
Infosys®

28th

Annual
General
Meeting

Financial Performance 08-09

Balakrishnan V.

Chief Financial Officer

- Achieved revenues of US \$ 4.66 billion in Fiscal 2009
- Net Profit of US \$ 1.28 billion in Fiscal 2009
- Added 156 new clients during the year
- Gross addition of 28,231 employees (Net addition 13,663)
- Awarded the Hall of Fame under the information technology communication and entertainment enterprises category instituted by the Institute of Chartered Accountants of India (ICAI) for excellence in financial reporting
- Recommended a final dividend of Rs. 13.50 per share (270% on par value of Rs. 5 per share) .Including Interim dividend, the total dividend recommended for the year is Rs. 23.50 per share (470% on par value of Rs. 5 per share) amounting to Rs. 1,573 cr.

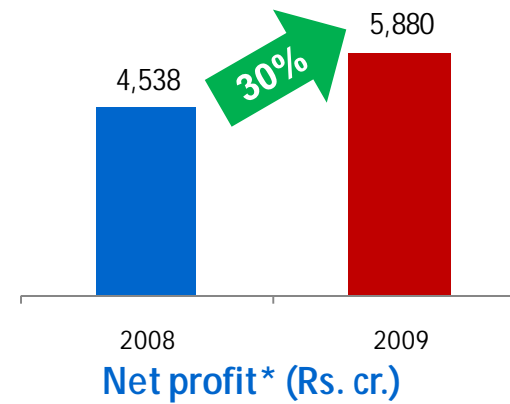
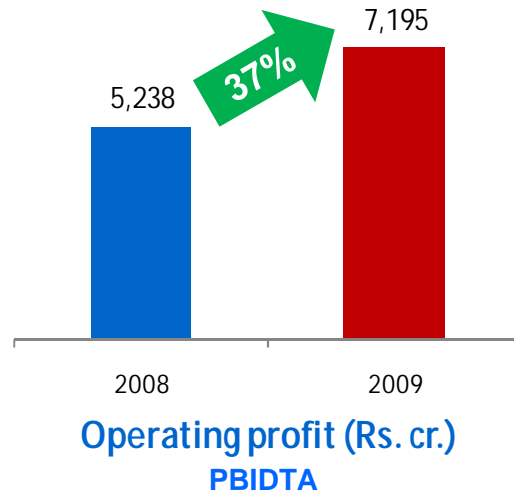
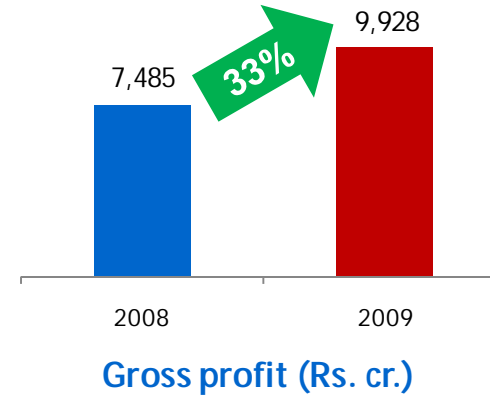
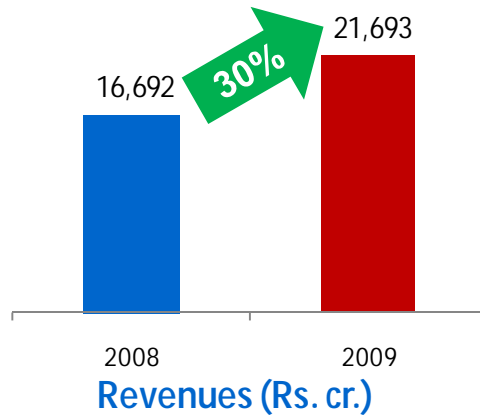
Fiscal 2009 was one of the most challenging year

- Impact of Global Economic slowdown
 - Impact on technology spending by clients
 - Pricing
 - Stringent contractual terms
 - Vendor consolidation and rationalization
- Unprecedented volatility in currency markets (both cross currency and Rupee-US\$)
- Enhanced focus on risk management
 - Credit risks of customers
 - Contractual risks

The Global Economic Slowdown and currency volatility impacted our guidance during the year

