



Infosys Limited

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Letter to the shareholder

Dear Shareholder,

The first quarter of FY 12 has clearly indicated that the growth momentum is here to stay. We had a robust onsite volume growth of 6.8%. Today, we are in a very strong position to take advantage of market opportunities.

Our revenues are ₹ 7,485 crore for the quarter ended June 30, 2011 with a QoQ growth of 3.2% and YoY growth of 20.8%. Our net profit after tax stands at ₹1,722 crore with a QoQ decline of 5.3% and YoY growth of 15.7%. The earnings per share is ₹ 30.14 with a YoY growth of 15.7%.

Our overall performance in this quarter augurs well and strengthens our optimistic outlook for the quarters ahead. We have added 26 new clients this quarter and augmented our workforce by 9,922 (gross addition) taking the total employee strength to 1,33,560. The number of our million-dollar clients has gone up to 374 this quarter from 366 as compared to the previous quarter. Our top five clients grew by 8.2% this quarter. Volumes grew by 4.0% as a result of our strategic engagement with large clients. Our initiatives to address the company's transition into the next generation global consulting and services corporation will position us as a high-quality player in the IT services space. We continue to focus on high-quality growth, balancing both revenue growth and margins. We are making the right investments to position ourselves as the partner of choice for our global clients.

North America contributed 64.2% of our revenue, up from 63.7% last quarter, while revenues from Europe declined slightly to 21.3% compared to 22.1% in the previous quarter. India and the rest of the world contributed 2.6% and 11.9% revenues respectively.

We are focused on delivering measurable business value to clients be it transforming their business processes, accelerating innovation or driving business efficiencies. We have developed a world-class business consulting model that enables technology-led transformation for enterprises. We transformed the IT environment of a large telecom Original Equipment Manufacturer (OEM) into a cloud-based model. We are managing the engineering activities for another leading networking OEM, for the development of a collaboration and communication product. A U.S.-based high-tech major partnered with us for cloud analytics and insights, resulting in improved return on investment through better customer service. We are managing the PeopleSoft Center of Excellence (CoE) and services for a leader in aerospace products, leading to cost efficiencies through an optimized global delivery of services. We delivered a secure cloud-based solution for a global retail major. The solution tracks the carbon footprints of its supplier ecosystem to help identify preferred suppliers for its business.

During the first quarter, we applied for 27 patents in India and the U.S. With this, we have an aggregate of 381 patent applications (pending) in India and the U.S. and 25 patents have been granted by the United States Patent and Trademark Office.

We were recognized by leading clients, analysts and industry bodies globally in the last quarter. We topped a list of global brands in India emerging as 'the most admired' thought leader in a survey by TLG Communications and GlobeScan.

We were ranked among the greenest Indian brands for the third consecutive year in a consumer survey conducted by Cohn & Wolfe, Esty Environmental Partners and Penn Schoen and Berland Associates. We were also ranked fourth in the International Association of Outsourcing Professionals® (IAOP®) '2011 Global Outsourcing 100®'. Independent research firm, Forrester Research positioned Infosys as a leader in The Forrester Wave™: Salesforce.com Implementation, Q2 2011. The report cites Infosys as a "strong choice for firms seeking salesforce.com expertise".

The 14th Annual Australasian Shared Services & Outsourcing Week in Melbourne saw Infosys BPO's partnership with National Australia Bank being awarded for excellence in customer service. The Alstom-Infosys partnership has been selected as one of the three finalists from over 3,000 entries in the 'Sustainability' category for the development of Alstom's "Optiplant", a Power Plant Control and Optimization solution. We have also been recognized by Triumph Aerostructures - Vought Aircraft Division, and were awarded the 'Top Offshore Engineering Supplier of the Year 2010'. We have won this award two years in a row.

Finacle™, our universal banking solution won 11 deals this quarter. Of these, three were from the Asia Pacific region (APAC) and eight were from Europe, Middle East and Africa (EMEA). 20 client projects went live this quarter, of which, 11 were from APAC, six from EMEA and three from the Americas.

Finacle™ also announced the availability of Finacle Lite™, the banking solution on a private cloud environment for co-operative banks, community banks and credit unions worldwide. This is an integrated and pre-configured solution that supports all core banking processes across business product lines, entities and currencies in addition to automating critical banking functions.

This quarter, Infosys iEngage™, our digital consumer platform, garnered five strategic wins with large global enterprises. Infosys iEngage™ also unveiled its new Social Commerce and enhanced its Employee Engagement platform. All five platforms of Infosys iEngage™ are now available on smartphone-enabled devices. Infosys iEngage™ can be delivered through Infosys cloud or client cloud in the SaaS model.

In keeping with our ever-expanding workforce and the attendant infrastructural challenges, as of June 30, 2011, the company had 27.98 mn sq. ft. of space, capable of accommodating 1,26,470 employees and 7.95 mn sq. ft. under construction, capable of accommodating 36,223 employees.

We are marching ahead on our new strategic journey of Building Tomorrow's Enterprise. As we close another good quarter with some outstanding achievements we would like to thank you – our clients, shareholders, employees and well-wishers for reposing your faith in us. We ardently value your trust in us and look forward to your continued support.

S. Gopalakrishnan
Chief Executive Officer and
Managing Director

S. D. Shibulal
Chief Operating Officer
and Director