

A. Board composition

Size and composition of the Board

Our policy toward the composition of the Board is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate its functions of governance and management. Currently, the Board consists of 14 members, five of whom are executive or whole-time directors, one is non-executive and eight are independent directors.

Three of the executive directors are our founders. The Board believes that the current size is appropriate, based on our present circumstances. The Board periodically evaluates the need for change in composition of its size.

- The COO is responsible for all customer service operations. He is also responsible for innovation and research in technology advancements, new initiatives and investments.

The CEO, COO, the other executive directors and the senior management personnel are responsible for achieving targets. They make periodic presentations to the Board on their responsibilities and performance.

Board definition of independent directors

According to Clause 49 of the Listing Agreement with Indian stock exchanges, an independent director means a person who is not an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with

Composition of the Board, and directorships held as at March 31, 2010

Name of the director	Age	India listed companies ⁽¹⁾	All companies around the world ⁽²⁾	Committee membership ⁽³⁾	Chairperson of committees ⁽³⁾
Founder and non-executive director					
N. R. Narayana Murthy	63	–	7	–	–
Founders and whole-time directors					
S. Gopalakrishnan	55	–	1	–	–
S. D. Shibulal	55	–	7	1	–
K. Dinesh	56	–	3	–	–
Whole-time directors					
T. V. Mohandas Pai	51	–	5	–	–
Srinath Batni	55	–	3	–	–
Independent directors					
Deepak M. Satwalekar	61	5	10	2	2
Prof. Marti G. Subrahmanyam	63	1	9	1	–
Dr. Omkar Goswami	53	7	12	7	2
Rama Bijapurkar ⁽⁴⁾	53	6	10	2	1
Claude Smadja	64	–	4	1	–
Sridar A. Iyengar	62	3	10	2	3
David L. Boyles	61	–	2	–	–
Prof. Jeffrey S. Lehman	53	–	1	–	–
K. V. Kamath	62	2	4	–	–

Notes: There are no inter-se relationships between our Board members.

⁽¹⁾ Excluding directorship in Infosys Technologies Limited and its subsidiaries.

⁽²⁾ Directorships in companies around the world (listed, unlisted and private limited companies) including Infosys Technologies Limited and its subsidiaries.

⁽³⁾ As required by Clause 49 of the Listing Agreement, the disclosure includes memberships / chairpersonship of audit committee and investor grievance committee in Indian public companies (listed and unlisted).

⁽⁴⁾ Ceased to be a director with effect from April 13, 2010.

Responsibilities of the Chairman, CEO and the COO

Our policy is to have a Non-Executive Chairman and Chief Mentor – N. R. Narayana Murthy; a Chief Executive Officer (CEO) and Managing Director – S. Gopalakrishnan; and a Chief Operating Officer (COO) and Director – S. D. Shibulal. The responsibility and authority of these officials are as follows:

- 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 edge. In addition, he continues to interact with various institutions to highlight the benefits of IT and help these benefits percolate to all sections of society. As Chairman of the Board, he is also responsible for all Board and corporate governance 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 targets and acquisitions.

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 as required by the NASDAQ listing rules and the Sarbanes-Oxley Act, U.S.

Lead Independent Director

Prof. Marti G. Subrahmanyam is a Lead Independent Director. He 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
- Liaising with the Chairman, CEO and the independent directors on the Board
- Taking the lead role, along with the Chairman in the Board evaluation process

Board membership criteria

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

Selection of new directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process involved in selecting new directors to the nominations committee, which consists exclusively of independent directors. The nominations committee in turn makes recommendations to the Board on the induction of any new directors.

Membership term

The Board constantly evaluates the contribution of the members and periodically makes recommendations to 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 / independent 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 members.

Retirement policy

Under this policy, the maximum age of retirement for 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. The age limit for the independent chair is 70 years.

Succession planning

The nominations committee constantly works with the Board to evolve succession planning for the positions of the Chairman, CEO, COO and CFO and also develop contingency plan for interim succession for any of them, in case of any exigencies. The Board, if required, may increase the review frequency of the succession plan.

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 the 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.