	Revenue growth in US\$ (%)
Earnings guidance given in April 2008 for fiscal 2009	19.0 - 21.0
Revisions in guidance	
- Due to currency volatility	(3.8) - (4.9)
- Due to reduction in revenue productivity and volume of business	(3.5) - (4.4)
Actual growth in Fiscal 2009	11.7

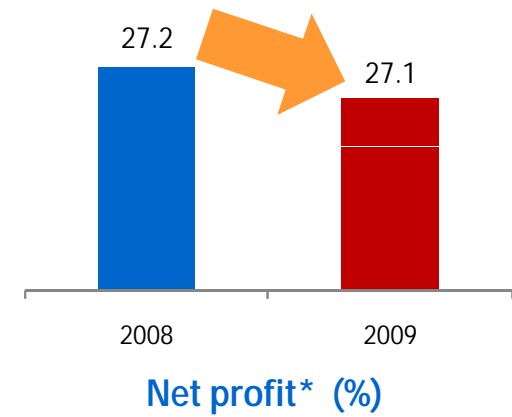
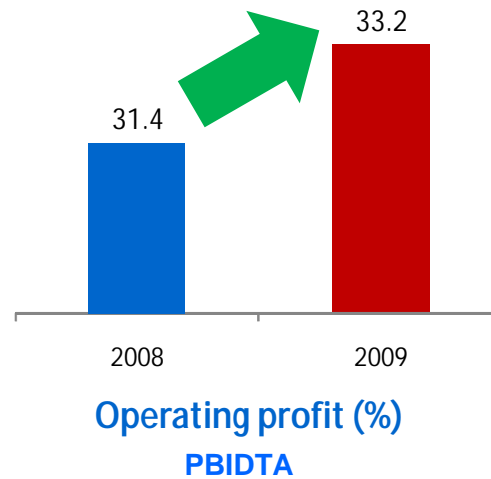
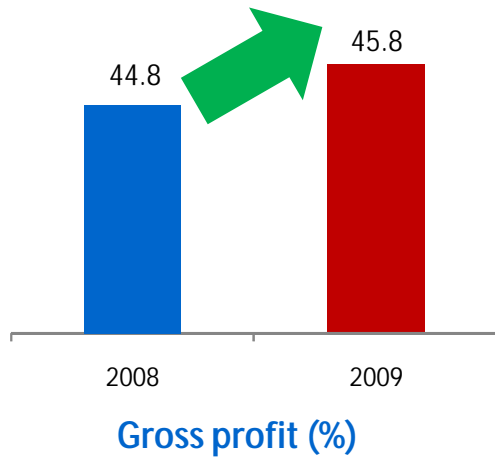
We grew strongly in Rupee terms...



Based on consolidated Indian GAAP Financials

* Net profit after tax and minority interest, before exceptional item and tax reversals

...and we maintained our margins during the year



Based on consolidated Indian GAAP Financials

* Net profit after tax and minority interest, before exceptional item and tax reversals

Revenue productivity

Variation in per-capita revenues (in US\$ terms)

	2005	2006	2007	2008	2009
Onsite	0.2%	0.3%	4.4%	6.9%	(1.8)%
Offshore	1.3%	0.8%	2.7%	6.1%	(1.8)%
Blended	(1.0)%	0.7%	4.9%	5.2%	(3.0)%

Quarterly variation in per-capita revenues in fiscal 2009 (in US\$ terms)

	Q1	Q2	Q3	Q4
Onsite	0.0%	0.6%	(5.8)%	(2.0)%
Offshore	0.0%	0.1%	(4.6)%	(4.0)%
Blended	0.2%	(0.3)%	(6.1)%	(3.0)%

The US dollar weakened against major global currencies during the year...

Average rate of USD against	2008	2009
AUD	0.88	0.78
EURO	1.44	1.41
GBP	2.01	1.69
Revenues by currency (%)		
AUD	4.8	4.6
EURO	5.7	7.1
GBP	14.9	12.7

...While the Indian Rupee depreciated sharply against the US dollar

	2008	2009
Average rupee dollar rate		
This Year	40.00	46.54
Previous Year	45.06	40.00
% change	(11.3%)	16.4%
Period end rupee dollar rate		
This Year	40.02	50.72
Previous Year	43.10	40.02
% change	(7.1%)	26.7%

We proactively managed our currency exposures...

