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Sir David Tweedie
Chairman
International Accounting Standard Board
30 Cannon Street
London EC4M 6XH

11 September, 2008

Dear Sir David,

We appreciate the opportunity to comment on the International Accounting Standard Board's (IASB's or "Board") Discussion Paper on Preliminary Views on Amendments to IAS 19 Employee Benefits ("the Discussion Paper").

**Background of Infosys Technologies Limited (Infosys)**

Infosys is a leading global technology services company headquartered in Bangalore, India. Our equity shares are traded on the Bombay Stock Exchange Limited and on the National Stock Exchange Limited in India.. Our American Depositary Shares representing our equity shares are quoted on the Nasdaq Global Select Market. Infosys is a foreign private issuer with the status of a large accelerated filer and, as such, has filed its Annual Report on Form 20-F since its initial public offering in the United States in 1999.

The financial statements included in its Annual Report until March 31, 2008, filed with the Securities Exchange Commission, U.S.A. (SEC) had been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Pursuant to the final rule issued by SEC, allowing foreign private issuers to file financial statements with SEC in accordance with International Financial Reporting Standards (IFRS), as issued by IASB, without a reconciliation to U.S. GAAP, we intend to adopt IFRS for the fiscal year ending March 31, 2009 with a transition date of April 1, 2007, including for all the interim filings.

**We have filed our first IFRS interim financial statement with SEC in compliance with IFRS, as issued by IASB, for the period ended June 30, 2008.**

**Comments**

We would like to comment on the following questions as included in the Discussion Paper.

1. **Question 5:**

Do you agree that the Board has identified the appropriate promises to be addresses in the scope of this project? If not, which promises should be included or excluded from the scope of the project and why?

2. **Question 9(a)**

Are there alternative measurement approaches that better meet the measurement objectives described in this paper? Please describe the approaches and explain how they better meet the measurement objectives.

**Background of the Company's post employment Provident Fund plan (The plan)**

The Company has a Provident Fund 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 current salary. The company contributes a part of the contributions to the Infosys Technologies Limited Employees' Provident Fund Trust (trust). The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. **The company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates.**

**Relevant Sections of the Discussion Paper**

**A. Classification**

Paragraph 5.3 of the Discussion Paper states that Post-employment promises are formal or informal arrangements under which an entity is obliged to provide employee benefits (other than termination benefits) payable after the completion of employment.

The two forms of Post-employment promises are a **defined benefit promise** which is a promise that is not a contribution-based promise and a **contribution-based promise.**

A ***contribution-based promise*** is a post-employment benefit promise in which, during the accumulation phase, the benefit can be expressed as:

(i) the accumulation of actual or notional contributions that, for any reporting period, would be known at the end of that period, except for the effect of any vesting or demographic risk; and

(ii) any promised return on the actual or notional contributions is linked to the return from an asset, group of assets or an index. A contribution-based promise need not include a promised return.

Further Para 5.24 of the Discussion Paper, clarifies by stating that the definition of "Promised return linked to the return from an asset, group of assets or an index" does not require the promised return to be identical to the return from an asset, group of assets or index that is readily available in an accessible market. The promised return need only be *linked* to the return from such assets, groups of assets or indices.

Additionally Paragraph 5.43 provides a concluding paragraph by stating that:
"Accordingly, the definitions reflect that:

(a) promises that expose the employer to salary risk are not contribution-based, and thus are defined benefit; and

(b) promises that do not expose the employer to salary risk, but only asset-based risk, are contribution-based."

**B. Measurement**
Paragraph 7.2 of the Discussion Paper states that "In the Board's preliminary view, an entity should measure its liability for a contribution-based promise at fair value assuming the terms of the benefit promise do not change."

Further in the context of identifying the unit of account the Discussion Paper has noted in Paragraph 7.3 that "A contribution-based promise can be divided into two components:

- a contribution amount
- a promised return (if any)."

The Board has also expressed its preliminary views in Para 7.6 by stating that there should be single measurement basis for the contribution amount and the promised return.

**Issue**
The Company's Provident Fund Plan, the plan has two components, the contribution and the guarantee for the interest upto the government declared rates.

**Salient features of the plan**

1. Contributions made by the employer are based on current salary levels and bears no risk for future salary increases.
2. The contributions are coupled with a promised return to match the rates declared by the government.
3. The government usually declares the rate after the year end with a retrospective effect.
4. The government rate is dependent upon various socio-economic factors including the federal interest rates, inflation and recommendations given by the labour ministry. Most of these recommendations are purely political in nature without any correlation with any macro-economic situation in the country.

5. The Company, at each reporting period, carries out a cumulative catch up adjustment with the latest declared government rates as against the actual returns earned on the investments.

Drawing guidance from the parameters for classifying a contribution-based promise the following points can be concluded about the Company's Plan:

1. The Promise does not expose the employer to any salary risk. This is an indicator that the promise is a contribution-based promise.
2. The promised returns are linked to a government declared rate which would be declared in the subsequent year. The Discussion Paper has defined contribution-based promises to be those which have promised returns linked to return from an asset, group of assets or to an index. However in this situation the promised returns are only indirectly related to returns from asset as the determination of government declared rates consider other non-market driven factors apart from returns from assets and market driven indices.
3. Board has the view that the contributions and promised returns should be considered as a single unit of measurement and the accumulation of actual or notional contributions, for any reporting period, should be known at the end of that period, except for the effect of any vesting or demographic risk.

   In the context of this Plan, the government declared rates are known only by the next year and it is made applicable with retrospective effect for the previous year. Consequently, inspite of the value of the contributions being readily determinable at the end of each period, only an estimate of the shortfall, if any, can be made for the promised return based on the latest available declared government rates.
   The estimated shortfall, if any, would be recognized as an additional liability in the relevant period.
   Consequently if the entire contribution-based promise has to be measured as a single unit then the amounts would not be exactly determinable at the end of each accounting period due to the dependency on government rates to be declared in future, inspite of the facts that the majority of the promise is determinable.

## Comments

### 1. Question 5:

Do you agree that the Board has identified the appropriate promises to be addresses in the scope of this project? If not, which promises should be included or excluded from the scope of the project and why?

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**Comments:**
We believe that the Board should consider the promises which include a promised return based on government rates to be declared for the next year in the scope of contribution based promises as these promises essentially do not have any salary related risks and are linked to returns from asset, certain economic indices and other non-market factors which are beyond the control of the employer.

We believe the classification of such plans into a defined benefit plan would be against the basic nature of the promise and the above plan is in essence similar to the plans described in the Discussion Paper falling within the scope of the contribution-based promises. Further it would also lead to measurement issues as such promises cannot be projected on the basis of future rates is dependent upon government discretion and are not purely market driven.

**2. Question 9(a)**

Are there alternative measurement approaches that better meet the measurement objectives described in this paper? Please describe the approaches and explain how they better meet the measurement objectives.

**Comments:**
We believe that the Board should consider permitting the measurement of the plans, as discussed above, on the following basis: The measurement should be broken up into two components.

a. Contributions measured on a discounted basis
b. Promised return re-measured at each reporting period on a best estimate basis based a comparison of actual returns with the latest available historic rates.

Please let us know incase you would like to discuss this matter further, please do not hesitate to contact the undersigned at +91-80-2852-0440 or by facsimile at +91-80-2852-0754.
Yours sincerely,

V. Balakrishnan

V. Balakrishnan
Chief Financial Officer
Infosys Technologies Limited

cc: Samuel Mani Kallupurakal, Deputy Head of Legal, Infosys Technologies Limited
cc: Gargi Ray, Manager Technical Accounting Group, Infosys Technologies Limited