in. Consequently, the global investor must have access to information about the performance of any company, in any market that he or she chooses to invest in. However, differences in language, accounting practices, and reporting requirements in various countries render performance reports by many companies rather investor-unfriendly.

Today, the strength of a global company lies in its ability to access high-quality capital at the lowest cost from a global pool of investors. Such companies study the needs of global investors and publish financial information in a language and form understood by their existing as well as prospective investors. In the process, financial statistics may have to be restated and financial terminology may need to be translated. Indeed, a key issue in international financial analysis is the restatement and translation of financial reports that describe operations conducted in one environment, but which are the subject of review and analysis in another.

As an investor-friendly company, committed to the highest standards of disclosure, we have been voluntarily providing unaudited financial statements presented in substantial compliance with the GAAP requirements of Australia, Canada, France, Germany, Japan and the United Kingdom, besides those of the United States and India (which information appears separately elsewhere).

Australia, France, Germany and the United Kingdom have adopted the International Financial Reporting Standards (IFRS). We are presenting the unaudited consolidated financial statements for these countries presented in substantial compliance with IFRS. We are also presenting, in US Dollars, financial statements presented in substantial compliance with IFRS. Since there is an ongoing convergence project between US GAAP and IFRS, the IFRS information presented in this Annual Report has been reconciled to our US GAAP information. Financial information presented in Japanese GAAP in this Annual Report has been translated from our US GAAP financial information. The information will be included in the Securities Report to be filed with the Ministry of Finance, Japan. Canadian GAAP financial statements have been presented on the same basis as earlier years and are reconciled to our Indian GAAP financial information.

Further, keeping in mind their local regulations and practices, these countries have formulated their own corporate governance standards. We have provided statements on substantial compliance with these standards in the respective national languages of these countries.

The unaudited consolidated income statements and balance sheets have been presented by converting the various financial parameters, reported in our income statement into the respective currencies of the above countries. In addition, appropriate adjustments have been made for differences, if any, in accounting principles, and in formats, between India, United States, these countries and IFRS.

The financial information provided in this section is unaudited. Financial information presented in substantial compliance with the GAAP requirements of countries and IFRS may not meet all the regulatory requirements to be characterized as financial statements presented in explicit and unreserved compliance with such requirements. The statements on compliance or substantial compliance with corporate governance standards of various countries may not meet all the relevant regulatory requirements to be characterized as statements of explicit and unreserved compliance with corporate governance requirements. The financial information provided in this section does not contain sufficient information to allow full understanding of our results or our state of affairs. In the event of a conflict in interpretation, the "Audited Indian GAAP financial statements" section and the "Corporate governance report" of the Annual Report should be considered. We caution investors that these reports are provided only as additional information to our global investors. Using such reports for predicting our future, or of any other company, is risky. We are not responsible for any direct, indirect or consequential losses suffered by any person using these corporate governance reports, financial statements or data..

Corporate governance report – Australia, Canada, France, Germany, Japan and the United Kingdom

Australia

ASX Corporate Governance Council – Principles of good corporate governance and best practices recommendations

The Australian Stock Exchange (ASX) Corporate Governance Council was formed on August 15, 2002 to develop and deliver an industry-wide, support framework for corporate governance which could provide a practical guide for listed companies, their investors, the wider market and the Australian community. The council published its "*principles of good corporate governance and best practice recommendations*" in March 2003. The corporate governance principles and recommendations of the council are not mandatory, but Australian listed entities must disclose those principles that are not in compliance and the reasons for non-compliance.

The council proposed 10 core principles which it believes underlie good corporate governance. We comply substantially with all recommendations made by the council, except the following :

1. *Recommendation 2.2 – The Chairperson should be an independent director:* The chairman of the board is a non-executive director. The board of the Company consists of six executive directors, one non-executive director and eight independent directors. The audit committee, nominations committee and the compensation committee consist of independent directors only.
2. *Recommendation 5.1 – Ensure compliance with ASX listing rule disclosure requirements:* We are not listed on the Australian Stock Exchange. However, we have established necessary policies and procedures to ensure that announcements are made in a timely manner are factual, do not omit any material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Canada

Corporate governance: A guide to good disclosure, issued by Toronto Stock Exchange.

In December 2003, The Toronto Stock Exchange (TSX) issued guidelines which would help issuers prepare meaningful disclosure that complies with its requirements. TSX only requires companies to explain their practices, and not to adopt the practices in the guidelines. These guidelines were updated in January 2006.