	Q1	Q2	Q3	Q4
Period closing rate	43.04	46.97	48.71	50.72
Period average rate	42.00	44.50	49.42	50.24
Hedge position (US\$ mn)	811	932	576	506

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

US\$ mn

	Q1 09	Q2 09	Q3 09	Q4 09	FY 09
Impact					
Operating income	26	28	43	8	105
% to revenue	2.3%	2.3%	3.7%	0.7%	2.3%
Non-operating income	(19)	(28)	(44)	(3)	(95)
% to revenue	(1.6%)	(2.3%)	(3.8%)	(0.3%)	(2.0%)
Translation	48	24	(16)	18	74
Hedging	(67)	(52)	(28)	(21)	(169)
Total	(19)	(28)	(44)	(3)	(95)
Net income	7	0	(1)	5	10
% to revenue	0.7%	0.0%	(0.1%)	0.4%	0.2%

...We continued to reap its benefits

	2008	2009
Effort mix (%)		
Onsite	31.7	30.4
Offshore	68.3	69.6
Total	100.0	100.0
Billed person months		
Onsite	1,65,594	1,81,811
Offshore	3,57,196	4,15,550
Total	5,22,790	5,97,361
Change in billed person months (%)		
Onsite	22.9	9.8
Offshore	29.9	16.3
Total	27.6	14.3

Salaries had gone up during the year

	2008	2009
Salary increase – Offshore	13%-15%	11%-13%
– Onsite	5%- 6%	4%- 5%
Onsite salaries (% to revenues)	32.0%	31.4%
Offshore salaries (% to revenues)	17.8%	17.5%
Variable salary payout % (as a % to total variable salary)	96%	84%

Based on consolidated Indian GAAP Financials

While the utilization has come down...

Utilization	Q1	Q2	Q3	Q4	FY09	FY08
Including trainees (%)	68.9	69.4	68.5	67.6	68.6	70.0
Excluding trainees (%)	72.2	73.7	74.5	74.5	73.7	75.9

...we got the scale benefits in G&A

	2008	2009
General & Administration expenses (Rs. cr.)	1,331	1,629
General & Administration cost / revenue (%)	8.0%	7.5%

We continued to invest for growth

	2008	2009
Sales & Marketing expenses (Rs. cr.)	916	1,104
Selling & Marketing expenses / revenues (%)	5.5	5.1
Sales & Marketing employees (No.)	604	821
Marketing offices (No.)	47	55
R&D Expenses (Rs. cr.)*	201	267
Losses in subsidiaries (Rs. cr.)		
China	(7)	(11)
Consulting	(51)	(59)
Mexico	(7)	(8)

* Based on consolidated Indian GAAP Financials

We had a profitable growth

Rs. cr.

	2008	%	2009	%
Income	16,692	100%	21,693	100%
Software development and BPM expenses	9,207	55%	11,765	54%
GROSS PROFIT	7,485	45%	9,928	46%
Selling and marketing expenses	916	5%	1,104	5%
General and administration expenses	1,331	8%	1,629	8%
Operating profit before interest and depreciation	5,238	31%	7,195	33%
Depreciation	598	4%	761	4%
Operating profit after interest, depreciation and amortization	4,640	28%	6,434	30%
Other income	704	4%	473	2%
NET PROFIT BEFORE TAX	5,344	32%	6,907	32%
Provision for taxation	685	4%	919	4%
NET PROFIT AFTER TAX	4,659	28%	5,988	28%
NET PROFIT AFTER TAX, EXCEPTIONAL				
ITEM & BEFORE MINORITY INTEREST	4,659	28%	5,988	28%
Minority interest	—	—	—	—
NET PROFIT AFTER TAX, EXCEPTIONAL ITEM & MINORITY INTEREST	4,659	28%	5,988	28%

