

INFOSYS TECHNOLOGIES LIMITED
29TH ANNUAL GENERAL MEETING**June 12, 2010**

- Mr. N. R. Narayana Murthy: I welcome all our shareholders to this 29th Annual General Meeting. As is our practice, I would request my colleagues on the dais to introduce themselves starting from the left. We also have Mr. Niladri Prasad who is manning our gathering there in Mumbai. Can we start from the left please.
- Mr. Claude Smadja: Good afternoon ladies and gentlemen, I am Claude Smadja, Independent Director.
- Mr. K. Dinesh: Good afternoon, I am Dinesh. I am an Executive Director. I handle Quality, Information Systems, and Communication Design.
- Mr. Jeffrey Sean Lehman: Good afternoon, I am Jeff Lehman, and I am an Independent Director.
- Mr. David L. Boyles: Good afternoon ladies and gentlemen, David Boyles, Independent Director.
- Mr. S. D. Shibulal: Good afternoon ladies and gentlemen. I am S. D. Shibulal, Member of the Board and Chief Operating Officer. Thank you.
- Mr. Sridhar Iyengar: Good afternoon, I am Sridhar Iyengar, Independent Director.
- Mr. Marti G. Subrahmanyam: Good afternoon, I am Marti Subrahmanyam, Lead Independent Director.
- Mr. Srinath Batni: Good afternoon, I am Srinath Batni, Member of the Board and Head-Delivery Excellence.
- Mr. N. R. Narayana Murthy: Good afternoon, Narayana Murthy, Chairman of the Board.
- Mr. Kris Gopalakrishnan: Good afternoon, Kris Gopalakrishnan, CEO.
- Mr. Deepak M. Satwalekar: Good afternoon, Deepak Satwalekar, Independent Director.
- Mr. Omkar Goswami: Good afternoon, Omkar Goswami, Independent Director.
- Mr. T. V. Mohandas Pai: Good afternoon, Mohandas Pai, Executive Director.
- Mr. K. V. Kamath: Good afternoon, K. V. Kamath, Independent Director.
- Mr. V. Balakrishnan: Good afternoon, Balakrishnan, Chief Financial Officer.
- Mr. K. Parvatheesam: Good afternoon, Parvatheesam, Company Secretary.

- Mr. Haragopal Mangipudi: Good afternoon, Haragopal, Global Head, Finacle.
- Ms. Nandita Gurjar: Good afternoon, Nandita Gurjar, Head HR.
- Mr. Matt Barney: Good afternoon, Matt Barney, Head – Leadership Development, Infosys Leadership Institute.
- Mr. Murali Krishna: Good afternoon, Murali Krishna, Head – Computers and Communication.
- Mr. Chandra Shekar Kakal: Good afternoon, Chandra Shekar Kakal, Member of Executive Council and Head of Enterprise Solutions Business Unit.
- Mr. Binod R: Ladies and gentlemen, good afternoon, my name is Binod, I am the head of India Business Unit.
- Mr. Subhash Dhar: Good afternoon Subhash Dhar, Member – Executive Council and Head of the Business Unit for Communications, Media and Entertainment.
- Mr. P. D. Mallya: Good afternoon, I am P. D. Mallya, Head – Information Security Assurance at Infosys.
- Mr. Sanjay Purohit: Good afternoon, I am Sanjay Purohit, Head of Planning and Assurance.
- M. M. D. Ranganath: Good afternoon, M. D. Ranganath, Chief Risk Officer.
- Mr. N. R. Narayana Murthy: Niladri, do you want to introduce yourself.
- Mr. Niladri Prasad Mishra: Good afternoon, I am Niladri. I am general manager, Finance and Accounts here, and we welcome Mumbai to the call.
- Mr. N. R. Narayana Murthy: Thank you very much. Friends, you all know that we have a tradition of the Members of the Board alternating as the chairperson of the AGM, and this year, I am very happy that we have my good friend, Mr. Srinath Batni, who if you people permit will chair this 29th AGM. Srinath, please.
- Mr. Srinath Batni: Thank you Mr. Murthy for giving me this opportunity to chair this meeting. We have 312 members present in person and 54 by proxy to conduct the proceedings of this meeting. The quorum being present, I call this meeting to order. The register of Directors' Shareholding is kept open near the registration counter and is available for inspection by the members. The register of proxies is also available for inspection near the registration counter. Now, with the consent of the members, I take the notice convening the meeting as read. Thank you. May I know request Mr. Narayana Murthy, Chairman and Chief Mentor to deliver his address.
- Mr. N. R. Narayana Murthy: I am glad to welcome you all to this 29th Annual General Meeting of your Company. I thank you for your continued trust, encouragement, and support. For the first time, after all these

years, we are assembled here without our good friend and co-friend Mr. Nandan Nilekani. As you are aware, Nandan accepted the position as a Chair Person of the Unique Identification Authority of India effective July 9, 2009. We wish him the best in his new assignment. We take this opportunity to thank Mrs. Rama Bijapurkar who served as a member of the board since March 2001. We place on record our deep sense of appreciation for the services rendered by Rama as an Independent Member of the Board. The Board of Directors, I am glad to say, has appointed Professor Marti Subrahmanyam as the Lead Independent Director. Marti succeeds Deepak Satwalekar in this role. Deepak became India's first Lead Independent Director when he was appointed to this role in May 2003. We take this opportunity to welcome Marti to this role and we thank Deepak for his invaluable contributions as the Lead Independent Director. The year 2009 was a tough year for everyone. Global output contracted by nearly 1%. The global trade contracted by 25%. Global unemployment rose by a whopping 9%. Under employment in the emerging economies continue to remain high. However, towards the end of the fiscal, most of the developed economies started reporting positive growths. The developing economies that showed a modest 2.5% growth in 2009 started to accelerate. Currencies started recovering against the US dollar till the recent European crisis. Manufacturing and Service Sector performance indices improved. Over the same period, your Company experienced unprecedented challenges. The relentless focus of the leadership and the dedicated teamwork by every Infosian ensured that we navigated these difficult times successfully. Your company concluded fiscal 2010 with an excellent quarter. As per International Financial Reporting Standards, that is IFRS, the annual revenues for fiscal 2010 were US 4.8 billion dollars, a year-on-year growth of 3%. The net income was US dollars 1.313 billion, a year-on-year growth of 2.5%. Your directors recommend a final dividend of Rs. 15 per equity share or approximately 33 US cents per American Depository share. We continue to make investments in building our capabilities. We honored every one of the 18,000 campus recruitment offers. In October 2009, we announced a compensation increase and declared variable salary payouts of 94% to our employees for the entire year. We provided extended training for our employees to deepen their skills and make them more relevant to our clients. We sustained our investments in R&D, in intellectual property based solutions, and in new markets. We ended the year with 141 new clients and 27,639 new employees on a gross basis. Our million dollar clientele grew to a whopping 338. During the year, we expanded the Infosys Global Education Center, that is GEC-II at our Mysore campus. Shrimati Sonia Gandhi, Chairperson UPA and the President of the Indian National Congress, inaugurated this world-class training facility. With a total built-up area of 1.44 million square feet, the Infosys Global Education Center can accommodate the training needs of approximately 14,000 employees at a time, and this I believe is the largest in the world. Let me take a moment to thank every one of our stakeholders including of course every Infosian for