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

Cash compensation paid to directors in fiscal 2010

in Rs. crore

Name of the director	Fixed salary				Bonus / Incentives	Commission	Total	Notice period (in months)
	Basic salary	Perquisites / Allowances	Retiral benefits	Total fixed salary				
Founder and non-executive director								
N. R. Narayana Murthy	–	–	–	–	–	0.57	0.57	NA
Founders and whole-time directors								
Nandan M. Nilekani ⁽¹⁾	0.09	0.03	0.02	0.14	0.20	–	0.34	NA
S. Gopalakrishnan	0.32	0.12	0.08	0.52	0.49	–	1.01	6
S. D. Shibulal	0.31	0.10	0.07	0.48	0.47	–	0.95	6
K. Dinesh	0.32	0.12	0.08	0.52	0.49	–	1.01	6
Whole-time directors								
T. V. Mohandas Pai	0.36	0.14	0.09	0.59	2.54	–	3.13	6
Srinath Batni	0.36	0.14	0.09	0.59	1.82	–	2.41	6
Independent directors								
Deepak M. Satwalekar	–	–	–	–	–	0.60	0.60	NA
Prof. Marti G. Subrahmanyam	–	–	–	–	–	0.65	0.65	NA
Dr. Omkar Goswami	–	–	–	–	–	0.52	0.52	NA
Rama Bijapurkar ⁽²⁾	–	–	–	–	–	0.49	0.49	NA
Claude Smadja	–	–	–	–	–	0.59	0.59	NA
Sridar A. Iyengar	–	–	–	–	–	0.62	0.62	NA
David L. Boyles	–	–	–	–	–	0.59	0.59	NA
Prof. Jeffrey S. Lehman	–	–	–	–	–	0.61	0.61	NA
K. V. Kamath ⁽³⁾	–	–	–	–	–	0.39	0.39	NA

Notes: None of the above directors are eligible for any severance pay and none of them hold any stock options as at March 31, 2010.

⁽¹⁾ For the period April 1, 2009 to July 9, 2009.

⁽²⁾ Ceased to be a director with effect from April 13, 2010.

⁽³⁾ For the period May 2, 2009 to March 31, 2010.

Shares and options held by non-executive / independent directors as at March 31, 2010

	Equity shares (no.)	ADS (no.)
N. R. Narayana Murthy	23,79,672	–
Deepak M. Satwalekar	56,000	–
Prof. Marti G. Subrahmanyam	–	17,500
Dr. Omkar Goswami	12,300	–
Rama Bijapurkar ⁽¹⁾	7,100	–
Claude Smadja	3,900	–
Sridar A. Iyengar	–	–
David L. Boyles	–	2,000
Prof. Jeffrey S. Lehman	–	–
K. V. Kamath	–	–

⁽¹⁾ Ceased to be a director with effect from April 13, 2010.

Non-executive / independent directors' remuneration

Section 309 of the Companies Act, 1956, states 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 22, 2007, approved payment of remuneration by way of commission to non-executive directors, at a sum not exceeding 1% per annum of our net profits. We have paid Rs. 5.63 crore (US \$1,248,750) as commission to our non-executive directors. The aggregate amount was arrived as per the following criteria:

	in Rs. crore	US \$
Commission (fixed)	0.33	75,000
Variable attendance fee ⁽¹⁾	0.02	5,000
Chairperson of the Board	0.11	25,000
Lead Independent Director	0.06	15,000
Chairperson – audit committee	0.08	20,000
Members – audit committee	0.04	10,000
Chairperson – other committees	0.02	5,000
Members – other committees	0.01	2,500

Notes: 1 USD = Rs. 44.90

⁽¹⁾ Variable attendance fee is based on the attendance at the Board meeting(s).

Independent directors based overseas and traveling to India to attend Board meetings will be eligible to receive an additional US \$5,000 per meeting. This is based on the fact that these independent directors have to spend at least two additional days in travel while attending board meetings in India.

The Board believes that the above commission structure is commensurate with global best practices in terms of remunerating non-executive / independent directors of a company of similar size and adequately compensates for the time and contribution made by our non-executive / independent 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 two other business entities, provided that such business entities are not in direct competition with our business operations. Executive directors are also allowed to serve on the boards of corporate or government bodies whose interests are germane to the future of the IT and software business, or the key economic institutions of the nation, or whose prime objective is benefiting society. Independent directors are not expected to serve on the Boards of competing companies. Other than this, there are no limitations except those imposed by law and good corporate governance practices. The outside directorships held by each of our directors are listed in the *Composition of the Board and Directorships table* in this section.