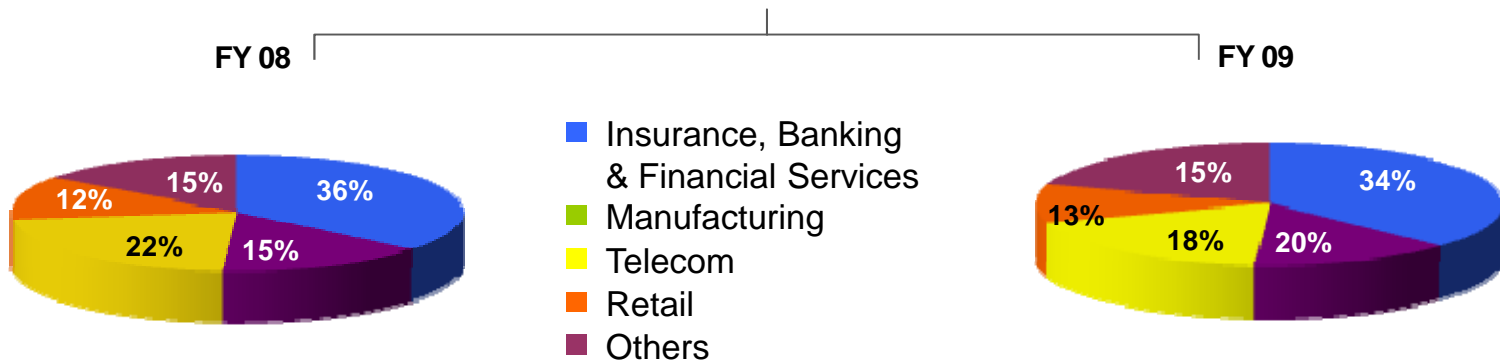
The contribution from newer services increased during the year

New services (% to total revenue)

	2005	2006	2007	2008	2009
Consulting Services and Package Implementation	18.8	19.7	21.1	23.8	24.9
Testing services	5.8	5.9	6.9	7.5	6.8
Infrastructure Management	3.0	3.6	4.4	4.9	6.3
Business Process Management	2.7	4.0	4.7	5.7	6.0
Product Engineering Services	2.0	1.8	1.6	1.6	2.2
Other services	6.8	8.0	7.1	4.7	3.9
Total	39.1	43.1	45.8	48.2	50.1

Our revenues were well diversified

Revenue by Industry Vertical

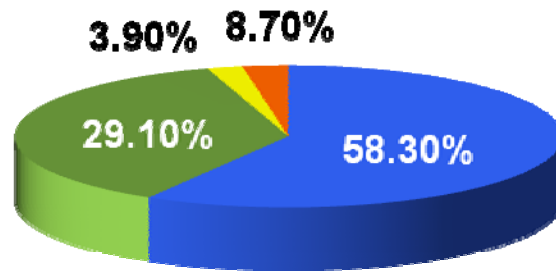


Revenue by Geography



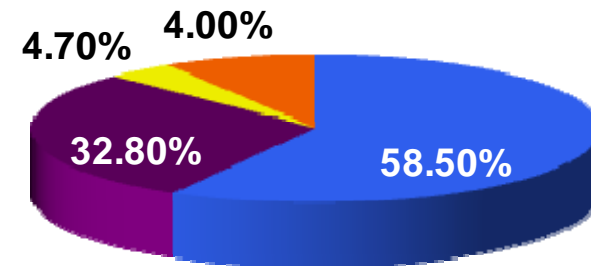
Receivables were under control

2008



Days of sales receivable – 72 days

2009



Days of sales receivable – 61 days

■ 0 – 30
 ■ 31 – 60
 ■ 61 – 90
 ■ > 90

Ageing of accounts receivables

Based on consolidated Indian GAAP Financials

We have a strong Balance Sheet

	2009	%	2008	%
Rs. cr.				
SOURCES OF FUNDS				
Share capital	286	2	286	2
Reserves and surplus	17,968	98	13,509	98
Minority interest	–	–	–	–
Total	18,254	100	13,795	100
APPLICATION OF FUNDS				
Fixed assets	5,354	29	4,777	35
Investments	–	–	72	–
Deferred tax assets	126	1	119	–
Sundry debtors	3,672	20	3,297	24
Cash & equivalents	10,993	60	8,235	60
Other current assets	1,981	11	1,486	11
Current liabilities	(3,872)	(21)	(4,191)	(30)
Total	18,254	100	13,795	100

We continue to be a zero-debt company

We continue to balance between liquidity and returns

	Target	2007	2008	2009
ROCE (%)		45.7%	41.4%	42.9%
Times cost of capital	2.0	3.1	3.1	3.5
ROIC (%)	–	88.8%	71.1%	79.1%
Times cost of capital	3.0	5.9	5.3	6.5
Days sales outstanding	60	64	72	61
Cash & cash equivalents / total assets*	40.0%	50.3%	57.0%	57.8%
Cash & cash equivalents / revenue*	25.0%	42.7%	49.1%	50.8%
Dividend % (% to net profits)**	Up to 30%	19.9	19.8	27.0