We substantially comply with all recommendations. The necessary disclosures on various recommendations are provided elsewhere in the report. In addition, the following disclosures are made for specific guidelines issued by TSX.

1. *Guideline 5 – Assessing the Board's effectiveness:* The compensation committee of the Board consists of independent directors. The compensation committee reviews the performance of all the executive directors on a quarterly basis based on detailed performance parameters set for each of the executive directors at the beginning of the year, in consultation with the CEO of the Company. The performance of the independent directors is reviewed by the full board, on a regular basis. The nominations committee recommends size and composition of the Board and its committees, establishes procedures for the nomination process, and recommends candidates for election to the Board and its committees.

France

La gouvernance d'entreprise des sociétés cotées – Octobre 2003

Les principes de la gouvernance d'entreprise des sociétés cotées tirent leur origine des rapports VIENOT de juillet 1995 à juillet 1999, ainsi que du rapport BOUTON de septembre 2002. Cet ensemble de recommandations a été élaboré en détail par les groupes de travail en résumé des réunions avec les présidents de sociétés cotées en France et ce, sur la demande de l'Association Française des Entreprises Privées (AFEP) et le Mouvement des Entreprises Françaises (MEDEF). Cette "consolidation" des travaux menés par des présidents de grandes sociétés françaises constitue une réponse à la communication de la Commission européenne sur la gouvernance d'entreprise et le droit des sociétés, qui préconise que chaque État membre désigne un code de référence auquel les entreprises devront se conformer ou expliquer en quoi leurs pratiques en diffèrent et pour quelles raisons.

Ce rapport avait fait plusieurs recommandations. Notre entreprise se conforme strictement à ces recommandations, à l'exception des points ci-dessous:

1. *Recommandation 7.1:* La représentation des salariés et des salariés actionnaires- Les salariés ne sont pas représentés au conseil d'administration. À ce jour, le conseil d'administration d'INFOSYS est composé de 15 administrateurs dont 8 sont indépendants.

Germany

(deutscher Corporate Governance Kodex in der Fassung vom 21.

Mai 2005)

Der deutsche Corporate Governance Kodex repräsentiert ein Regelungswerk für Vorstände und Aufsichtsrat von in Deutschland börsennotierten Gesellschaften. Die Regeln haben zum Ziel das deutsche Corporate Governance System transparenter und verständlicher zu machen. Zweck ist, für das Vertrauen der internationalen und nationalen Investoren, der Kunden, der Mitarbeiter und der Öffentlichkeit in die Vorstände und Aufsichtsräte börsennotierter Unternehmen zu werben.

Dieser Bericht hat einige Empfehlungen ausgesprochen. Ihr Unternehmen wendet die Empfehlungen der Regierungskommission im Wesentlichen mit folgenden Ausnahmen an:

1. *Empfehlung 3, 4 und 5 – Das duale System der Unternehmensorgane:* Das Unternehmen hat ein einstufiges Verwaltungsorgan welches sowohl mit unternehmerischen Befugnissen als auch der Befugnis zur Überwachung ausgestattet ist. Zur Zeit besteht das Organ aus 15 unabhängigen Direktoren davon 6 leitende, 1 nicht-leitenden und 8 unabhängige Angestellte. Das Unternehmensorgan ist ausschließlich mit unabhängigen Direktoren besetzt.

Japan
日本

日本でコーポレート・ガバナンスについて議論されてきた問題のいくつかについては、日本の法令（会社支配の構造や手続については会社法、コーポレート・ガバナンスの状況の開示については証券取引法および開示に関する内閣府令等）が対処している。証券取引法および関係内閣府令は、インフォシス・テクノロジー・リミテッドのような日本における継続開示会社に対して、コーポレート・ガバナンスの状況（例えば、会社の機関の内容、内部統制システムの整備の状況、リスク管理体制の整備の状況、役員報酬の内容、監査報酬の内容、内部監査の組織および手続等）の開示を求めている。当社は、本年次報告書においてこの情報を開示している。

United Kingdom

The combined code on corporate governance supersedes and replaces the Combined Code issued by the Hampel Committee on Corporate Governance in June 1998. It is derived from a review of the role and effectiveness of non-executive directors by Mr. Derek Higgs and a review of audit committees by a group led by Sir Robert Smith. This new Code applies for reporting years beginning on or after November 1, 2003.