their commitment and hard work. I look ahead with guarded optimism. The global output is expected to grow by more than 4%. However, we cannot ignore the threats from the highly leveraged economies. Early signs of coming out of the recession cannot be taken for granted. For example, while the US household wealth increased by 5.65 trillion dollars, in the last 9 months of 2009, it reversed only about a third of the US dollar 17.5 trillion slump over the previous 7 quarters. Nine months since the upturn, the global GDP seems to be growing at around 4% though unemployment across the world is projected to continue at a high of 9%. Recovery after this kind of crisis may be slow and perhaps weak. However, as Johann Wolfgang von Goethe said, and I quote him, "what is not started today is not going to be finished tomorrow." Our research indicates that leaders across the globe are focusing on innovation to resurrect growth and profit. Trends in technology, demographics, consumer behavior, markets, and regulation provide new and exciting opportunities for us to bring out new innovations. Let me illustrate how we are partnering with clients and creating business value by leveraging some of these drivers. Research shows that by the year 2014, more than 3 billion of the world's population will transact electronically via mobile and internet technology. These digital consumers are increasingly relying on technology to make their buying decisions. Early in the fiscal 2010, a global leader in beauty care selected Infosys to enhance trade promotion effectiveness, to improve pricing, and to strengthen category management decision. Recently, we have partnered with a telecom major to launch Flypp, our mobile application store, which draws from an Infosys managed innovation ecosystems. The United Nations' World Investment Report calculates that there are now 21,500 multinational corporations based in the emerging economies. It is estimated that the 70% of the world's growth over the next few years will indeed come from emerging markets. Earlier in the year, our India Business Unit won the e-biz project from the Department of Industrial Policy and Promotion of the Government of India. We opened our second Latin American Development Center in Monterrey, Mexico, and our first Brazilian Center in Belo Horizonte. Our China business continues to expand. Our close industry analysis shows that companies with the lowest complexity grows significantly faster than their average competitors. Tomorrow's enterprises need to become smarter by reducing complexity. The IT system of a major American logistics company was proving to be too slow for the scale and complexity of its operations. We developed the right solution, thus reducing the delay of their operations in an important area from 8 hours to 15 minutes or as many as 200,000 daily checkouts. Mobility and cloud computing are emerging as innovation drivers. Over 2.3 million iPhone applications are downloaded every single day. Research indicates that by 2012, 80% of Fortune 1000 enterprises will be using some form of cloud computing services. A global auto leader engaged Infosys to formulate its enterprise mobility strategy to help optimize operations and present on-demand information to customers. Accelerating trends in mobility and micro transactions are also driving financial inclusion. Infosys

Finacle is deployed across 2,000 branches of regional rural banks in India. Therefore, leading the financial inclusivity initiative in the country. We are very proud of it.

In summary, your Company is focused on driving and leveraging the emerging innovation trends. We are partnering with global corporations to help them build tomorrow's enterprises. We have been always committed to growing responsibly. We are minimizing waste, consumption of energy, and fresh water, and preserving the natural habitat. Over the last 2 years, we have achieved more than 17% reduction in per capita energy consumption at Infosys. The new projects at our campuses in Mysore, Thiruvananthapuram, Mangalore, and Hyderabad are being designed as per the leadership in energy and environmental design, also known as the LEAD standard. Our employees are involved in various eco friendly activities through self-organized eco groups. The flow, the floods of September-October 2009 in North Karnataka and Andhra Pradesh devastated the lives of thousands of farmers. This is indeed a tragedy. 16 districts of North Karnataka were affected by the floods and over 5 lakh houses were damaged and thousands of lives were lost. Your Company, Infosys Foundation, your Directors and employees collectively pledged about 30 crores of rupees towards the rehabilitation efforts for the victims of this calamity. I am glad to say that this is the largest contribution by any corporation to the Government of Karnataka. During this previous year, we had set up the Infosys Science Foundation. The foundation will awarded prizes called the Infosys Prize in 5 categories of science and engineering to encourage young Indian researches and promote a culture of innovation and research in India. The inaugural Infosys prize laureates were felicitated at a grand ceremony in New Delhi on January 4, 2010, by the honorable Vice-President of India Mr. Mohammad Hamid Ansari. Our employees are our biggest asset. Their commitment has enabled your company to succeed. Appreciation and accolades from our clients, industry bodies, and media corporate, all of these collaborate the confidence we have in our strengths and capabilities. On your behalf and on behalf of the board of directors, I salute them on yet another year of wonderful achievement. 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, Bhuvaneshwar, 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 various state governments, and other governments agencies for their support, and we look forward to their continued support. We also thank the governments of various countries where we have operations. Finally, we thank the trustees of the Infosys Foundation for sparing their valuable time for the foundation's activities. Thank you very much.

Audience:

Applause.

Mr. Srinath Batni:

Thank you Mr. Murthy. I now request Mr. S. D. Shibulal, Chief Operating Officer to make a presentation on operational highlights of 2009-2010.

Mr. S. D. Shibulal:

Good afternoon ladies and gentlemen. I welcome all of you to Infosys' 29th Annual General Meeting once again. It is a great pleasure for me to be here. Let me take you through the operational highlights for the year 2009-2010. Before we proceed, I would like to remind all of you of the safe harbor clause for the forward looking statements which I am sure all of you are familiar with. Before I start with the operational highlights, I would like to point out the following.

No. 1, in a challenging macroeconomic environments over the past year, we sustained our engagement with all our stakeholders, customers, employees, and investors. We continued to focus on our future. 2010 was a very tough year for all of us and for the industry. In the beginning of the year, we had guided a decline in revenue and profits in US dollar terms for the year FY' 2010. However, our greater client focus and flexible operational and financial model enabled us to overcome these challenges and emerge stronger from the downturn. We ended the year with a year-on-year growth of 3% as per IFRS. The growth was possible because of our relentless focus on sustaining our engagement with our stakeholders, employees, clients, and investors. Let me now talk about clients. We continue to strengthen our relationship with our clients. We grew our number of million-dollar clients from 327 in FY' 09 to 338 in FY' 2010. Our average revenue per client has gone up to 8.4 million dollars by FY' 10 compared with 8.1 million dollars the previous year. Now, in the year 2010, we added 141 new clients. Our repeat business in FY' 10 was 97.3%. Now, this represents, in fact this reflects the trust our clients place on our company. We continued to focus on operational excellence. Operational excellence has been a hallmark of Infosys over the last 30 years. Now, some of the highlights are here. Our utilization in FY' 10 was 74.4%. On-site mix has improved to 22.6%. Infosys BPO became the fourth company in the world to be certified for eSCM version 2.0. We have filed 224 patents, and 31 patents filed in 2010 itself, 9 patents have been granted so far. We were also honored with Oracle Titan Awards at the Oracle OpenWorld in 2009 event.

