
Infosys®

29th

Annual
General
Meeting

Infosys Technologies Limited
welcomes you to the
Twenty-ninth Annual General Meeting



Financial Performance 2009-10

Balakrishnan V.
Chief Financial Officer

Safe harbor

Certain statements made here concerning Infosys' future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2007 and the Quarterly Reports on Form 6-K for the fiscal quarters ended June 30, 2006, September 30, 2006 and December 31, 2006. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

Highlights of the year

- Achieved revenues of US \$4.80 billion in fiscal 2010
- Achieved a net profit of US \$1.31 billion in fiscal 2010
- Added 141 new clients during the year
- Gross addition of 27,639 employees (net addition 8,946)
- Recommended a final dividend of Rs. 15 per share (par value of Rs. 5 per share). Including Interim dividend, the total dividend recommended for the year is Rs. 25 per share (par value of Rs. 5 per share) amounting to Rs. 1,674 cr

Fiscal 2010 was a challenging year

- Highly uncertain global macro-economic environment
- Reduced IT spending by our customers impacted by recession
- Challenging pricing environment
- Contractual terms became onerous
- Risk management became the key
- Highly volatile global currency environment

Our initial guidance in April 2009 reflected the cautious macro economic environment

- Fiscal 2010 revenues expected to decline by 6.7% to 3.1%
- Consolidated earnings per American Depositary Share are expected to be in the range of \$ 1.91 and \$ 2.00; YoY decline of 15.1% - 11.1%
- Operating margin was expected to decline by 3%
- Pricing was expected to decline by 6%

We responded well to the situation

- Worked closely with the clients which enhanced our position as a transformation partner to clients
- Focused on cost control and efficiency
- Enhanced our focus on risk management – customer risk, credit risk, contractual risk, etc
- Strong cash position provided us comfort in an uncertain environment
- Actively managed our forex exposures – both cross-currency and rupee-dollar

Our revenues grew better than expected...

Industry Segment	FY 2010	Rev %	FY 2009	Rev %	Growth %
Insurance, Banking & Financial services	1,633	34.0%	1,583	33.9%	3.2%
Manufacturing	952	19.8%	920	19.7%	3.5%
Retail	640	13.3%	585	12.6%	9.4%
Telecom	773	16.1%	843	18.1%	(8.4%)
Others	806	16.8%	732	15.7%	10.0%
Total	4,804	100.0%	4,663	100.0%	3.0%

- Top 10 clients grew by 3.5 %
- Other clients grew by 2.8%
- Our repeat business was 97.3%

...while our revenue productivity declined

	FY09	FY10
Onsite	(1.8%)	0.0%
Offshore	(1.8%)	(5.1%)
Blended	(3.0%)	(4.0%)
Blended in constant \$ terms	0.4%	(4.1%)

The costs were under control

in Rs. Cr

	FY10	% of revenue	FY09	% of revenue
Software development expenses	12,071	53.08	11,765	54.23
Selling and Marketing expenses	1,184	5.21	1,104	5.09
General & Administration expenses	1,626	7.15	1,629	7.51
Total	14,881	65.44	14,498	66.83

Based on Indian GAAP consolidated financials

The global currencies were volatile...

Average rate of USD against	2009	2010
AUD	0.78	0.85
EURO	1.41	1.41
GBP	1.69	1.60
Revenues by currency (%)		
AUD	4.6	5.8
EURO	7.1	6.9
GBP	12.7	9.2

...while the Indian Rupee appreciated sharply against the US Dollar

	2009	2010
Average rupee dollar rate		
This year	46.54	47.44
Previous year	40.00	46.54
% change	16.4%	1.9%
Period end rupee dollar rate		
This year	50.72	44.90
Previous year	40.02	50.72
% change	26.7%	(11.5%)

We proactively managed our currency exposures...