Based on consolidated Indian GAAP Financials

** Cash and cash equivalents include investments in liquid mutual funds*

*** Excluding Silver Jubilee special dividend in 2006; target till fiscal 2008 was up to 20%*

- Formed : Apr 2002
- Investment (Rs. cr.) : 659
- Holding (%) – As of Mar 2009 : 99.98

Infosys BPO Limited	FY08	FY09	Growth(%)
Revenue (Rs. cr.)	937	1,298	38.5
PAT (Rs. cr.)	153	201	31.4
PAT / Revenue (%)	16.3	15.4	–
No. of Employees	16,295	17,080	4.8

- Acquired : Jan 2004
- Investment (Rs. cr.) : 66
- Holding (%) – As of Mar 2009 : 100.00

Infosys Technologies (Australia) Pty Limited	FY08	FY09	Growth(%)
Revenue (Rs. cr.)	556	549	(1.3)
PAT (Rs. cr.)	101	46	(54.0)
PAT / Revenue (%)	18.2	8.4	–
No. of Employees	363	341	(6.1)

Infosys China

- Formed : Oct 2003
- Investment (Rs. cr.) : 65
- Holding (%) – As of Mar 2009 : 100.00

Infosys Technologies (China) Co. Limited	FY08	FY09	Growth(%)
Revenue (Rs. cr.)	77	129	67.7
FY08 PAT (Rs. cr.)	(7)	(11)	–
No. of Employees	699	1,053	50.6

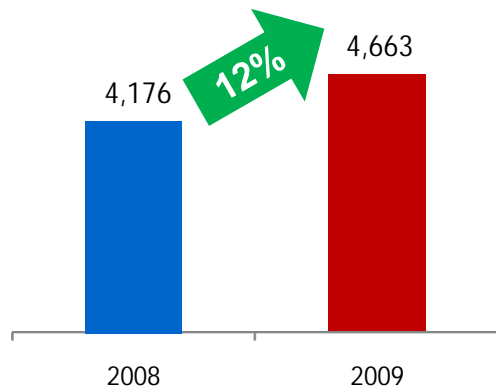
- Formed : Apr 2004
- Investment (Rs. cr.) : 193
- Holding (%) – As of Mar 2009 : 100.00

Infosys Consulting Inc.,	FY08	FY09	Growth(%)
Revenue (Rs. cr.)	246	287	16.7
PAT (Rs. cr.)	(51)	(59)	–
No. of Employees	265	304	14.7

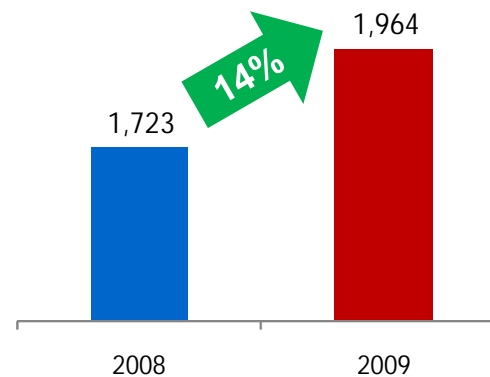
- Formed : 2008
- Investment (Rs. cr.) : 22
- Holding (%) – As of Mar 2009 : 100.00

Infosys Mexico	FY08	FY09	Growth(%)
Revenue (Rs. cr.)	3	37	1133.3
PAT (Rs. cr.)	(7)	(8)	–
No. of Employees	75	221	194.7