Let me now move on to the second most important stakeholder employees. When we started the year 2010, during the downturn, we had already committed to 18,000 offers in the campuses. We honored all of our commitments towards our employees and future employees. We continue to remain an employer of choice. During the year, we received 400,000 applications. 61,000 were interviewed and 26,000 job offers made. We continue to invest in hiring and training the best-in-class people. Most of our employees whom we recruit go through a 29-week training

program before they get on to their projects. We have been appreciated by various national and international bodies during the year 2010. We were recognized for various things, we were ranked the most admired company in India according to the Wallstreet Journal Survey. We were ranked one of the 50 most respected companies in the World by reputational institutes. We were ranked among the top 25 companies by BusinessWeek's Infotech 100 list. As I mentioned earlier, during the year, we also continued to focus on our future and investing for the same. We expanded our addressable markets. We built world-class infrastructure, and we focused on building capabilities to enable our clients build tomorrow's enterprise. Our revenue mix, 65.8% of our revenue comes from North America. Rest of the World today gives us 10%. We are expanding in Continental Europe. We have appointed Country Heads in Germany and France. We launched our Consulting and System Integration Practice in Australia and in New Zealand. Infosys Consulting incorporated a wholly-owned subsidiary in India during the year 2010. We strengthened our vertical footprint by launching new platforms and solutions. This has allowed us to strengthen our relationship with our customers and build strategic alliances. We expanded our service footprints. We acquired McCamish, a business process solutions provider in Infosys BPO. We also launched iTransform, the product suite, for healthcare space. Now, let me talk about our infrastructure. We built robust, flexible, and moderate global infrastructure which continues to be backbone for our success. Today, we have 63 global developing centers, 30 in India, 33 in North America, and 27 in Asia Pacific. We own 25.5 million square feet space. We are building 1.9 million square feet space which will accommodate an additional 13,000 people. We have the ability to scale rapidly, and we have the flexibility to distribute engagements across our various developments centers. As I mentioned earlier, during a tough year, in a tough environment, we continued to focus on our future, and our strategic blueprint highlights these investments. Now, when we look at our clients, the business purpose of every enterprise is revenue growth, profitability, and asset efficiency. We have identified global trends which are key to achieve these goals. For example, digital consumer, emerging economies, new commerce models, and new frontiers in healthcare. We have aligned our services to leverage these strengths and to enable our clients to take advantage of these global trends. By doing this, we continue to be relevant for our clients. We are focused on three go-to-market strategies. No. 1, business transformation; No. 2, strategic global sourcing; and No. 3, new engagement models. Now, all our services are aligned towards these go-to-market strategies. As I said before, to be relevant for our clients, we continue to strengthen our capabilities. We are investing in R&D, sales and marketing, strategic alliance, and grooming global talent and leadership. To conclude, I would like to reiterate that despite the challenging times, our sustained stakeholder engagement and focus, and the focus on our future has allowed us to emerge stronger from the downturn. It has also allowed us to be more

relevant to our clients by focusing on the strategic teams and partnering with them. Thank you.

Mr. Srinath Batni:

Thank you Shibu. I now request Mr. V. Balakrishnan, Chief Financial Officer to make presentation on the financial performance of 2009-2010.

Mr. V. Balakrishnan:

There is a standard safe harbor clause. Let me also make a disclaimer. I had used certain images in the presentation. Any resemblance to people sitting on the dais is intentional and just for fun. Incidentally, Kris' employer number is also 7. Well, fiscal 2010 was one of the challenging year. We started the year when there was lot of turbulence in the market. Over the year, things improved. We managed it well. At the end of the day, we came out much better from one of the worst recessions we have seen in the industry.

Highlights of the year. We achieved a revenue of 4.8 billion which was 3% growth when compared to fiscal 2009. We achieved a net profit of 1.31 billion. We continued to be one of the most profitable company in the software services industry. We added 141 new clients, added 27,600 employees, and we also recommended a final dividend of Rs. 15 per share, and including the interim, it is totally Rs. 25 per share for the year.

As I said earlier, 2010 was one of the most challenging year. We get around 63% of our revenue from US. US being the largest country for our exports went into a recession. There was a financial crisis. Most of our clients got impacted. We get around 35% of our revenue from financial services, and it impacted our growth. We have seen clients cutting down on their spending because they have seen all-around challenges in the economy. It impacted our pricing. We estimated that our pricing could come down by around 6% in the beginning of the year. The contractual term became onerous because clients started to use vendor as a insurer, not as a vendor, and risk management became the key because it came to the fore we had to manage contractual risk, we had to environment risk, and also the credit risk of the clients, and the currency volatility increased. We have seen currency, not only Indian Rupee against the Dollar, also the cross-currencies moving by around 10% to 15% each quarter, so we had a challenging economic environment, we had a challenging currency environment and most of our clients are facing recessionary environment. So, when we started the year, it was one of the toughest environment we had ever seen.

It was very difficult to predict the future at the beginning of the year, but we still gave the guidance based on what our customers told us. We predicted that our revenue could decline somewhere between 3 to 7%. Our operating margin could come down by around 3%, and the pricing could decline by 6%. I think this is the first year when we guided for a decline in revenue growth, till now we had guided only for growth, and this the first time, we guided for a decline in growth in revenue on profits.

The first two quarters were challenging, then slowly the world came back. We worked closely with our clients. We have been clearly seen as a transformational partner by all our clients. We focus much more on cost control and efficiency. We enhanced our focus on risk management. In fact, we started following the credit default swap of most of our clients, and try to make sure we collect all the receivables on time. We ended the year with 3.5 billion dollars of cash that gave us a comfort because all along people were saying cash is king; finally the world realized cash is god. If you have it, keep it and worship it. We actually managed our forex exposure because if you look at our revenues, 98% of our revenues come from exports, majority of it is being billed in dollars, and we also have the cross-currency exposure. We have seen all the currencies moving both ways, and it was one of the most volatile environment on the currency side we have ever seen, but at the end of the day, our revenues grew better than what we expected. As against the guidance of 3 to 7% decline in revenues, we actually grew the revenues 3%. The last two quarters had been exceptionally good. Even in the financial services, which was one segment which got impacted more because of the recession, we have seen a growth of 3%. Manufacturing grew 3%. Retail has shown a tremendous growth of 9%. Overall, we grew by 3%. Our top 10 clients grew 3.5, and our repeat business is 97%. We continued to be a transformational partner for most of our clients.

We are in a relationship model. We work with the clients very closely. We hardly lost any clients. So, when most of our clients are under pain, we have to share some of their pain. So, our revenue productivity came down during the year when most of our clients who went through challenging times. Our offshore blended revenue productivity came down by around 5%. On an overall basis, including onsite and offshore, the blended productivity came down by 4%. This is against the guidance of 6% we gave you at the beginning of the year. So, we closely worked with the client, tried to limit our downside. At the same time, you had to make it work for the client because you have 97% of the revenue coming from existing customers where we have a very long-term relationship.

This year, we had to focus on cost control, and if you look at the numbers, the costs have already changed. So, we make sure, we spend all the required investments which are required for the future growth, at the same time try to cut down as much as cost as you can so that even in your difficult year, we can protect our margins. So, look at most of the sales and marketing costs or general administration costs, it has not much moved during the year.

The currency volatility was so much, you can only sit and pray to god. If you look at the currency movement, Australian Dollar and UK Pound moved by almost 10% during the year, and within the year, between quarters, it moved somewhere between 15% to

20%, so the currency management has come to the fore during the year.

We have built a good treasury team, and it managed the volatility during the year. If you look at the currency movement in the beginning of the year, rupee was depreciating, but when it came to the end of the year, it was appreciating. We have seen a swing of around 26% in fiscal 2009 and around 12% in fiscal 2010. On average basis, rupee has depreciated slightly, but if you look at the rupee against dollar on a year-on-year basis. It appreciated by around 12%. As you all know, for every 1% change in the rupee-dollar rate, it will impact our margin by around 40 basis points. So, you had seen a swing of 12% in rupee during the current year. We proactively managed our exposure, we do hedging. We said in a volatile environment like this, there is no point in taking a very long-term view. We took a very short-term view and hedged our exposures for the next two quarters at any point of time. That helped us to manage the impact of the rupee on our margins much more efficiently. If we had taken a long-term view, probably it would have hurt us more because of the volatility between quarters were very, very high.