We substantially comply with all recommendations of the combined code except for the following:

1. *Code A2.2:* A chief executive should not go on to become chairman of the same company: N. R. Narayana Murthy is the Chairman and Chief Mentor of the Company, at present. He was the Chief Executive Officer of the Company till March 31, 2002.
2. *Code D1:* Dialogue with institutional investors: We have in place a communication policy addressed to the needs of all investors. We communicate to investors through various forums, both our long-term and short-term plans and strategies. As a policy, we do not differentiate between small and large investors. Non-executive directors do not meet with large investors as required under the code.
3. *Code D2.1 – Voting in shareholders meetings:* Under Indian law, voting on a resolution in the annual general meeting is by show of hands, unless a poll is demanded by a member or members present in person or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution, or by those holding an aggregate paid up capital of at least Rs. 50,000. However, as an informal mechanism, the Company makes available non-mandatory ballot through the internet, for all the resolutions to be passed by the members at the AGM and announce the results of the poll, before taking up the formal procedure for passing a resolution by members in the meeting.

Financial statements presented in substantial compliance with Australian Equivalents to International Financial Reporting Standards (A-IFRS)

Consolidated balance sheet of Infosys Technologies Limited as at March 31, (unaudited)

Australian Dollars (AUD) in millions, except share and per share data

	2007	2006
Assets		
Current assets		
Cash and cash equivalents	1,731	1,241
Investments in liquid mutual fund units	7	237
Trade accounts receivable	697	504
Unbilled revenue	91	67
Prepaid expenses and other current assets	59	56
Total current assets	2,585	2,105
Property, plant and equipment	911	685
Intangible assets, net	183	11
Deferred tax assets	26	20
Advance income taxes	41	25
Other assets	46	38
Total non-current assets	1,207	779
Total assets	3,792	2,884
Liabilites		
Current liabilities		
Trade payable	7	4
Current tax payable	5	–
Client deposits	1	3
Unearned revenue	89	61
Other liabilities	337	223
Total current liabilities	439	291
Non-current liabilities		
Other liabilities	1	7
Non-current liabilities total	1	7
Total liabilities	440	298
Equity		
Common stock, AUD 0.22 par value 600,000,000 equity shares authorized, issued and outstanding – 571,209,862 and 551,109,960 as of March 31, 2007 and 2006 respectively	79	43
Additional paid-in capital	875	597
Reserves	111	14
Retained earnings	2,287	1,911
Total equity attributable to equity holders of the Company	3,352	2,565
Minority interests	–	21
Total equity	3,792	2,884

Financial statements presented in substantial compliance with Australian Equivalents to International Financial Reporting Standards (A-IFRS)

Consolidated income statement of Infosys Technologies Limited for the year ended March 31, (unaudited)

AUD in millions, except share and per share data

	2007	2006
Sales	4,009	2,865
Cost of sales	2,305	1,661
Gross profit	1,704	1,204
Other income, net	98	65
Selling and marketing expenses	271	182
General and administrative expenses	323	230
Amortization of intangible assets	4	–
	598	412
Results from operating activities	1,204	857
Net finance income / (costs)	10	(24)
Profit before income taxes	1,214	833
Income tax expense	109	93
Profit for the period	1,105	740
Net profit attributable to minority interest	3	7
Net profit attributable to shareholders of parent company	1,102	733
Earnings per equity share (AUD)		
Basic	1.99	1.35
Diluted	1.95	1.31
Weighted average equity shares used in computing earnings per equity share		
Basic	554,018,739	543,160,222
Diluted	566,110,582	557,967,786

Note:

1. The functional currency of the Company is the Indian Rupee. These financial statements have been presented by translating revenue and expenditure at an average rate during the year; current assets, current liabilities, property, plant and equipment, long-term borrowings at the year-end rate; and accretions to stockholders' equity at an average rate for the year. The difference arising on translation is shown under Reserves.
2. *Exchange rates (1 AUD =)*

in Rs.