	Q1	Q2	Q3	Q4
Period closing rate	47.91	48.11	46.53	44.90
Period average rate	48.82	48.39	46.62	45.91
Hedge position (US\$ mn)	598	674	609	515

...thereby minimizing the impact of currency movements on the margins

US\$ mn

	Q1 10	Q2 10	Q3 10	Q4 10	FY 10
Impact					
Operating income	(9)	2	(23)	(18)	(48)
% to revenue	(0.8%)	0.2%	(1.8%)	(1.4%)	(1.0%)
Non-operating income	6	3	4	(7)	6
% to revenue	0.6%	0.3%	0.3%	(0.5%)	0.1%
Translation	(14)	3	(18)	(29)	(58)
Hedging	20	(0)	22	22	64
Total	6	3	4	(7)	6
Net impact	(3)	5	(19)	(25)	(42)
% to revenue	(0.2%)	0.4%	(1.5%)	(1.9%)	(0.9%)

Our effective tax rate went up during the year

Location	FY09	FY10
Effective tax rate	13.3%	21.3%
Non STPI/SEZ revenue	7.0%	70.0%

- Tax provision for the year ended March 31, 2010 included a reversal of Rs. 316 crore relating to SEZ units which are no longer required
- Provision for deferred taxes include Rs. 232 crore provided towards branch profit tax pertaining to overseas tax jurisdictions

Based on Indian GAAP consolidated financials

A vibrant blue sky with several white, fluffy clouds scattered across it. The clouds are of various sizes and shapes, some appearing more dense and others more wispy. The overall scene is bright and clear.

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End Result

We had a profitable growth

	2009	%	2010	%
Income	21,693	100%	22,742	100%
Software development and BPM expenses	11,765	54%	12,071	53%
Gross profit	9,928	46%	10,671	47%
Selling and marketing expenses	1,104	5%	1,184	5%
General and administration expenses	1,629	8%	1,626	7%
Operating profit before interest and depreciation	7,195	33%	7,861	35%
Depreciation	761	4%	905	4%
Operating profit after interest and depreciation	6,434	30%	6,956	31%
Other income	473	2%	943	4%
Net profit before tax, minority interest and exceptional item	6,907	32%	7,899	35%
Provision for taxation	919	4%	1,681	7%
Net profit after tax, before minority interest & exceptional item	5,988	28%	6,218	27%
Income from sale of investments (net of tax)	–	–	48	1%
Net profit after tax, exceptional item & before minority interest	5,988	28%	6,266	28%
Minority interest	–	–	–	–
Net profit after tax, exceptional item & minority interest	5,988	28%	6,266	28%

Based on Indian GAAP consolidated financials

Guidance Vs. Actual

	Guidance in April 2009 for FY10	Actual achieved in FY10
Revenue growth	(6.7%) to (3.1%)	3.0%
Operating margins	(3.0%)	1.0%
Pricing	(6.0%)	(4.1%)
EPS growth	(15.1%) to (11.1%)	2.2%

We have a strong Balance Sheet...

	2010	%	2009	%
Rs. cr.				
SOURCES OF FUNDS				
Share capital	286	1	286	2
Reserves and surplus	22,763	98	17,968	98
Deferred tax liability	232	1	37	–
Minority interest	–	–	–	–
Total	23,281	100	18,291	100
APPLICATION OF FUNDS				
Fixed assets	5,355	23	5,354	29
Investments	4	–	–	–
Deferred tax assets	432	2	163	1
Sundry debtors	3,494	15	3,672	20
Cash & equivalents	15,819	68	10,993	60
Other current assets	2,632	11	1,981	11
Current liabilities	(4,455)	(19)	(3,872)	(21)
Total	23,281	100	18,291	100