So, at the end of the day, we managed it well. If you look at the impact on the net income because of the currency movement, it is hardly 1%. This is because we have taken a very proactive stand on hedging our exposure. We not only hedged our rupee-dollar, we also focused on how to hedge our cross-currencies. So, if you look at the hedging and translational impact, it was around 0.1%, and we had an impact of 1% on operating margin because of the currency movement, so I think in the whole offshore industry, we managed the currency very well last year.

Our effective tax rate went up from 13% in fiscal' 09 to something around 21% in fiscal' 2010. In fact, our tax payment has almost doubled. We are one of the top 10-20 highest tax payers in the country today. In fiscal 2010, close to 70% of our revenues got taxed because we got out of the STP tax holiday for most of our units, and in fiscal 2011, close to 80% of it will be taxed. So, we are almost in the full-tax regime in the country today, and during the year, we also had reversed a tax provision of 316 crores related to SEZ because the current budget has clarified retrospectively some of the sections of section 10(A), and we also provided for 232 crores towards branch profit tax for some of our overseas operations.

Well, it was a tough year, but we managed it well. At the end of the day, everything ended well. If you look at the profit, the net profit is almost same as fiscal 2009. It is 28%. The operating margin has slightly gone up by 1%, but if you look at our tax rate, provision for taxes had gone up from 920 crores to 1680 crores, in spite of that our net margin is still 28%. We managed one of the toughest year for the industry much better.

This is guidance versus actuals, as I said earlier, we predicted a decline of 3% to 7% in revenues, we ended with 3% growth. We predicted 3% decline in margins, we ended at 1% increase in margins. We predicted 6% decline in pricing. It declined only by 4%, and EPS grew by 2.2%.

Cash is very dear to our chairman. We have lots of it, yeah. We have 3.5 billion dollars of cash. 68% of the balance sheet is cash, 23% is fixed assets, I mean, this is one of the best balance sheet you can see in any part of the world, and we continue to be a zero debt company. Receivables are under control. The quality of receivables is extremely good. Over 63% of our receivables are less than 30 days. We hardly have any receivable later than 90 days. This is one thing we monitor, follow everyday, and in one of the tough year when most of the customers had credit risk, this is a tremendous achievement.

We want to be highly liquid; we want to make sure that we have enough cash to meet our next 1 year's expenses at any point of time. We also have target for return on capital employed and return on invested capital is two times and three times, and our return on capital employed is 3.5 times our cost of capital and return on invested capital is 6.5 times our cost of capital. As I said earlier, cash and cash equivalents are 66% of our total assets. We have to balance the comfort we require in the business to have enough cash to run the business. We have to make sure that we earn enough return on our investments, and we also have to look at opportunities for our growth, and if we have any excess, we can see how to make that payout to the shareholders. Right now, our policy is to pay up to 30% of our net profit as dividend to shareholders.

The attrition has slightly gone up this year. It has gone up to 13% from 11%. So, we are searching for the missing lot. Some of them are joining back. The average age of employees had gone up to 27, nothing because of people sitting in the dais. We are hiring more laterals now. Women employees continue to be 33.5%.

EVA has slightly gone up this year is mainly because the larger tax payout happened during the year, and R&D spending is around 2% of our revenue.

Coming to the subsidiaries, Infosys BPO started in 2002, we almost hold 100% of the company. The revenue grew by 7%, and the profit after tax is 20% of our revenues. We have close to 17,900 employees, and it continues to do well.

Our consulting unit on a standalone basis had been making losses for many years. Our chairman came out with a magic formula and there was a twist to the tale and it has become profitable now. We have close to 594 employees there, and they made a profit of 106 crores during the year.

Australia, the revenues grew by around 30%. Profit got impacted because of currency movement because Australian Dollar moved against US Dollar by close to 10% during the year. That impacted the profit. They are still profitable, and they have 362 employees in their rolls.

Infosys China, the revenues grew by 75%. We have close to 1700 employees there, and it has become profitable during the current year. It made a profit of 43 crores.

Other subsidiaries, they are subscale now, they are in the investment phase. They will be profitable in the near future. Sweden and Brazil started during the year, so they are still in the investment phase. They are subscale, once they come to a certain scale, they will contribute to the overall profit for the group.

Some IFRS statement, our revenues grew by 3% to 4.8 billion, gross profit grew by 4.6%, net income grew by 2.5% to 1.3 billion during the year. As a percentage to profit, gross profit was 43%, operating income went up by 1% to 30.4, and net income slightly came down in dollar terms to 27.3 from 27.5.

Our guidance for next year is cautiously optimistic because we are seeing the world slowly coming back. We are seeing a lot of optimism with our clients. We are seeing clients coming back and spending some of their discretionary spending, but still too many event related risks across the world, and our clients are still cautious.

We increased the wages in India. The letters are going to all the employees. It is in the process. The average India, the wages went up by 15.5. As I remember, we increased 8% in October, so in the last 6 months, we increased the wages by close to 22% to 23% in India. Outside India, we increased the wages by 2 to 3%. Our revenue guidance for next year is a growth of 9% to 11% in rupee terms with a decline of 2% to increase of 2% in EPS. Our guidance in US Dollar is a revenue growth of 16% to 18% and a EPS growth of 4% to 9%. Thank you.

Audience:

Applause.

Mr. Srinath Batni:

Lively presentation as always. Thank you Bala. Members may note that we have commenced serving high tea in the refreshment area. We now come to the formal proceedings of the meeting. Before we proceed, I am pleased to bring to the notice of the members that the company volunteered to transact the business as set for in the notice through non-mandatory ballot conducted on the internet. Members, please note that the company is not required to transact the items of business as set forth in the notice through a ballot on the internet by either the companies' act, 1956, or any other law currently enforced. The non-mandatory ballot is not a substitute for an annual general meeting or an alternate method to exercise the voting rights. This process has been adopted to enable shareholders who are unable to attend

the meeting in person, to convey their voting preferences to the company. We have received the report from the scrutinizer. We would declare the results of the ballot at the beginning of each item of the business. I now request Mr. K. Parvatheesam, company secretary, to read the auditor's report.

- Male Speaker: We will take the auditor's report as read.
- Mr. K. Parvatheesam: Okay, thank you.
- Male Speaker: One sentence sir, one sentence.
- Male Speaker: Not necessary I think.
- Mr. Srinath Batni: Thank you Parvatheesam. Item No. 1 of the notice, adoption of accounts. We now come to the item No. 1 of the notice. The adoption of accounts. The balance sheet, profit and loss account, director's report, and auditor's report for the year ended March 31, 2010, are already with the members. I now declare the results of the non-mandatory ballot of item No. 1. Holders of 9,40,90,758 equity shares have voted in favor of the resolution, and there are no votes against the resolution. If any member decides to ask any question pertaining to this item, he or she may do so now. Please restrict your questions only to the matters relating to the adoption of accounts. Any other questions of general nature will be taken up at the end of this meeting.
- Dr. Ashok: I am a small shareholder, client ID 10016951. Sir, today morning, I had been to my Axis Bank Branch. To my surprise, I could not get my passbook printed or updated. Last month I went, same thing happened. I had asked the bank, what has happened? Now, the bank person told, "sir, I have updated the software, software is not working." Then, I asked is it so from since one month? The answer was yes, and the software happens to be Finacle. I was told the real reason was updating of some version 7 to 10 point something. Sir, I think with an Infosys brand, some more deep customer interaction and then the desire to fulfill customer's requirement should be noted. Sir, similarly, in this IT refunds, I think there is a perception, things are getting delayed. I think Infosys is a major partner here. Now, my question is, sir, can we have the breakup of the 21,000 crores, how much is the bodyshopping component, how much is the end-to-end high value addition component? Sir, next is if we drill deep, nearly I would say 1,000 employees take 60% of the Infosys' salary, almost 6,000 crores, and in the employee list, I find some B.Sc., B.Com, Diploma, etc., taking salaries more than 4 lakhs per month. Now, this needs some insight, and then if we compare Infosys on world-scale, IBM has clocked 100 billion, Accenture huge numbers, more than 60 billion, whereas Infosys is only 5 plus billion. Now, if you see what is the business per employee, this is more or less stagnant. Business per employee if you see averages around 1.5 lakhs per employee per month, and then if you compare with IBM and others, they are several orders higher, why is it, and my request for the board is the salaries part, the