	2007	2006
Average rate	34.73	33.21
Period end rate	34.93	31.87

3. *Reconciliation between US GAAP and A-IFRS statements*

AUD in millions

	2007	2006
Net income as per US GAAP financial statements	1,101	739
Reversal of Stock compensation charge using fair value method for grants before November 7, 2002	1	(6)
Net income attributable to shareholders of parent company as per A-IFRS	1,102	733

Financial information presented in substantial compliance with GAAP requirements of Canada

Consolidated balance sheet (unaudited) as at March 31,

Canadian dollars (CAD) in millions, except share and per share data

	2007	2006
Assets		
Current assets		
Cash and cash equivalents	1,653	1,059
Accounts receivable	652	422
Pre-paid expenses and other assets	178	123
	2,483	1,604
Property, plant and equipment	851	573
Intangible assets	158	11
Investments	7	198
Future income taxes	25	17
Other assets	4	8
	3,528	2,411
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	7	3
Accrued liabilities	424	510
Advances received from clients	1	2
Unearned revenue	83	51
	515	566
Minority interests	1	18
	516	584
Share capital		
Common shares – 571,209,862 outstanding (2006 – 551,109,960 outstanding)	87	42
Additional paid-in capital	778	470
Accumulated foreign currency translation adjustment	(188)	(286)
Retained earnings	2,335	1,601
	3,528	2,411

Financial information presented in substantial compliance with GAAP requirements of Canada

Consolidated statement of earnings and retained earnings (unaudited)

CAD in millions, except share and per share data

	2007	2006
Sales	3,497	2,558
Cost of sales	2,007	1,479
Gross margin	1,490	1,079
Expenses		
Selling, general and administration expenses	514	366
Income from operations	976	713
Provision for investments	(1)	–
Interest and other income	94	37
Gain on sale of long term investment	2	–
Earnings before income taxes	1,071	750
Provision for income taxes	97	84
Net earnings before minority interests	974	666
Minority interests	(3)	(6)
Net earnings after minority interests	971	660
Cash dividend declared	189	379
	782	281
Retained earnings, beginning of the year	1,601	1,320
Retained earnings, end of the year	2,335	1,601
Earnings per share (CAD)		
Net earnings		
Basic	1.75	1.22
Fully diluted	1.71	1.18
Weighted average number of shares		
Basic	554,018,739	543,160,222
Fully diluted	566,110,582	557,967,786

Note :

1. The functional currency of the Company is the Indian Rupee. These financial statements have been presented by translating revenue and expenditure at an average rate for the year; current assets, current liabilities, property, plant and equipment, long-term borrowings at the year-end rate; and accretions to stockholders' equity at an average rate for the year. The difference arising on translation is shown under accumulated foreign currency translation adjustment.
2. *Exchange rate (1 CAD =)*

in Rs.

	2007	2006
Average rate	39.73	37.22
Period end rate	37.38	38.11

3. Reconciliation between Indian GAAP and the Canadian GAAP statements:

CAD in millions

	2007	2006
Net income as per Indian GAAP in Canadian dollars	971	660
Net earnings as per Canadian GAAP	971	660

Etats financiers préparés en conformité avec les IFRS (International Financial Reporting Standards) – France

Compte de résultat consolidé non audité d'Infosys Technologies Ltd pour les exercices clos le 31 mars

en millions d'Euros, sauf résultat par action

	2007	2006
Actif		
Actif circulant		
Disponibilités	1,049	732
Valeurs mobilières de placement	4	140
Clients, net de provisions	422	297
Factures à établir	56	40
Charges constatées d'avance et autres actifs circulants	36	33
Total de l'actif circulant	1,567	1,242
Installations techniques, matériels et outillages industriels, net	552	405
Immobilisations incorporelles, nettes	111	7
Impôts différés actif	16	12
Impôts avance	25	15
Autres actifs	27	22
Total Actif	2,298	1,703
Capital et reserves		
Passif circulant		
Fournisseurs	4	2
Impôts sur les bénéfices	3	–
Acomptes clients	1	2
Produits constatés d'avance	54	36
Autres passifs provisionnés	203	132
Total du passif circulant	265	172
Passif non circulant		
Autres passifs non circulant	1	4
Capital et réserves de la société mère		
Capital social	48	26
Prime d'émission	531	353
Ecart de conversion	67	8
Report à nouveau	1,386	1,128
Total du capital et réserves de la société mère	2,032	1,515
Intérêts minoritaires	–	12
Total passif et capital et réserves	2,298	1,703

Etats financiers préparés en conformité avec les IFRS (International Financial Reporting Standards) – France