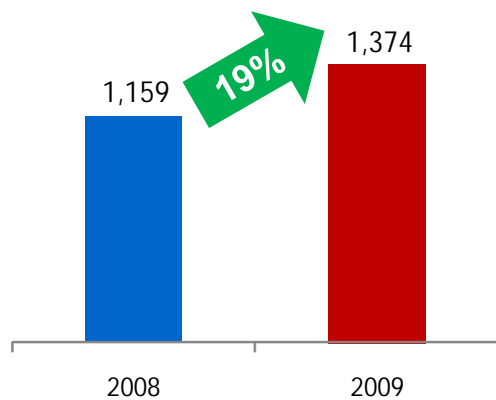
Financial highlights



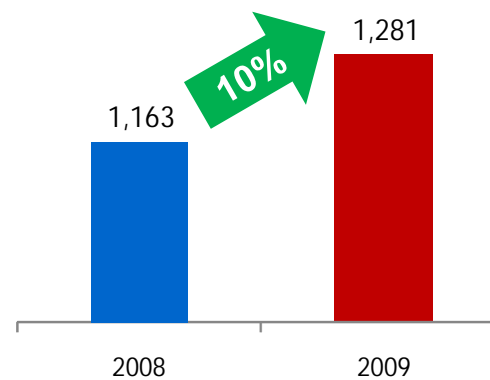
Revenues
US\$ Million



Gross profit
US\$ Million

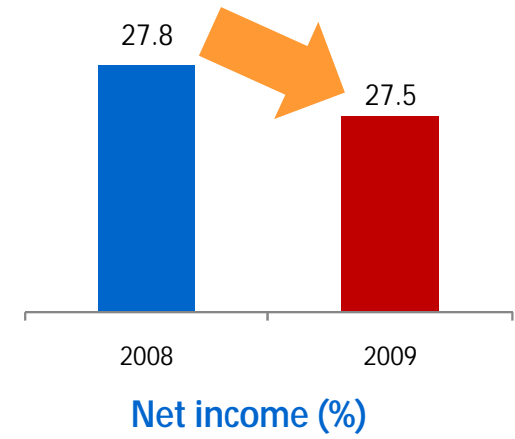
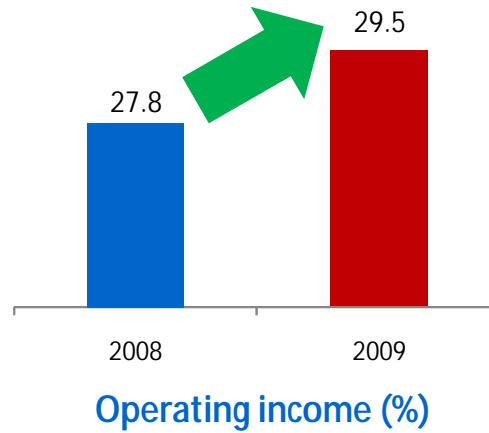
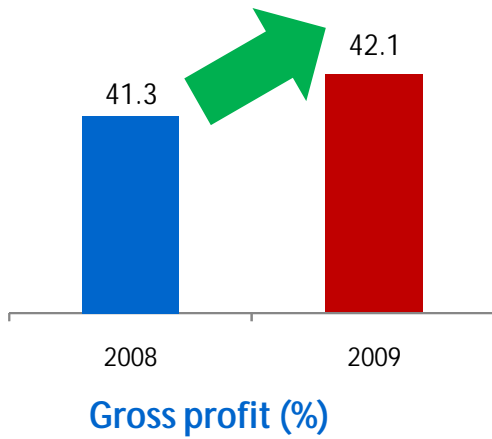


Operating income
US\$ Million



Net income
US\$ Million

Financial highlights



The power of intangibles

	2007	2008	2009
Average age of employees (years)	26.0	26.0	26.0
Education index	2,03,270	2,51,970	2,72,644
Women employees / total employees (%)	30.9%	32.5%	33.4%
Attrition (%) – Including involuntary separation (Excluding subsidiaries)	13.7	13.4	11.1
Attrition (%) – Excluding involuntary separation (Excluding subsidiaries)	12.2	12.1	9.1
HR value (Rs. cr.)	57,452	98,821	1,02,133
Brand value (Rs. cr.)	31,617	31,863	32,345
EVA (Rs. cr.)	2,122	2,286	3,563
Value added (Rs. cr.)	11,879	14,820	19,073
R&D expenditure (Rs. cr.)	167	201	267
R&D expenditure / revenue (%)	1.30	1.30	1.30

Based on consolidated Indian GAAP Financials

Guidance for FY10

Indian GAAP	
Revenue (FY10) Rs. cr.	22,066 – 22,928
Year on year growth	1.7 – 5.7%
EPS (Rs.)*	96.65 – 101.18
Year on year growth/(decline)	(7.6%) – (3.3%)
IFRS	
Revenue (FY10) US\$ bn	4.35– 4.52
Year on year growth/(decline)	(6.7%) – (3.1%)
EPS (USD)	1.91 – 2.00
Year on year growth/(decline)*	(15.1%) – (11.1%)

** Including net tax reversal pertaining to earlier period of US \$ 22 Mn (Rs. 108 Cr) in fiscal 2009*

Infosys[®]

28th

Annual
General
Meeting

Thank You

www.infosys.com