average salary drawn being 1.5 lakhs per month, and then some 1,000 employees drawing between 5 lakhs to 50 lakhs per month, is a huge variance. So, my request is salaries to be decided by the shareholders' committee or some independent board because it is not fair and natural justice, you decide your own salaries. So, I feel this will give some sort of democratic element in the function.

Mr. Srinath Batni:

Thank you. Thank you for your suggestions. On the issue of the Axis Bank thing, I request Mohan to answer.

Mr. T. V. Mohandas Pai:

Let me answer about this Axis Bank. Axis Bank went through a version change, which is the largest change that has happened for many, let us say for couple of years and above. It is a very huge transformation. There were some challenges because in some branches, not all branches, some branches there was a challenge about printing on passbooks because the printers of a very different make and the nature of the printer was not there in the database that was there in the central office. So, there are some challenges. The matter is being addressed, and I think things are settled down and soon this also will be remedied because it is across more than 1500 branches and a very complex engagement, and it has gone very well because not many engagements have gone along.

As far as the IT refunds are concerned, you know, it is the first time anywhere in the world, people are trying to, in emerging markets, people are trying to get into an IT system for processing returns as a large nature in such a short period of time. So, the process had to go through serious quality control checks and quality controls got over. Right now, we are processing about 40,000 returns per day, and the Finance Minister who came and inaugurated was very happy because he saw the office, he saw the processing and said, the first time he has seen a paperless office. So, IT refunds are not delayed because of Infosys, it is delayed because of something else, and in the meeting with the Finance Minister, the Department explained, they lack the capacity within the department to process all the income tax returns. This is on public record.

The third statement of 1,000 employees getting 6,000 crores is totally wrong. It is a wrong statement because 1,000 employees and 6,000 crores means each employee gets 6 crores. No employee in India gets 6 crores. I don't think any employee globally gets 6 crores. 6 crores means 1.4 to 1.5 million dollars, and no employee gets 6 crores each, and 1,000 employees don't get 6 crores each, I think your mathematics is wrong, and so, 60% of the compensation does not go to 1,000, and this is wrong. Compensation is set as per the market, and our compensation even for senior management is less than what other companies pay. If you go see the annual reports of all other companies, you will see the differences, and the last thing was about, body shopping and end-to-end, I will ask Kris to explain. We don't do body shopping. I think Kris can explain that.

Mr. Kris Gopalakrishnan:

So, there are multiple types of work we do. One is time-material, the other is fixed price, that is one way to look at it. The fixed price is approximately 38% to 39%. The second way to look at it is the managed services, and under managed services, we do package implementation. We do application development, application maintenance. In every one of these, we are responsible for managing the project. We are responsible for the results. We are responsible for managing the people, managing the clients, managing the requirements. So, we don't do body shopping.

The last question was about innovation. If you look at how the company has evolved over the last 10 years. There has been series of innovations. First innovation is from technology solutions to business solutions. 10 years back, most of the work we were doing were in the application development and maintenance. Today, we go from consulting, package implementation, infrastructure management, business process outsourcing, etc., and all these services have been introduced. This is services innovation, and when we introduced the service, we look at how can we do maximum percentage of that, the highest percentage of that remotely, you know, that is the services innovation. Then, from services, when you look at the tools, the technologies, the methodologies that we use, how do we do constantly, you know, productivity improvement. Over and above that, we are constantly developing new tools for internal use. We are also developing solutions, you know, you have heard about Flypp. We have solutions like Shopping 360. So, we have several innovations, which we use in our services, in our solutions, and finally if you look at how we have defined what makes change happen in our clients, you know, we have come out with 7 themes, and under 7 themes, we are doing lot of research and development. About 2% of our revenues are going to research and development, and we are now applying for patents also. So, lot of innovation is happening within the company.

Mr. Narasimha Shenoy:

My point is regarding segmental profitability on page No. 30. I find that the operating profit is highest for all projects undertaken in India though the volume is just 269 crores, I find it around 49.4%. There are lot of governmental projects which are coming up. I hope considering the famous Kennedy clip we saw now, Infosys will not be charging at 49%. We will be doing at much lesser say at 26% or 27% for the governmental and other projects. Thank you.

Mr. T. V. Mohandas Pai: It is for the product. It is not for government business. Government business has hardly given us revenues, and we have a very, very, very large expenditure compared to that revenues, so it is not for the government, please don't worry.

Mr. Nagaraj: (Speaking in Kannada Language, translated to English)...Good evening everybody. My name is Nagaraj. Respected Sri Narayana Murthy, respected board members, and my respected fellow shareholders. So, I am happy with this year's company's performance. Even in this recession, company has performed really well. Therefore, thanks to all board members of Infosys'. So, my question is very, very important. Infosys' is a very society conscious company. Today, in our entire nation, Infosys is the role model, in all fields, even corporate, societal aspects, but I am really surprised about one information Infosys did not touch upon, in education sector, because we need to really analyze this. Projects for students, suicide of results. We are seeing so many students committing suicide nowadays after their SSLC and PUC results. What is the reason? I will give you a simple example. Infosys' advertisement for job recruitment. To apply, you should hold a MCA or M.Sc. degree with consistently excellent academic record through standards 10, 12, engineering graduation, and post graduation. Exposure to formal qualities possesses and strong foundation in SSLC conception. This was the advertisement. An organization, Infosys organization puts in the ad "excellent track record," tell me what will happen. Parents normally put pressure on their children. We are seeing nowadays, children in exams don't fare well because of parents' pressure. When they put so much pressure, the pressure on children will be more. When there is so much pressure, what will happen....there are so many aspects involving in this. They might have environmental problem, so they may not be able to fare well. We see even in village areas, or even in cities, because of the environmental pressures, the students may not do academically well, but they may do well in other aspects, because so many parents today, what has happened is, they want their children to be engineer, to send them to IT companies, so in the society, it is a prestige issue.

Mr. N. R. Narayana Murthy: Please can you ask a question.

Mr. Nagaraj: No, it is a very social concern issue sir. So, please...

Mr. N. R. Narayana Murthy: What you are telling is truth, but you please ask a question immediately.

Mr. Nagaraj: (Speaking in Kannada Language, translated to English)...No, today, in civil services' exam, we are seeing, academic track record nowhere considered. Only graduation is required. Their written tests, whether it is prelims, mains, or group discussion, if they perform well, they recruit and do not consider the academic track record. So, please tell me why are you behind their track record of 10th and 12th' standard. Children might not have performed well there, but when they come here, they might

perform well here. Please don't keep that track record as a base because it will result in putting pressure on children by their parents. You people know what is happening today. People who do valuation on exam papers, they will come in some mood and give some marks. Today, in all the valuations, money is playing a major role. So, I am requesting the HR Department not to give such advertisements.