Euros in millions, except share and per share data

	2007	2006
Produits	2,389	1,771
Coût des ventes	1,374	1,027
Résultat brut	1,015	744
Charges d'exploitation :		
Coût des ventes et de marketing	162	113
Charges générales et administratives	192	142
Dotations aux amortissements des immobilisations incorporelles	2	–
Total des charges d'exploitation	356	255
Produis d'exploitation	659	489
Bénéfice sur la vente de placement à long terme	1	–
Gains (pertes) de change sur les monnaies étrangères, nets	6	(15)
Autres produits, nets	58	40
Résultat avant impôts	724	514
Impôts sur les bénéfices	65	58
Résultat net	659	456
Résultat net attribué aux intérêts minoritaires	2	4
Résultat net attribué aux associés de la société mère	657	452
Bénéfice par action		
Base	1.19	0.83
Dilué	1.16	0.81
Nombre moyen pondéré d'actions		
Base	554,018,739	543,160,222
Dilué	566,110,582	557,967,786

Note:

1. Les comptes annuels de la société on été préparés en roupie indiens, la devise opérationnelle. Ces comptes annuels ont été préparés en traduisant des produits et charges avec un taux moyen pendant l'année, l'actif courant, le passif courant, les installations techniques, matériels et outillages industriels, les emprunts à long terme, avec un taux moyen pour l'année. La différence obtenue avec la conversion est comptabilisée dans les écarts de conversion.

2. Taux de change (1Euro =)

in Rs.

	2007	2006
Moyenne	58.29	53.72
Clôture	57.64	53.99

3. Réconciliation avec les états US GAAP et IFRS

Euros en millions, excepté les mentions contraire

	2007	2006
Résultat net en millions selon les comptes annuels consolidés US GAAP	657	457
Charge résultant du changement de méthode pour la comptabilisation des concessions le 7 Novembre 2002	–	(5)
Résultat net selon les normes IFRS	657	452

Abschluss erarbeitet in wesentlicher Übereinstimmung mit den International Financial Reporting Standards (IFRS) – Deutschland

Millionen Euro, außer Aktien und je Aktie Daten

	31. März 2007	31. März 2006
Aktiva		
Kurzfristige Vermögenswerte		
Zahlungsmittel und Zahlungsmitteläquivalente	1,049	732
Investitionen in liquide wechselseitige Fonds	4	140
Forderungen aus Lieferungen und Leistungen	422	297
Forderungen aus Fertigungsaufträgen	56	40
Vorauszahlungen und sonstige Vermögenswerte	36	33
Kurzfristige Vermögenswerte insgesamt	1,567	1,242
Sachanlagen	552	405
Geschäfts- und Firmenwert (Goodwill)	96	7
Sonstige immaterielle Vermögenswerte	15	–
Latente Steuern	16	12
Vorausgezahlte Steuern	25	15
Sonstige Vermögenswerte	27	22
Summe Aktiva	2,298	1,703
Passiva: Schulden und eigenkapital		
Kurzfristige Schulden		
Verbindlichkeiten aus lieferungen und leistungen	4	2
Steuerverbindlichkeiten	3	–
Kundendeposita / erhaltene anzahlungen	1	2
Verbindlichkeiten aus fertigungsaufträgen	54	36
Sonstige Verbindlichkeiten / rückstellungen	203	132
Kurzfristige schulden insgesamt	265	172
Langfristige schulden		
Sonstige langfristige schulden	1	4
Eigenkapital		
Gezeichnetes kapital, 600,000,000 aktien je Rupie 0.13 nominalwert genehmigt, zum 31. März 2007 insgesamt 571,209,862 (i.Vj. 551,109,960) aktien ausgegeben und im Umlauf befindlich	48	26
kapitalrücklage	531	353
Sonstige Rücklagen (accumulated other comprehensive income)	67	8
Bilanzgewinn	1,386	1,128
Eigenkapital der muttergesellschaft insgesamt	2,032	1,515
Minderheitenanteile	–	12
Summe schulden, eigenkapital und minderheitenanteile	2,298	1,703

Abschluss erarbeitet in wesentlicher Übereinstimmung mit den International Financial Reporting Standards (IFRS) – Deutschland

Konzern-Gewinn- und Verlustrechnung der Infosys Technologies Limited für die Zeit vom 1. April 2006 bis zum 31. März 2007

