



Infosys Technologies Limited

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Letter to the shareholder

Dear Shareholder,

We are glad to report a good first quarter for fiscal 2009-10 in spite of the challenging economic environment. Our revenues stood at Rs. 5,472 crore, a growth of 12.7% from the corresponding quarter of fiscal 2008-09. Our net profit after tax was Rs. 1,527 crore, a growth of 17.3% from the corresponding quarter of fiscal 2008-09. As per the International Financial Reporting Standards (IFRS), our first quarter revenues stood at US\$ 1,122 million, which is a decline of 2.9% from the corresponding quarter of fiscal 2008-09. However, this was 3.9% above the higher end of our guidance for this quarter which was between US\$ 1,060 million and US\$ 1,080 million.

The global economic environment continues to be uncertain and volatile, despite signs of green shoots. Hence, we have been prudent in our guidance. We have revised our outlook for the entire year. Our revenue guidance for fiscal 2009-10 is between US\$ 4.45 billion to US\$ 4.52 billion representing a year-on-year decline of about 4.6% to 3.1%.

The trusted relationship which we share with our clients has enabled us to promptly respond to their needs in this economic downturn. In the first quarter, we launched the Finacle™ 'Direct Banking' solution which supports full-fledged branchless delivery of banking services through the Internet, mobile and call-center channels. Direct Banking supports banks to achieve aggressive customer acquisition targets while lowering their costs. Infosys BPO's capabilities, combined with the Direct Banking solution, further reduce capital expenditure and operational costs involved in set-up and direct-banking operations. As more clients turned to us to manage their costs, our Application Development and Maintenance revenues grew to 42.5% of the total revenues this quarter, an increase of 4.0% quarter-on-quarter on relative terms.

It was an all-around good performance for us this quarter. We won 27 clients as global corporations continue to leverage our industry expertise on projects directed at gaining competitive advantage. A leading manufacturer and marketer of beauty care products selected us to enhance its trade promotion effectiveness through our advanced 'Category Analytics' services. We are helping a high tech major through our Supply Chain Visibility platform to enable better Key Performance Indicator (KPI) tracking, incident management, Service-Level Agreement (SLA) compliance and overall decision making. A premium British food retailer selected us as its partner for a multi-channel commerce transformation program. A leading Australian telecommunications and information services company selected us as one of its key strategic partners to support its five-year 450 million AUD contracts for Application Development and Maintenance.

A global manufacturer engaged us for Product Lifecycle Management services, including roadmap definition and assessment. A leading bank chose us to help it architect a future-state platform for client payment authorizations as well as conduct performance testing on one of its key online-banking channels. During fiscal 2008, we had introduced Learning Services, which modernizes and integrates functions such as training, learning, e-learning, talent development, and knowledge management. During the quarter, among other clients, a high tech manufacturer sought our expertise to create and execute a strategy to design change communication, and build content to help users adapt to new technologies in the social arena.

Media and industry bodies continue to applaud our strengths. We were rated the 'Best Outsourcing Partner' for the third consecutive year by the readers of the Waters magazine in its annual survey on best service providers to banking and capital markets firms. Infosys BPO won the 'ASTD Excellence in Practice Award' that recognizes corporate programs to address issues on intercultural, gender or sexual orientation. Infosys BPO also earned the highest rating, Level 5, for the e-Sourcing Capability Model (eSCM-SP: v2.0) from Carnegie Mellon University's IT Services Qualification Center.

Over the last few years, unprecedented pressures on the environment have called for focus on sustainability initiatives. During the quarter, we published our Sustainability Report 2008-09 in accordance with the guidelines of the Global Reporting Initiative (GRI). The report also conforms to the principles of the United Nations Global Compact (UNGC), the world's largest global corporate citizenship initiative. The measures mentioned in the report have been taken keeping in mind our responsibilities towards key stakeholders – the economy, society, and the environment. We had published our first Sustainability Report in 2008.

In the Annual General Meeting, 2009, you voted for the appointment of Mr. K.V. Kamath, former Managing Director and CEO of ICICI Bank Limited, as a non-executive director to the Infosys Board. We are indeed happy to have amidst the Infosys family, Mr. Kamath, a Padma Bhushan and former president of the Confederation of Indian Industry.

As most of you are aware, Nandan Nilekani has relinquished the positions of Co-Chairman of the Board, Member of the Board as well as employee following an invitation from the honorable Prime Minister of India, Dr. Manmohan Singh, to take charge as the Chairperson of the Unique Identification Authority of India (UIDAI), in the rank of a Cabinet Minister. While we are delighted and immensely proud of him, we will also miss him as a dear friend and colleague. His high-profile client relationship responsibilities will be now shared by a band of young, talented and dynamic leaders. We, as well as Nandan, are confident they will raise Infosys to greater levels of success.

