



Infosys Technologies Limited

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Letter to the shareholder

Dear Shareholder,

The first quarter of 2010-11 has seen excellent all-round growth even as the global economic environment remained challenging. Our revenues from the quarter stood at ₹ 6,198 crore, which marks a growth of 4.3% from the previous quarter and 13.3% from the corresponding quarter of the last fiscal. As per the International Financial Reporting Standards (IFRS), our revenues were US\$ 1,358 million for the quarter ended June 30, 2010, a growth of 4.8% over the last quarter and 21.0% over the corresponding quarter last fiscal. We are happy to report that we have improved upon our guidance at the beginning of the quarter. Against the predicted fall in margin by 3%, the decline has been only 1.8% in US dollar terms, and in the current economic scenario, this is no mean achievement.

The performance in this quarter generates hope, and there is optimism about our performance all around. We have associated ourselves with 38 new clients and augmented our workforce by 8,859 (gross). The number of our million-dollar clients has gone up to 341 from 338 last quarter. While the number of clients giving us more than US\$ 90 million last quarter was eight, at the end of this quarter, we have ten such clients. Our top client contributed to 4.9% of our business, while the top five clients together made up 15.4%.

In terms of operational performance, the first quarter has thrown up mixed results, but the outlook on the whole is positive. North America grew to 67.3% this quarter from 66.1% in the last, but Europe has come down from 22.5% to 20.3%. But we know that Europe was hit by the recession later than America, and hence, is likely to recover later as well. This is the reality that is being reflected in the European figures and we are confident of better numbers in the coming quarters from this sector. Our utilization rose from 77.1% excluding trainees last quarter to 78.7% this quarter, and our onsite revenues rose by 2% from the last quarter to stand at 48%. There has been a marginal rise in attrition levels, but the good news is that we are going to recruit 36,000 people during the year, when we had earlier committed to recruiting 6,000 less than that figure.

We have made significant investments in building our capabilities and strengthening our relationships with clients, and are witnessing greater demand for our services as a result. This also gives us the confidence to expect an income in the range of ₹ 6,563 crore to ₹ 6,626 crore in the next quarter, with a projected year-on-year growth of 17.5% to 18.6%. Earnings per share, which declined marginally from ₹ 26.76 to ₹ 26.06 this quarter, is expected to be in the range of ₹ 27.42 to ₹ 27.95 next quarter.

Our successful engagements and innovations from this quarter are the reason why we look forward to sustained growth over the next few quarters although there are still some distant clouds in the horizon. Finacle™, our core banking solution, won six deals this quarter, three of them from the APAC and three from the EMEA. We recently launched Infosys iEngage™, a Digital Consumer Platform to help companies engage with all stakeholders from a single platform. It has been selected by a leading European mobile phone retailer to deliver next generation eCommerce to seven major countries across Europe. A global pharmaceutical company chose it to transform itself into an 'Enterprise 2.0' organization. We continue to drive transformation and operation for our existing clients, while bringing several new clients on board. We have increased our focus on the emerging markets and on newer areas of business, such as e-Learning.

During this quarter, we applied for 20 patents in India and the U.S. and were granted 12 by the United States Patent and Trademark Office.

Our achievements were recognized and honored by media and industry bodies. Among the awards we received this quarter, the 2010 Software Process Achievement Award, given by the IEEE Computer Society and the Carnegie Mellon University Software Engineering Institute, is special, because none qualified for the award for the last two years. Flypp™, our smart mobile application platform, won the first Aegis Alexander Graham Bell award. In a poll conducted by FinanceAsia, we were voted the 'best managed company' in India as well as the best in corporate governance, investor relations and corporate social responsibility. The last award recognizes the seriousness of our social commitment. Our endeavor to lessen the harmful impact of climate change continued through the quarter.

We are in the process of adding 2,896,446 square feet of built area to our existing infrastructure, but never for a moment do we lose sight of our environmental needs. We hope the consistent work done by the Infosys Foundation will help bring about an equitable society in the near future.

As we close a good quarter with some outstanding achievements, we would like to thank our clients, shareholders, employees and well-wishers. Your faith in us and continued encouragement give us the confidence to tide over the rough weather and reach for greater heights.

S. Gopalakrishnan
Chief Executive Officer and
Managing Director

S. D. Shibulal
Chief Operating Officer
and Director

Bangalore
July 13, 2010

Select financial data – IFRS (consolidated)

The Securities and Exchange Board of India (SEBI) had on November 9, 2009 issued a press release permitting listed entities having subsidiaries to voluntarily submit the consolidated financial statements as per IFRS. Further, the SEBI issued a circular, dated April 5, 2010, wherein the Listing Agreement has been modified to this effect from March 31, 2010. Consequent to this, the company has voluntarily prepared and published audited consolidated IFRS Financial Statements for the quarter ended June 30, 2010.