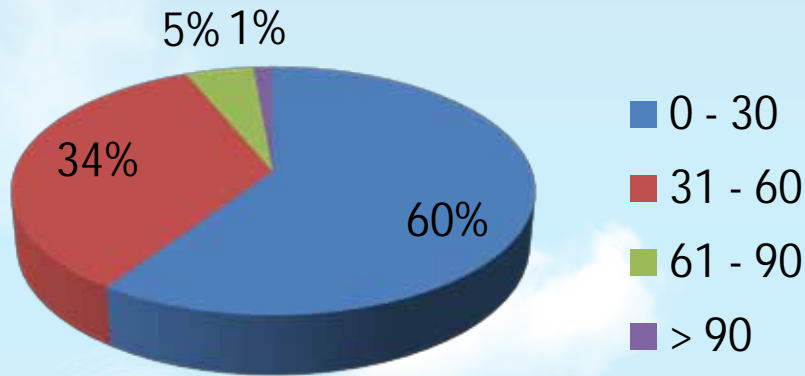
We continue to be a zero-debt company

Based on Indian GAAP consolidated financials

...and the receivables are under control

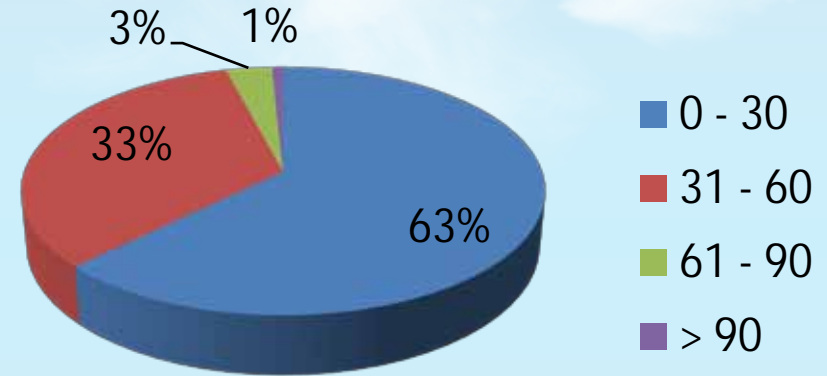
Ageing of accounts receivables

2009



Days of sales receivable – 62 days

2010



Days of sales receivable – 59 days

Based on IFRS USD

We continue to balance between liquidity and returns

	Target	2008	2009	2010
ROCE (%)		41.4%	42.9%	37.5%
Times cost of capital	2.0	3.1	3.5	3.5
ROIC (%)		71.1%	78.8%	68.8%
Times cost of capital	3.0	5.3	6.5	6.5
Cash & cash equivalents / total assets*	40.0%	57.0%	57.7%	66.5%
Cash & cash equivalents / revenue*	25.0%	49.1%	50.8%	70.0%
Dividend % (% to net profits)**	Up to 30%	19.8	27.0	29.1%

Based on standalone Indian GAAP financials

** Cash and cash equivalents include investments in liquid mutual funds and certificate of deposits*

***Target till fiscal 2008 was up to 20%*

The power of intangibles

	2008	2009	2010
Average age of employees (years)	26.0	26.0	27.0
Education index	2,51,970	2,72,644	2,96,586
Women employees / total employees (%)	32.5%	33.4%	33.5%
Attrition (%) – Including involuntary separation (Excluding subsidiaries)	13.4	11.1	13.4
Attrition (%) – Excluding involuntary separation (Excluding subsidiaries)	12.1	9.1	10.4
HR value (Rs. cr.)	98,821	1,02,133	1,13,287
Brand value (Rs. cr.)	31,863	32,345	36,907
EVA (Rs. cr.)	2,286	3,563	3,072
Value added (Rs. cr.)	14,820	19,073	20,937
R&D expenditure (Rs. cr.)	201	268	438
R&D expenditure / revenue (%)	1.20	1.24	1.93

Based on consolidated Indian GAAP financials

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Subsidiaries

Infosys BPO Limited

- Formed : Apr 2002
- Investment (Rs. cr.) : 659
- Holding (%) – As of Mar 2010 : 99.98

	FY09	FY10	Growth (%)
Revenue (Rs. cr.)	1,298	1,387	6.9
PAT (Rs. cr.)	201	279	38.8
PAT / Revenue (%)	15.4	20.1	–
No. of Employees	17,080	17,932	5.0

Infosys Consulting

- Formed : Apr 2004
- Investment (Rs. cr.) : 241
- Holding (%) – As of Mar 2010 : 100.00

