

## Chairman's Speech



N. R. Narayana Murthy  
*Chairman and Chief Mentor*

Dear Shareholders,

I am glad to welcome you to the 28th Annual General Meeting of your company. I thank you for your continued trust, encouragement and support.

I am pleased to announce that your Board of Directors has recommended the induction of Mr. K. V. Kamath to the Board. A person of extraordinary capabilities, Mr. Kamath has had an illustrious career in the banking industry. On behalf of Infosys, all of you, and the Board of Directors, I welcome Mr. Kamath. You will be shortly participating in a vote to confirm his appointment. I am confident that you will favor his appointment.

Today, as we meet at our AGM, the entire world is going through a severe financial crisis that has led to a global recession, of a magnitude never anticipated by critics of the free market system. The International Monetary Fund estimates that the global financial system will suffer losses of around US Dollar 4 trillion with the OECD countries constituting most of the losses. For the first time since the Second World War, the global economy could contract by up to 2%. Millions of people have lost their jobs; thousands of companies have gone bankrupt, leading the governments around the world to pump in trillions of Dollars of liquidity into the financial system. Critics say that there is still more pain to come and the financial bubble of the past many years would need time to heal.

We started the year with a revenue guidance of a growth of 19%-21% in US Dollar terms. During the course of the year, we ran into a perfect storm of a global financial crisis, and growth and revenues were severely impacted. There were violent currency fluctuations with the Dollar appreciating against the Euro by 15.9% and the Pound Sterling by 28.0%. Despite these adversities, we ended the year with our revenues growing by 11.7% in US Dollar terms, as per International Financial Reporting Standards (IFRS). During the year, we also saw significant depreciation of the Indian rupee against the US Dollar by around 26.7%, which resulted in a revenue growth of over 30.0% as per the Indian GAAP.

As per our dividend policy, your directors recommend a final dividend of Rs. 13.50 per share, making it a total dividend of Rs. 23.50 per share for the year.

Our business model has proved its versatility in this tough environment. Our client base continues to grow. We added 156 clients with our repeat business contributing 97.6% of revenues. We now have 579 active clients with four of them billing over USD 100 million of business annually.

Finacle™ continues to do well. Finacle™ was named a Leader in the January 2009 report, The Forrester Wave™: Global Banking Platforms, Q1 2009. Finacle™ was ranked no. 1 in overall strategy and earned the top score for its current offering as well as product strategy.

Our India Business Unit has performed well. The Uttar Pradesh Power Corporation Limited and three Rajasthan-based power distribution companies consulted us for power reforms programs. The Income Tax Department has engaged us on a large transformation project to set up a Central Processing Center to collect, digitize and process IT returns.

Many of our clients are reducing their IT budgets. This will impact our growth during the current year. A recent survey of our top 135 clients indicated that a majority of them will downsize their IT budgets. Consequently our revenue guidance, in US Dollars, indicates a decline of 3.1% to 6.7% in fiscal 2010.

We have taken several steps to mitigate the impact of the current crisis. We are confident that we will be stronger when the economic uncertainties end.

We have increased our focus on new engagement models such as solution-based offerings, platform-based BPO, Software as a Service (SaaS), among others. The pricing of some of these models are value-based and our revenues from these models depend upon the number of transactions or on the outcomes. This ensures higher return on investment. We have enhanced our existing suite of offerings. For example, ShoppingTrip360, which allows shoppers, retailers and consumer goods companies to collaborate in real-time by creating an information ecosystem, has been a complete success. We partnered with Bharti Airtel through our Digital Convergence Platform to enhance the digital TV users' experience.

We have re-aligned our cost structure to protect margins. The leadership of your company has led by example and has accepted the highest reduction in their variable compensation. For fiscal 2010, we have postponed any revisions in compensation and promotions to remain competitive in the current difficult circumstances. However, we have honored our commitment to campus recruits during the last fiscal. We have enhanced our focus on our performance management system to improve productivity and are also training our employees in multiple domains and technologies to rationalize costs.

We continue our focus on research and innovation. We have filed 200 patent applications in the US and India so far. We established a research center for creating intellectual property valuable to the Australian services market. We signed an agreement with the International Institute of Information Technology, Hyderabad, to sponsor research in unstructured data analytics and in the development of next-generation business intelligence tools.

We have been listed amongst the top 20 global companies in the prestigious Most Admired Knowledge Enterprises (MAKE) study for 2008. We have won this recognition for the learning ability of our organization, and for our concerted effort to provide an integrated knowledge management through content sharing, collaboration and professional networking.

We have completed the construction of 6 million sq. ft. of workspace across our delivery centers, taking our total workspace area to 22.64 million sq ft. The Global Education Center at Mysore can train 13,500 engineers at a time and manage the training of 20,000 engineers annually.

The company and the senior management contributed to set up the 'Infosys Science Foundation'. The foundation will award prizes, called the 'Infosys Prize', in five categories of science and engineering to encourage young Indian researchers and promote a culture of innovation and research in India.

We continued to focus on environmental sustainability during the year. We have reduced per capita consumption of energy and carbon emissions by 5% during the year. All our buildings are designed to be IGBC-LEED Gold rating (minimum) compliant. We have launched a patent-pending carbon footprint calculator that measures an individual's carbon emissions and reports the carbon credits required to offset them. We published our first Sustainability Report documenting the company's economic performance, innovation in offerings, people engagement, and CSR initiatives. This report received an A+ rating from the Global Reporting Initiative (GRI) framework.

Our employees constitute our biggest asset. Their commitment has enabled your company to overcome several challenges. Infosys contributed significantly to the relief funds for floods in the eastern states of India, the Mumbai terror attacks, the earthquake in China, the Jaipur bomb blasts, and the wildfires in Australia. On your behalf and on behalf of the Board of Directors, I salute them on yet another year of achievements.

We also place, on record, our appreciation of our clients, vendor partners, investors, and bankers for their continued support. We thank the Government of India, particularly, the Ministry of Communication and Information Technology, the Customs and Excise Departments, the Income Tax Department, the Software Technology Parks in Bangalore, Bhubaneswar, Chandigarh, Chennai, Gurgaon, Hyderabad, Jaipur, Mangalore, Mysore, New Delhi, Pune, and Thiruvananthapuram, the Ministry of Commerce, the Ministry of Finance, the Reserve Bank of India, the state governments, and other government agencies for their support, and look forward to their continued support. We also thank the governments of various countries where we have operations. We thank the trustees of the Infosys Foundation for sparing their time for the foundation's activities.

Thank you,



N. R. Narayana Murthy  
*Chairman and Chief Mentor*

Bangalore  
June 20, 2009

*This document does not purport to be a record of the proceedings of the Annual General Meeting.*