Statement of comprehensive income for the quarter ended

in Rupees crore, except per share data

	June 30, 2010	June 30, 2009	Year-on-year Growth (%)	March 31, 2010	Sequential Growth (%)
Revenues	6,198	5,472	13.3%	5,944	4.3%
Cost of sales	3,648	3,139	16.2%	3,415	6.8%
Gross profit	2,550	2,333	9.3%	2,529	0.8%
Operating expenses:					
Selling and marketing expenses	339	261	29.9%	333	1.8%
Administrative expenses	456	428	6.5%	407	12.0%
Total operating expenses	795	689	15.4%	740	7.4%
Operating profit	1,755	1,644	6.8%	1,789	(1.9)%
Other income, net	239	269	(11.2)%	252	(5.2)%
Profit before income taxes	1,994	1,913	4.2%	2,041	(2.3)%
Income tax expense	506	388	30.4%	441	14.7%
Net profit	1,488	1,525	(2.4)%	1,600	(7.0)%
Earnings per equity share					
Basic (Rs.)	26.06	26.76	(2.6)%	28.02	(7.0)%
Diluted (Rs.)	26.05	26.73	(2.5)%	28.00	(7.0)%

Balance Sheet data as at

in Rupees Crore

	June 30, 2010	March 31, 2010
Cash and cash equivalents*	13,987	12,111
Available-for-sale financial assets	194	2,556
Investment in certificates of deposit	1,824	1,190
Trade receivables	3,844	3,494
Property, plant and equipment	4,436	4,439
Other assets	4,112	3,822
Total assets	28,397	27,612
Other liabilities	3,855	3,539
Total equity	24,542	24,073
Total liabilities and equity	28,397	27,612

*Cash and cash equivalents include deposits with corporations

Ratio analysis – IFRS (consolidated)

	Quarter ended		
	June 30, 2010	June 30, 2009	March 31, 2010
Cost of sales / total revenue (%)	58.85	57.36	57.45
Gross profit / total revenue (%)	41.14	42.64	42.55
Operating expenses / total revenue (%)	12.83	12.59	12.45
Operating profit / total revenue (%)	28.32	30.04	30.10
Tax / PBT (%)	25.38	20.28	21.61
Days sales outstanding (DSO) (LTM)	60	56	59
Cash and cash equivalents / total assets (%)*	56.36	52.02	57.43
ROCE (PBIT / average capital employed) (%) (LTM)	35.94%	42.11%	36.52%
Return on average invested capital (%) (LTM)*	67.68%	72.24%	67.55%

*Investments in available-for-sale financial assets and certificates of deposit have been considered as cash and cash equivalents for the above ratio analysis

LTM – Last Twelve Months

Select financial data – IFRS (consolidated)

Income statement for the quarter ended

in United States Dollar millions, except per share data

	June 30, 2010	June 30, 2009	Year-on-year growth (%)	March 31, 2010	Sequential growth (%)
Revenues	\$1,358	\$1,122	21.0%	\$1,296	4.8%
Cost of sales	800	643	24.4%	744	7.5%
Gross profit	\$558	\$479	16.5%	\$552	1.1%
Operating expenses:					
Selling and marketing expenses	74	53	39.6%	73	1.4%
Administrative expenses	100	88	13.6%	89	12.4%
Total operating expenses	\$174	\$141	23.4%	\$162	7.4%
Operating profit	\$384	\$338	13.6%	\$390	(1.5)%
Other income, net	53	55	(3.6)%	55	(3.6)%
Profit before income taxes	437	393	11.2%	445	(1.8)%
Income tax expense	111	80	38.8%	96	15.6%
Net profit	\$326	\$313	4.2%	\$349	(6.6)%
Earnings per equity share					
Basic (\$)	0.57	0.55	3.6%	0.61	(6.6)%
Diluted (\$)	0.57	0.55	3.6%	0.61	(6.6)%

Balance Sheet data as at

in United States Dollar millions

	June 30, 2010	March 31, 2010
Cash and cash equivalents*	\$3,011	\$2,698
Available-for-sale financial assets	42	569
Investment in certificates of deposit	393	265
Trade receivables	828	778
Property, plant and equipment	955	989
Other assets	886	849
Total assets	\$6,115	\$6,148
Other liabilities	\$831	\$787
Total equity	5,284	5,361
Total liabilities and equity	\$6,115	\$6,148

*Cash and cash equivalents include deposits with corporations.

Additional information

The following information for the quarter ended June 30, 2010 is available in the Investors' section of our website (www.infosys.com)

1. Audited balance sheet, profit and loss account, cash flow statement, schedules, significant accounting policies and notes on accounts for the quarter ended June 30, 2010 and the related auditor's report – Indian GAAP standalone
2. Audited IFRS Consolidated Interim Financial Statements (INR).
3. Unaudited condensed consolidated interim financial statements in USD prepared in compliance with International Financial Reporting Standards.

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. To this end, the quarterly report is sent via email to shareholders who have updated their email addresses with the depository participant. In order to intensify our paper conservation drive, from this quarter onwards, we will send the quarterly report to the shareholders only via email. We will continue to host the quarterly report on the company's website so that it is easily accessible to the investors anytime. We request you to kindly update your email addresses with your depository participant. A physical copy of the report will be sent only on request. You can send the request to investors@infosys.com. Your cooperation will help conserve paper and minimize our impact on the environment.

This Report is furnished to investors for informational purposes only. Investors should continue to rely on the official filed versions of financial statements and related information and not rely on this Report while making investment decisions. Investors in our securities registered and traded in the United States of America should rely on official filings with the United States Securities and Exchange Commission.

Safe harbor

Statements in connection with this release may include forward-looking statements within the meaning of U.S. Securities laws intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act. These forward-looking statements are subject to risks and uncertainties including those described in our SEC filings available at www.sec.gov including our Annual Report on Form 20-F for the year ended March 31, 2010, and our other recent filings, and actual results may differ materially from those projected by forward-looking statements. We may make additional written and oral forward-looking statements but do not undertake, and disclaim any obligation, to update them.