Millionen Euro, außer aktien und je aktie daten

	2007	2006
Umsatzerlöse	2,389	1,771
Umsatzkosten	1,374	1,027
Bruttoergebnis vom umsatz	1,015	744
Operative aufwendungen:		
Vertriebskosten	162	113
Allgemeine verwaltungskosten	192	142
Abschreibungen auf immaterielle vermögenswerte	2	–
Operative aufwendungen insgesamt	356	255
Operatives ergebnis	659	489
Gewinn bei verkauf von langfristigen vermögenswerten	1	–
Währungsgewinne /-verluste	6	(15)
Sonstige betriebliche erträge	58	40
Ergebnis vor steuern und minderheiten	724	514
Steuern von einkommen und ertrag	65	58
Periodenergebnis	659	456
Minderheitenanteile	2	4
Periodenergebnis der aktionäre	657	452
Ergebnis je aktie		
Unverwässert	1.19	0.83
Verwässert	1.16	0.81
Gewichtete durchschnittliche anzahl aktien für die berechnung der ergebnisse je aktie		
Unverwässert	554,018,739	543,160,222
Verwässert	566,110,582	557,967,786

Anmerkungen:

1. Umrechnung von Auslandswährungen

   Der Abschluss (Bilanz sowie Gewinn- und Verlustrechnung) wird in der Berichtswährung der indischen Rupie erstellt, die funktionale Währung. Der vorliegende und in Euro dargestellte Abschluss wurde erstellt durch die Umrechnung der Erträge und Aufwendungen zum Jahresdurchschnittskurs; Umlaufvermögen, kurzfristigen Verbindlichkeiten, Grundstücke, Maschinen und Anlagen sowie langfristigen Verbindlichkeiten zum Jahresendkurs, Erhöhungen des Eigenkapitals zum Jahresdurchschnittskurs. Die Währungsumrechnungsdifferenz wird unter den sonstigen Rücklagen ("Other comprehensive Income") ausgewiesen.

2. Verwendete Wechselkurse (1 =)

in Rs.

	2007	2006
Verwendeter durchschnittlicher Wechselkurs	58.29	53.72
Verwendeter Jahresendwechselkurs	57.64	53.99

3. Überleitung von US GAAP auf IFRS

in Millionen Euro

	2007	2006
Periodenergebnis nach US GAAP	657	457
Vorratsentschädigung gemäß Fair Value Methode für Zuwendungen und/oder		
Zuschüsse nach dem 7. November 2002	–	(5)
Periodenergebnis nach IFRS	657	452

Financial statements presented in substantial compliance with GAAP requirements of Japan

インフォシス・テクノロジーズ・リミテッドおよび子会社
連結貸借対照表

（単位：百万円（１株当たりデータを除く。））

	2006年 3月31日現在	2007年 月31日現在
資産		
流動資産		
現金および現金同等物	104,946	165,624
流動性ある投資信託への投資	20,069	708
売上債権（貸倒引当金控除後）	42,616	66,698
未収収益	5,666	8,736
前払費用およびその他の流動資産	4,722	5,667
繰延税金資産	118	236
流動資産合計	178,137	247,669
有形固定資産(純額)	57,963	87,121
のれん	944	15,110
無形固定資産(純額)		2,361
繰延税金資産	1,535	2,243
未収還付法人税等	2,125	3,896
その他の資産	3,187	4,368
資産合計	243,891	362,768
負債および資本		
流動負債		
仕入債務	354	708
未払法人税等		472
顧客預り金	236	118
繰延収益	5,194	8,500
その他の未払債務	18,888	32,110
流動負債合計	24,672	41,908
固定負債		
その他の固定負債	590	118
少数株主持分	1,771	—
資本		
普通株式　額面1株当たり0.16米ドル	3,660	7,555
授権株式数　600,000,000株		
発行済株式数		
2006年3月31日現在 551,109,960株		
2007年3月31日現在 571,209,862株		
資本剰余金	48,401	81,691
その他の包括利益累積額	1,062	10,624
利益剰余金	163,735	220,872
資本合計	216,858	320,742
負債および資本合計	243,891	362,768

Financial statements presented in substantial compliance with GAAP requirements of Japan