	FY09	FY10	Growth (%)
Revenue (Rs. cr.)	287	464	61.7
PAT (Rs. cr.)	(59)	106	–
No. of Employees	304	594	95.4

Infosys Australia

- Acquired : Jan 2004
- Investment (Rs. cr.) : 66
- Holding (%) – As of Mar 2010 : 100.00

	FY09	FY10	Growth (%)
Revenue (Rs. cr.)	549	711	29.5
PAT (Rs. cr.)	46	47	2.2
PAT / Revenue (%)	8.4	6.6	–
No. of Employees	341	362	6.2

Infosys China

- Formed : Oct 2003
- Investment (Rs. cr.) : 65
- Holding (%) – As of Mar 2010 : 100.00

	FY09	FY10	Growth (%)
Revenue (Rs. cr.)	129	226	75.2
PAT (Rs. cr.)	(11)	43	–
No. of Employees	1,053	1,765	67.6

Other subsidiaries

Infosys Mexico

- Formed : 2008
- Investment (Rs. cr.) : 40
- Holding (%) – As of Mar 2010 : 100.00

	FY09	FY10	Growth (%)
Revenue (Rs. cr.)	37	70	89.2
PAT (Rs. cr.)	(8)	(0)	–
No. of Employees	221	346	56.6

Infosys Sweden

- Formed : 2009
- Investment (Rs. cr.) : 0.07
- Holding (%) – As of Mar 2010 : 100.00

	FY10
Revenue (Rs. cr.)	10
PAT (Rs. cr.)	–
No. of Employees	20

Infosys Brazil

- Formed : 2010
- Investment (Rs. cr.) : 28
- Holding (%) – As of Mar 2010 : 100.00

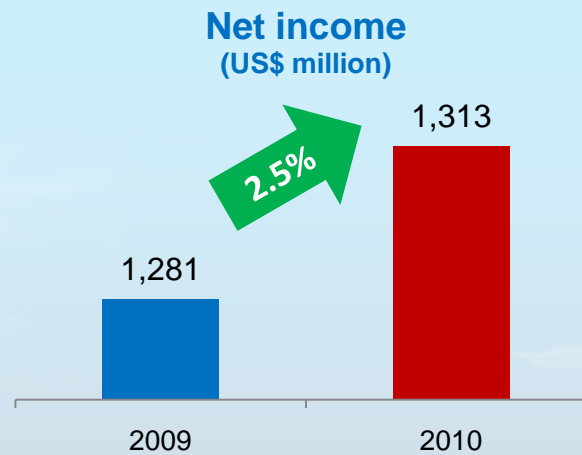
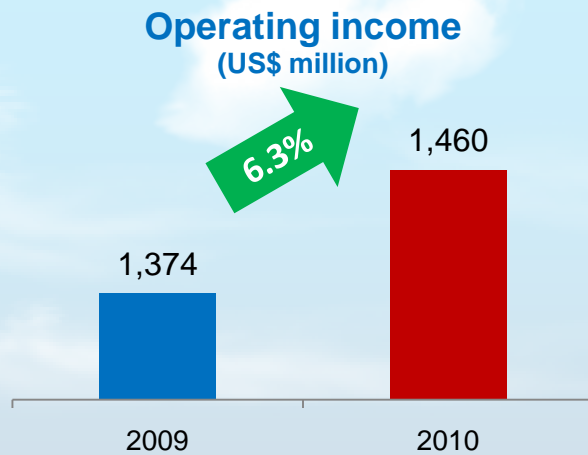
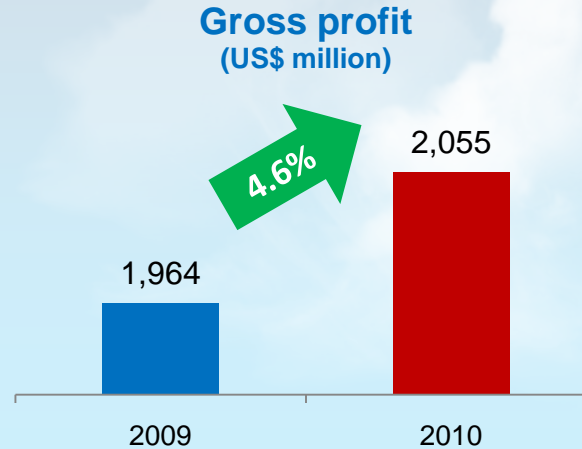
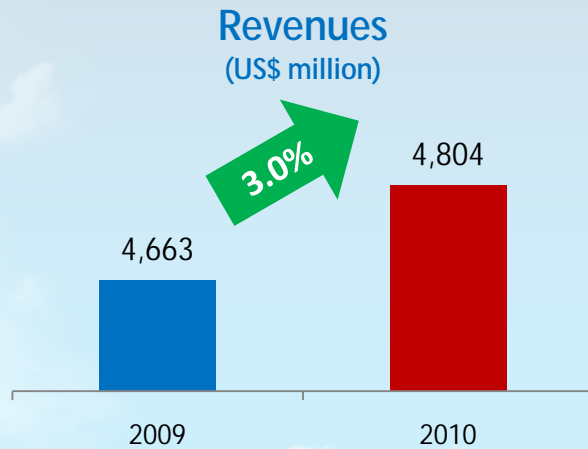
	FY10
Revenue (Rs. Cr)	8
Net Profit (Rs. Cr)	(8)
No of employees	89