Mr. N. R. Narayana Murthy: Now, since you have asked your question, now Mr. Mohandas Pai will answer your query now. Please listen to him.

Mr. Nagaraj: Thank you sir. Thank you.

Mr. T. V. Mohandas Pai: (Answers in Kannada, translated to English)... We receive around 4 lakh applications. Earlier, we used to get 5 lakh applications, now we are getting 4 lakh applications. After seeing all those applications and from where they come, I can't really give test to everybody, that is one. Another thing is, our industry is export industry. In export industry, we compete with people who come from America, UK, Russia, and Australia. We compete with them. Competition is high. To compete, our people need an intellectual level, an intellectual accomplishment, logical thinking, and analytical thinking. So, to test for all that, we see consistent academic record. If you go to whichever state, first class is 40% or 50%. If you see consistent record, a lot of people will qualify. We take that record and we go to the colleges and we give them test, and based on those test marks, we interview them. After interviewing them, we will bring them here. After hiring them, we train them for 29 weeks. For training, we spend around 850 crores in a year, why, because of our education system, even with the consistent record, people are not work-ready, no training, education standards are not high. We spend 850 crores in Mysore for this. So, what I am telling is, to give them interviews or to test them, we need some criteria, so we have made this criteria. Even with these criteria, we get a lot of people. So, because of the global competition, we have to do this way, and we don't have any other way, that is what I wanted to convey.

Audience: Applause.

Mr. K. R. Narayan: My name is K. R. Narayan. While going through the AGM report, the following observations were made, and I come straightaway to the accounts. Page No. 57 that relates to the aggregate expenses. The marketing expenses, the professional member seminar allocation, recruitment, training, sales promotional expenses, advertisement, research grants. All these things have come down from previous year, and I am a firm believer that unless we tell what we are capable of, or unless, I mean, there is an advantage, advertising base, and I don't know the logic behind cutting, but while observing the presentation of Sri. Balakrishnan to cut the expenses in a tough year may be he has justified it, but still, I strongly believe that advertisement is required, sales promotional expenses have to be increased to make more business, and I have just one or two suggestions for kind

consideration. Earlier, in the AGM report, we used to get some information regarding the social service rendered by Infosys Foundation, but in this year's AGM, I think nothing is stated regarding that. I hope sincerely that they are doing a commendable job, but still, already one of the shareholders of Infosys has told this is not just money-making organization; therefore, in the interest of the society, if we have to put a strong foundation, we can do some excellent work. Already, as Mr. Narayana Murthy told, in the same way the best awards given for 5 laureates in their respective fields, why don't you award employees' achievements annually. Also, the national level student quiz, the topics ranging from environment, nation, or the world. Since we are living in a global phenomenon, to inspire the activities related to the whole world, and when we have 10,000 crores profit-loss account balance lying, I feel it will not be so difficult to spend 4 to 5 crores on this. Also, as Mr. Shibulal was telling that people who join Infosys will be trained for 29 weeks. Before coming to here, today, due to unforeseen reasons, I have been a shareholder of TCS, when I was turning the pages, I am proud that Infosys has made good achievement, but still have to make more achievements. When I see their awards, sorry, comparison is not proper, but since they are also in the same sector, when I see their awards, their employee awards or their international awards, I feel Infosys has to focus more on achieving more. In that respect, what is my request is that to make it a continuous learning, my question is to Mr. Mohan Das Pai of HR, for things related to continuous leadership, there should evaluation done. Employees by themselves, when compared to last year, where I stand this year, what we say HR accounting, it is like that. So in that aspect, at least if we don't have even 5% growth, I raise my voice with the shareholder who spoke just some time back, and tell you that we will give salaries to people who do well, because here in technology, employees are the backbone, because this is not an organization which manufactures a thing. So, therefore, who does not perform, they must be pulled or to warn them, what they say, you know, "pink slip will be ready on Friday, you don't have to come from tomorrow." If employees are concerned about such warnings, I feel that they will perform better. Lastly, my question is to Mr. Kamath. In balance sheet, there is around 10,000 crores of cash in hand. I feel this is too much. We should keep money only how much money we require, and the rest of it we should think of making that money earn a profit. Since Mr. Kamath has expertise in banking, I feel Mr. Kamath will advise us on making a profit from that excess cash.

Mr. N. R. Narayana Murthy:

Now, let me answer the various questions that you talked about. As far as the cost control is concerned, Mr. Balakrishnan has already explained how this was a difficult year. We expected a decline in revenues, we expected a decline in profits. So, we said the first thing what a family does when it comes across such a situation is to tighten the belt, and that is what we have done, don't worry, and we made sure that we had enough, we had put in enough focus on better selling, all of that has happened. Second,

as was explained by me and others, Infosys Foundation or our commitment to society this year was more than double of the previous years. For a very simple reason, this company, some of the management people, Infosys Foundation, and the employees gave 30 crores of rupees to Karnataka Flood Relief thing. No other company gave anywhere near that, No. 1. However, the reason why they have perhaps not covered it is we have put this whole thing on the web because we felt that in these days of sustainability, we must reduce the usage of paper, so that we don't cut trees. That is the reason why we have deliberately made the annual report thinner this year. All the information that you want is on the website. Please go and look at all of these. I think the final question, Bala will answer on the cash thing, please.

Mr. V. Balakrishnan:

As I said earlier, we want to be highly liquid because we are operating in a global environment. If you look at our expense structure, more than 50% of our revenue goes towards employee salary. We need to have certain amount of cash in the company to make sure that we are comfortable, that we can manage the future, and we invest the cash surplus in short-term money market instruments and also in fixed deposits. We get a net yield of something around 5%, but for us, liquidity is very important because we are already in the information technology space where the business risk is very high, and we need to be highly liquid if we want to secure our future, and definitely we invest those cash surplus in the right instruments and enhance the yield, but last year, the interest environment in the whole country was very soft, that is why the yield has come down. Otherwise, we want to be highly liquid. We will require that cash. We will make sure that these are invested in the right instrument, which will get the best yield for us. Thank you.

Mr. N. R. Narayana Murthy:

Finally, there was a question on awards. Let me tell you, Infosys was the first software company to have won most of the awards in the country. I don't want to use the word all because there may be a few insignificant ones which we may not have won. It was voted the best managed company, it was the first Indian company, not software company, first Indian company voted the best employer, you know, best in corporate governance, the best financial reporting, you know, the best in quality. We are the first Indian company to be certified at Level V of the Capability Maturity Model.

Audience:

Applause.

Mr. N. R. Narayana Murthy:

This year, we were one of the world's five companies and the first Indian company to be awarded, an honor by IEEE for productivity. Let me assure you that this company has not lagged behind any companies in winning awards. It is just that we have won so many awards that we don't keep talking about it. Now, we have done enough. You know, this is the 29th AGM and then this is 17th Annual Report that we are sending to you, so we talk only about

very, very important, very new awards, that is the only reason, but I am sure you can get access to all that data.