インフォシス・テクノロジーズ・リミテッドおよび子会社
連結損益計算書　3月31日終了年度

（単位：百万円（1株当たりデータを除く。））

	2005年	2006年	2007年
収益	187,936	254,044	364,775
売上原価	106,717	146,854	209,775
売上総利益	81,218	107,189	155,000
営業費用:			
販売費およびマーケティング費	12,159	16,055	24,672
一般管理費	14,992	20,423	29,394
無形固定資産の償却費	236	—	354
営業費用合計	27,388	36,477	54,421
営業利益	53,831	70,712	100,579
長期投資売却益	1,299	—	118
その他の収益(純額)	2,833	3,660	9,798
法人税等および少数株主利益前当期純利益	57,963	74,372	110,495
法人税等	8,500	8,264	9,916
少数株主利益前当期純利益	49,463	66,108	100,579
少数株主利益	—	590	236
当期純利益	49,463	65,518	100,343
1株当たり当期純利益			
基本的	92	120	181
希薄化後	91	117	177
1株当たり当期純利益の算定に使用した期中加重平均発行済株式数			
基本的	533,802,066	543,160,222	554,018,739
希薄化後	547,180,826	557,967,786	566,110,582

注：米ドル金額は、2007年3月30日の株式会社三菱東京UFJ銀行が建値した対顧客電信直物売買相場の仲値である1米ドル＝118.05円により円金額に換算されている。75

Financial statements presented in substantial compliance with International Financial Reporting Standards (IFRS) – United Kingdom

Consolidated balance sheet of Infosys Technologies Limited as at March 31, (unaudited)

United Kingdom Pound Sterling (GBP) in millions, except share and per share data

	2007	2006
Assets		
Current Assets		
Cash and cash equivalents	713	511
Investments in liquid mutual fund units	3	98
Trade accounts receivable	287	208
Unbilled revenue	38	28
Prepaid expenses and other current assets	24	23
Total current assets	1,065	868
Property, plant and equipment, net	375	282
Intangible assets	75	5
Deferred tax assets	11	8
Advance income taxes	17	10
Other assets	19	16
Total assets	1,562	1,189
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	3	2
Income taxes payable	2	–
Client deposits	1	1
Unearned revenue	37	25
Other accrued liabilities	138	92
Total current liabilities	181	120
Non-current liabilities		
Other non-current liabilities	1	3
Parent company stockholders' equity		
Common stock, GBP 0.09 par value 600,000,000 equity shares authorized, issued and outstanding – 571,209,862 and 551,109,960 as of March 31, 2007 and 2006 respectively	33	18
Additional paid-in capital	361	246
Accumulated other comprehensive income	45	6
Retained earnings	941	787
Total parent company stockholders' equity	1,380	1,057
Minority interests	–	9
Total liabilities and stockholders' equity	1,562	1,189

Financial statements presented in substantial compliance with International Financial Reporting Standards (IFRS) – United Kingdom

Consolidated profit and loss account of Infosys Technologies Limited for the year ended March 31, (unaudited)

GBP in millions, except share and per share data

	2007	2006
Revenues	1,619	1,210
Cost of sales	931	702
Gross profit	688	508
Operating expenses:		
Selling and marketing expenses	110	77
General and administrative expenses	130	97
Amortization of intangible assets	2	–
Total operating expenses	242	174
Results from operating activities	446	334
Gain on sale of long term investment	1	–
Foreign currency exchange gains / (losses), net	4	(10)
Other income, net	39	28
Profit before income taxes	490	352
Provision for income taxes	44	39
Profit for the period	446	313
Net income attributable to minority interest	1	3
Net income attributable to shareholders of parent company	445	310
Profit for the period	446	313
Earnings per equity share (GBP)		
Basic	0.80	0.57
Diluted	0.79	0.55
Weighted average equity shares used in computing earnings per equity share		
Basic	554,018,739	543,160,222
Diluted	566,110,582	557,967,786

Note :

1. The functional currency of the Company is the Indian Rupee. These financial statements have been presented by translating revenue and expenditure at an average rate during the year; current assets, current liabilities, property, plant and equipment, long-term borrowings at the year-end rate; and accretions to stockholders' equity at an average rate for the year. The difference arising on translation is shown under Accumulated other comprehensive income.

2. Exchange rates (1GBP =)

in Rs.