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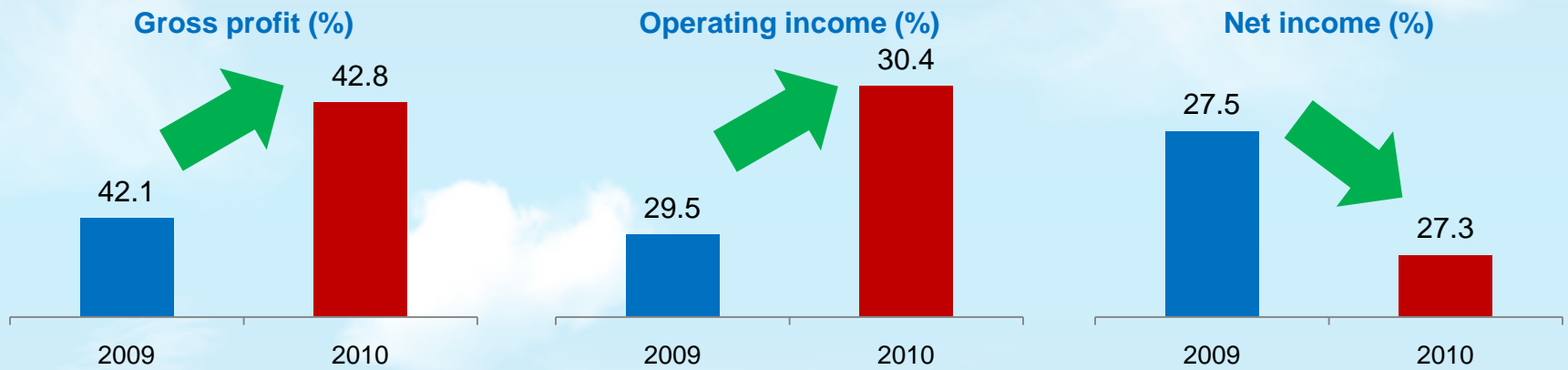
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IFRS

Financial highlights



Financial highlights



Guidance for FY11

Salary increases

In India	Average 15.5%
Outside India	Average 2% – 3%

IFRS INR

Revenue Rs. Cr	24,796 – 25,239
Year on year growth	9.0% – 11.0%
EPS (Rs.)	106.82 – 111.28
Year on year (decline)/growth	(2.0%) – 2.1%

IFRS USD

Revenue US\$ bn	5.57 – 5.67
Year on year growth	16.0% – 18.0%
EPS (USD)	2.40 – 2.50
Year on year growth	4.3% – 8.6%

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