Male Speaker:

I came from Bombay and I will take only two minutes. It is my principle. I must give congratulations for not declaring bonus share this year because still the ratio of demand and supply has not become 2:1. Ratio becomes 2:1 in month of December 2010. Hence, up till 2010, no need to declare bonus share. Hence, company can declare bonus share in the ratio of 1:1 in the next year. Second, page No. 16, item No. 12, appropriations. Our policy is to pay the dividend up to 30% of the net profit after tax of the company. After up to 30%, it must include in bracket, it should be mentioned including dividend tax. It is not mentioned including dividend tax. The word up to, since our company follow the honest approach, you must give the honest statement only. The word up to is the very dangerous word, and it is cunning word. It should be removed, company should follow the elephant approach, horse approach instead of cunning fox approach. By writing-off 50% discounts, so many shopping malls have cheated the customers when the customer enter and they buy the goods, they get discount only 20% to 30%, 40%, instead of 50%. Company should write our policy is to pay dividend (including dividend tax) 30% of net profit after tax of the company. Thank you very much.

N R Narayana Murthy

: I think you know when you state a policy, you should not say 30%. The reason up to 30% is the right thing because this year for example it is 29%. No point in saying that we will give 25 rupees and 21.5 paise. So, that is the reason why we have said up to, and dividend tax being included is we thought it is understood by everybody. However, that is a good suggestion. Next time, we will put in bracket including dividend tax.

Mr. Gundu Rao:

Good afternoon, all of you. My name is Gundu Rao. I am a small shareholder, and I have had the privilege of working with Infosys in very early days. Congratulations on an excellent set of performance figures in a very tough year. Having said that, I also particularly wish to congratulate, appreciate the work which is being done by the SETLabs because I have had chance of seeing some of the monographs published by the SETLabs, it is a wonderful product, and the very fact that so many patent applications have been filed, so many patents have been accepted, it makes everyone of the Infosys family including the shareholders and none other than myself proud and very proud, and I am sure that many, many such laurels will be on the way. That is No. 1. No. 2, the conceptual designs of the products in the SETLabs are remarkable. My only suggestion, I am sure it is being debated inside the board and senior management. For example, say the application of the products there for enhancing the, or shall I say the other way around, reducing the cost of medical research by having common facility where all the research institutions, drug research institutions of say a particular company are coming together and then evolving the product. I believe that there is a great scope for marketing this product

which I am sure you will be doing that one. That is one product because I am in some way connected with a medical ethics committee in a hospital, I find that enormous amount of time and money is being spent, and that is a suggestion. Similarly, there is another product which has a wide application, for example quoted, is call centers or similar businesses. So, that also I felt as a wonderful and great product which needs to be promoted, may be promoted by the various ways and all that. That is about the aspects of that one. Now, there is a small request for clarification on the accounts. I would suggest attention to page No. 50, yes page No. 50, on the right hand side, the top most column or rather the top most item is four, the title is investment. Then, just before the last item, there are liquid mutual fund units. It is occupying 2,518 crores. My understanding of the liquid mutual fund says, it may consist of various kinds of mutual funds, like debt and equity and so on and so forth. If I remember correctly, I stand corrected after Bala or Mohan whoever wants to answer, about seven to eight years back down our memory lane, when certain amount of reserves were being invested in share market instruments such as equities, it was discovered, it came to the light at the end of the year there was a depreciation of the equity value, and therefore, there was a net difference between the money invested in that one and the current market value as of 31st March. I attended that meeting and I remember distinctly Mr. Mohandas Pai can correct me, I stand corrected, he told me that there was a debate within the company and it was decided that in future the investments will not be in the share market instruments but it will be if I remember correctly, again in government instruments such as certificate of deposits or the bank deposits rather than going in for any other this thing. Thank you. This is all the clarification that I wanted because whether there is a change in policy of going in for investments to mutual funds because ultimately mutual funds also in some way or other they are market driven. Thank you.

Mr. V. Balakrishnan:

Well, there is no change in policy. We don't put our money in equity markets. These are all liquid mutual funds, which invests in short-term call money markets. Our policy is to invest only with bank deposits or in liquid mutual funds which has exposure to short-term money market instruments. We don't put any part of our money in equity markets or long-term debt markets. The policy has not changed. We also have a long memory.

Mr. Srinath Batni:

Thank you. We have time for one more question please.

Mr. Ravi:

Good afternoon. I am Ravi. I have an observation in this annual report. In the earlier annual reports, we had an interesting topic on human resources accounting, which was part of the annual report. Though it is not mandatory as per the Companies Act, I find something which is not there in this. It was an interesting topic, a short note. I would like to just...

N R Narayana Murthy:

It is on the web. As I explained to you earlier, it is on the web.

- Mr. Ravi: Yeah, thank you.
- Male Speaker: It is really somewhat abridged because we didn't want to waste paper.
- Mr. Ravi: Okay, thank you sir.
- Male Speaker: If you go to web, you will find it there.
- Mr. Ravi: Yeah, thank you, and one more request sir, it is a repeated request which I have at the Annual General Body Meeting, we should have an Annual General Body Meeting at the Infosys campus. I think all the shareholders will endorse this...
- Audience: Applause.
- Mr. Ravi: ...but I request them to consider this, please.
- Mr. Kris Gopalakrishnan: We will consider it and see how we can do it and when we can do that. I know that this sentiment is there amongst all of you, and we will consider it and we have also stated that if any of you are interested in visiting any of our facilities, please write to us and we will, you know, we will make sure that you are shown around. Thank you.
- Mr. Srinath Batni: Just one last question. Yeah, last question please.
- Male Speaker: In Brazil, Indians are not happy with the working of the Brazilian government, and secondly, what is the protection that you are going to give for the Brazilian people who are working in India and secondly sir, selling and marketing, last year, it was 5.1 and this year it is 12.1, how it has gone up. Can you explain it and another last point Mr. Chairman, our company, Infosys, has spent about 30 crores to the flood affected people and has the government has utilized the same thing from our company in a better way and if it is done then you please give a picture in our balance sheets?
- N R Narayana Murthy: One minute, Mr. Balakrishnan will answer that sales thing, but as far as 30 crores are concerned, let me tell you this. There was a part of it given by the directors of the company from their personal funds. There was a part of it which was given by Infosys Foundation and there was a part of it given by the employees, almost one-third, one-third, one-third. This money was not given to the government. This money has been given directly to well-known, well-established NGOs which are actually in the process of building...Mohan, can you comment on that. So, the rest assured that all this money is being utilized for the purpose, for building of houses. Mohan, you want to say something more?
- Mr. T. V. Mohandas Pai: Yeah, we are committed that we will spend 30 crores for building houses in various parts of North Karnataka and we had estimated the cost to be 1 lakh and when we went to North Karnataka, our people went there and went to about 25 villages to see what is the actual situation, and they found the cost to be much higher. For 1

lakh, we cannot build any house and the house is about 250 to 260 square feet. So, we are building now 2,300 houses at between 1.3 lakhs to 1.5 lakhs and about 1,900 houses construction has started. For the balance 400, government has to give land and the connections. We are the only company which has done this.

Audience:

Applause.

Mr. T. V. Mohandas Pai:

The model we are engaged is that we have got three NGOs, one is Dharmasthala Heggade, other is from Sedam from Gulbarga, and the other is Ramakrishna Math. We have a set of people who go there and spend two days a week to supervise. They have taken up certain villages and they are building and just today morning I got a confirmation for 150 houses, the roof has been cast, and by June end, we hope about 750 to 800 houses, the roof will be fully cast. It will be ready. The next three months, we hope, three to four months, we hope to finish very, very large part of the houses and we are spending the money under our supervision and making sure beneficiaries get it and making sure the beneficiaries are chosen without any discrimination.

Male Speaker:

Thank you very much.

Audience:

Applause.

Mr. Srinath Batni:

Thank you. Bala?