Speaking of our day-to-day operations, we do anticipate the challenging economic environment to continue for a few months. As most of you would know, our strategic focus has been to develop new strengths for the long term even while navigating the rough waters of the short term. We continue to invest in sales and marketing, employee training and development, solutions, Intellectual Property (IP), New Engagement Models such as 'pay-per-transaction' and also in new regions such as China, Mexico, Brazil, and India. Our existing clients continue to trust and support us while our new clients explore our capabilities. Our robust Global Delivery Model has stood us in good stead and we will emerge stronger, coming out of the economic downturn. We thank our clients, shareholders, employees, and well-wishers for their enduring support. We ardently value your faith 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

Select Financial Data – Indian GAAP (Consolidated)

Profit and loss account for the quarter ended

in Rs. crore, except per share data

	June 30, 2009	June 30, 2008	Year-on-year Growth (%)	March 31, 2009	Sequential Growth (%)
Income from software services, products and business process management	5,472	4,854	12.7	5,635	(2.9)
Software development and business process management expenses	2,915	2,754	5.8	3,045	(4.3)
Gross profit	2,557	2,100	21.8	2,590	(1.3)
Operating expenses:					
Selling and marketing expenses	261	257	1.6	270	(3.3)
General and administration expenses	428	364	17.6	429	(0.2)
Total operating expenses	689	621	11.0	699	(1.4)
Operating profit before depreciation and minority interest	1,868	1,479	26.3	1,891	(1.2)
Depreciation	222	169	31.4	228	(2.6)
Operating profit before tax and minority interest	1,646	1,310	25.6	1,663	(1.0)
Other income, net	269	117	129.9	252	6.7
Net profit before tax and minority interest	1,915	1,427	34.2	1,915	–
Provision for taxation	388	125	210.4	302	28.5
Net profit after tax and before minority interest	1,527	1,302	17.3	1,613	(5.3)
Minority interest	–	–	–	–	–
Net profit after tax and minority interest	1,527	1,302	17.3	1,613	(5.3)
Earnings per share (Equity shares, par value Rs. 5/- each)					
Basic	26.66	22.75	17.2	28.16	(5.3)
Diluted	26.63	22.70	17.3	28.13	(5.3)

Balance sheet

in Rs. crore

	June 30, 2009	March 31, 2009
Sources of funds		
Shareholders' funds	19,837	18,254
Minority interest	–	–
	19,837	18,254
Application of funds		
Fixed assets	5,279	5,354
Sundry debtors	3,417	3,672
Cash and cash equivalents*	12,030	10,993
Deferred tax assets	135	126
Other net current assets	(1,024)	(1,891)
	19,837	18,254

* Including liquid mutual fund and deposits with financial institutions

Select Financial Data – IFRS (Consolidated)

Income statement for the quarter ended

in United States Dollar millions, except per share data

	June 30, 2009	June 30, 2008	Year-on-year Growth (%)	March 31, 2009	Sequential Growth (%)
Revenues	\$1,122	\$1,155	(2.9)	\$1,121	0.1
Cost of sales	643	697	(7.7)	650	(1.1)
Gross profit	\$479	\$458	4.6	\$471	1.7
Operating expenses:					
Selling and marketing expenses	53	61	(13.1)	55	(3.6)
Administrative expenses	88	87	1.1	86	2.3
Total operating expenses	141	148	(4.7)	141	–
Operating profit	\$338	\$310	9.0	\$330	2.4
Other income / (expense)	7	(18)	138.9	(1)	800.0
Finance income	48	46	4.3	52	(7.7)
Profit before income taxes	393	338	16.3	381	3.1
Income tax expense	80	30	166.7	60	33.3
Net Profit	\$313	\$308	1.6	\$321	(2.5)
Earnings per equity share					
Basic (\$)	0.55	0.54	1.9	\$0.56	(1.8)
Diluted (\$)	0.55	0.54	1.9	\$0.56	(1.8)

Balance sheet data as at

in United States Dollar millions

	June 30, 2009	March 31, 2009
Cash and cash equivalents*	\$2,270	\$2,167
Available-for-sale financial assets	240	–
Trade receivables	713	724
Property, plant and equipment	958	920
Other assets	644	565
Total assets	\$4,825	\$4,376
Other liabilities	677	592
Total equity	4,148	3,784
Total liabilities and equity	\$4,825	\$4,376

* Cash and cash equivalents include deposits with corporations

Ratio analysis – Indian GAAP (Consolidated)

	Quarter ended		
	June 30, 2009	June 30, 2008	March 31, 2009
Software development expenses / total revenue (%)	53.27	56.74	54.04
Gross profit / total revenue (%)	46.73	43.26	45.96
SG&A expenses / total revenue (%)	12.59	12.79	12.40
Operating profit / total revenue (%)	34.14	30.47	33.56
Tax / PBT (%)	20.26	8.76	15.77
Days sales outstanding (DSO) (LTM)	56	69	62
Cash and cash equivalents / total assets (%)**	60.64	49.93	60.22
ROCE (PBIT / average capital employed) (%) (LTM)	42.27	40.58	43.10
Return on average invested capital (%) (LTM)**	72.81	65.59	84.84

** Investments in liquid mutual fund units have been considered as cash and cash equivalents for the above ratio analysis

LTM Last Twelve Months

Additional Information

The following information for the quarter ended June 30, 2009 is available in the Investors' section of our website (www.infosys.com)

1. Audited balance sheet, profit & loss account, cash flow statement, schedules, significant accounting policies and notes on accounts for the quarter ended June 30, 2009 and the related auditor's report: Indian GAAP standalone and Indian GAAP consolidated
2. Ratio analysis and shareholder information.

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. To this end, we have sent the quarterly report via email to shareholders who have updated their email addresses with the depository participant. We request you to kindly update your email addresses with your depository participant. 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

Certain statements in this release concerning our future growth prospects are forward-looking statements, within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, 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 the success of our investments, risks and uncertainties regarding fluctuations in earnings including on account of currency fluctuations, our ability to sustain our previous levels of profitability, our ability to manage growth, intense competition in information technology, business process outsourcing and consulting services including those factors which may affect our cost advantage, client concentration, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property, economic slowdowns or adverse economic conditions in the markets for our services 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, 2009 and our other recent filings. These filings are available at www.sec.gov. We may, from time to time, make additional written and oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and our reports to shareholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on our behalf.