	2007	2006
Average rate	86.00	78.63
Period end rate	84.84	77.36

3. Reconciliation between US GAAP and IFRS statements

GBP in millions

	2007	2006
Net income as per US GAAP financial statements	445	312
Stock compensation charge using fair value method for grants after November 7, 2002	–	(2)
Net income attributable to shareholders of parent company as per IFRS	445	310

Financial statements presented in substantial compliance with International Financial Reporting Standards (IFRS)

Consolidated balance sheet of Infosys Technologies Limited as at March 31, (unaudited)

United States Dollars (USD) in millions, except share and per share data

	2007	2006
Assets		
Current Assets		
Cash and cash equivalents	$1,403	$889
Investments in liquid mutual fund units	6	170
Trade accounts receivable	565	361
Unbilled revenue	74	48
Prepaid expenses and other current assets	48	40
Total current assets	2,096	1,508
Property, plant and equipment	738	491
Intangible assets	148	8
Deferred tax assets	21	14
Advance income taxes	33	18
Other assets	37	27
Total assets	$3,073	$2,066
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$6	$3
Income taxes payable	4	–
Client deposits	1	2
Unearned revenue	72	44
Other accrued liabilities	272	160
Total current liabilities	355	209
Non-current liabilities		
Other non-current liabilities	1	5
Parent company stockholders' equity		
Common stock, USD 0.16 par value 600,000,000 equity shares authorized, issued and outstanding – 571,209,862 and 551,109,960 as of March 31, 2007 and March 31, 2006 respectively	64	31
Additional paid-in capital	709	428
Accumulated other comprehensive income	90	9
Retained earnings	1,854	1,369
Total parent company stockholders' equity	2,717	1,837
Minority interests	–	15
Total equity	2,717	1,852
Total liabilities and stockholders' equity	$3,073	$2,066

Financial statements presented in substantial compliance with International Financial Reporting Standards (IFRS)

Consolidated income statement of Infosys Technologies Limited for the year ended March 31, (unaudited)

USD in millions, except share and per share data

	2007	2006
Revenues	$3,090	$2,152
Cost of sales	1,776	1,248
Gross profit	1,314	904
Operating expenses:		
Selling and marketing expenses	209	137
General and administrative expenses	249	173
Amortization of intangible assets	3	–
Total operating expenses	461	310
Results from operating activities	853	594
Gain on sale of long term investment	1	–
Foreign currency exchange gains / (losses), net	8	(18)
Other income, net	75	49
Profit before income taxes	937	625
Provision for income taxes	84	70
Profit for the period	$853	$555
Net income attributable to minority interest	2	5
Net income attributable to shareholders of parent company	$851	$550
Profit for the period	$853	$555
Earnings per equity share (USD)		
Basic	$1.54	$1.02
Diluted	$1.51	$0.99
Weighted average equity shares used in computing earnings per equity share		
Basic	554,018,739	543,160,222
Diluted	566,110,582	557,967,786

Note:

1. The functional currency of the Company is the Indian Rupee. These financial statements have been presented by translating revenue and expenditure at an average rate during the year; current assets, current liabilities, property, plant and equipment, long-term borrowings at the year-end rate; and accretions to stockholders' equity at an average rate for the year. The difference arising on translation is shown under Accumulated other comprehensive income.
2. Exchange rates (1 USD =)

in Rs.

	2007	2006
Average rate	45.06	44.21
Period end rate	43.10	44.48

3. Reconciliation between US GAAP and IFRS statements (unaudited)

USD in millions

	2007	2006
Net income as per US GAAP financial statements	$851	$555
Reversal of Stock compensation charge using fair value method for grants before November 7, 2002	1	(5)
Net income attributable to shareholders of parent company as per IFRS	$850	$550

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63900, Brno
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Plot No.26 / 3, 26 / 4 & 26 / 6
Electronics City, Hosur Road
Bangalore 560 100
Tel. : 91 80 2852 2405
Fax : 91 80 2852 2411

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

No 151/1, (600 / 677)
Opp. IIMB, Doorasanipalya
Bannerghatta Road
Bangalore 560 076
Tel.: 91 80 4103 2923
Fax : 91 80 2658 8676

GNR Chambers
882 & 883, 8th Main
J. P. Nagar III Phase
Bangalore 560 078
Tel.: 91 80 4100 3202
Fax : 91 80 2658 8676

Gurgaon
The Presidency, 351/2
Mehrauli Gurgaon Road
Gurgaon
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Jaipur
Plot No. E-142-143
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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,
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Phase II, Village Maan,
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