Mr. V. Balakrishnan:

Well, the sales and marketing expense is 4.6% of revenue. It has not changed much year-on-year. In absolute value, it increased mainly because we added more sales and marketing people. We have close to 800 sales and marketing people now at the end of the year.

Mr. Srinath Batni:

Thank you Bala. I now request any member to move the resolution for the adoption of the accounts.

Mr. C. M. Ramakrishna:

Sir excuse me, I want to speak.

N R Narayana Murthy:

We have allocated a certain amount of time, and you know, I hope you will kindly appreciate that, you know, everybody is here. They have other things to do, you know, and we have to close this meeting at a certain time. So, if you kindly don't mind, we would proceed and then, you know, move on to other resolutions please, unless, if you are personally something which has to wait.....otherwise, you can ask us after the meeting is over.

Mr. C. M. Ramakrishna:

My name is C. M. Ramakrishna. I would like to request for certain things like, graphical representation of five years or ten years,

Male Speaker:

Why don't you kindly ask these questions later and definitely they will answer.

Mr. C. M. Ramakrishna:

Shall I continue?

Male Speaker:

Why don't you, when we meet after this thing, you kindly give all your suggestions, we will take it.

Mr. C. M. Ramakrishna:

If you could kindly give us two minutes, I will complete it. One is the graphical representation regarding total turnover, profit after tax, and how a rupee pie chart, how a rupee comes and how it is spent on various expenditures, and environmental issues, I would like to know in various campuses across the country as well as globe, how many trees are cut till date by the company and I have seen in the TV channels, in the new facility that is being erected here, many trees will be cut, thousands of trees and many habitats will be in problem. It has come in the TV channel. Now, that there are lots of issues on the environment and other things, I would like to know what is the company's policy on these, why don't we move to some other places where there are no trees or habitats and other things, and about corporate social responsibility, start-up needs to be encouraged by the company. There are lot of NGOs who are doing it which can be looked into and just the staff expenses close to about 12,000 crores and a PAT of 6,000 crores, that means company is earning half of what is spend on staff expenses or as I said profit after tax. So, considering the bench level and other things and utilization level, I think there is a lot of scope for improving our productivity and as shown in the presentation made by Mr. Balakrishnan, has told what nation has done for us rather than what we have done for the nation. Nation has done quite a many things for the company and IT sector as a whole as far as taxation and other things and also there is an opportunity for us to serve the country, which a couple of years back I requested as a gratitude to our freedom fighters to renovate and maintain Jhansi Fort, may be administrative reasons and the governmental things may not be...it is very difficult to may be possible...it is difficult to get, there is an opportunity, Jhansi Ki Rani serial is coming, our company can sponsor that serial and give a message to the country about patriotism and other things. So, these are all the things, and page No. 52, where there is a forex gain against loss of last year, so if we take into consideration that, I think company's profitability wouldn't have grown, I think some 450 crores loss or something is what we had and from that we have come to about 30 crores of gain, page No. 52 if you see that. So, considering that, we hardly got any improvement in the profitability. Last year, we had a loss of 439 crores, we have had this year 30 crores of profit in forex. So, if we look into it taking that into consideration, I think our profitability has not improved and there is also a request made by some of the shareholders about conducting a quiz and other things, I have seen couple of years where back in Tata Crucible Quiz, where couple of employees of Infosys have participated and they were struggling to answer the answer...I mean, give the answer to the questions. So, we need to see that when we send employees to these kind of programs, that too when we have improved mass media, the electronic media, we need to send those who are acquainted with the general knowledge and the current affairs. They were very much struggling to answer the questions. So, this

one point I wanted to bring to the notice of the management. Thank you very much.

Mr. N. R. Narayana Murthy: Thank you very much for your kind wonderful suggestions. We will certainly take all of them to consideration and we will act on that. Bala will speak about the profit part of it and what were the other things.....there was...as far as tree cutting is concerned, I in my speech, I referred to the fact that we, you know, we have a very major sustainability initiative. All our new buildings will be according to LEED certification. We have planted thousands of trees in each of the campuses.....totally 1.2 lakhs trees have been planted.

Audience: Applause.

Mr. N. R. Narayana Murthy: And let me assure you that, that we are using solar power as much as possible. Our usage of water, you know, and re-usage of water is a very important activity. Bala, on the profit please.

Mr. V. Balakrishnan: Well, what you see in the other income is only an impact of translation losses on the hedging gains. Last year, rupee depreciated, and in fiscal 2010, rupee appreciated. I covered that in the presentation. We have 12% appreciation in rupees and that could have impacted our margin by 5% at the operating margin level. What you see in the other income is only the impact of translation losses and hedging losses. So, if you take that into account, net-net, the impact of currency on our net margin is hardly 1%. So, our profit, if you take into account, the impact of operating margin and other income has not changed much.

Mr. Srinath Batni: Thank you Bala. I now request any member to move the resolution for the adoption of the accounts please. Narayan. I request any member to second the resolution. Sorry...name please....B Gupta. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. I declare the resolution as passed with the requisite majority. Thank you.

Item No. 2 of the notice on declaration of dividend. The board has recommended a final dividend of Rs. 15 per share together making a total dividend of Rs. 25 per share including the interim dividend of Rs. 10 per share paid during October 2009 for the year 2009-2010.

I now declare the results of the non-mandatory ballot relating to item No. 2. Holders of 9,40,90,973 equity shares have voted in favor of the resolution and holders of 1 equity share have voted against the resolution. Are there any questions from the members pertaining to this item? I request any member to propose this resolution. Name please.

Mr. Ramu: Ramu.

- Mr. Srinath Batni: Ramu. I request any member to second the resolution.
- Mr. Nigel: Nigel.
- Mr. Srinath Batni: Nigel. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. I declare the resolution as passed with requisite majority.
- We now come to item No. 3 to appoint a director in place of Mr. N. R. Narayana Murthy who retires by rotation, and being eligible, seeks reappointment. In terms of Article 122 of the Articles of Association, Mr. N. R. Narayana Murthy retires by rotation, and being eligible, seeks reappointment. I now declare the results of the non-mandatory ballot related to item No. 3. Holders of 9,40,90,974 equity shares have voted in favor of the resolution and there are no votes against the resolution.
- Audience: Applause.
- Mr. Srinath Batni: Are there any questions from the members pertaining to this item?
- Male Speaker: Good evening members, I must thank the visionaries like Narayana Murthy who has really made the software industry very, very attractive to the Indian economy. Unfortunately, what I have noticed is we don't have visionaries like Narayana Murthy in the next generation. The industry is being dominated by chartered accountants. Wherever I see, I find only chartered accountants giving statements. I am also a chartered accountant and I have the highest regard to chartered accountants, but what I request is the technocrats must come forward. Technocrats must come forward and run the industry for the next generation. Almost the entire Indian economy....people are dependent on the software industry for growth. So, we need more people like Narayana Murthys in the future also and if you see the turnover you have already only increased by 900 crores in the last one year. That is something not a very good sign for the industry. Sir, the society thanks you for giving excellent leadership for the software industry.....
- Audience: Applause.
- Male Speaker: When people move across ITPL or any other industry, everybody remembers you for the contribution to the country.
- Mr. N. R. Narayana Murthy: Thank you.
- Male Speaker: Thank you sir.
- Mr. Srinath Batni: Thank you very much. I request any member to propose the resolution. Narayan.

- Mr. Srinath Batni: I request any member to second the resolution. Name please, Lakshmikant. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. I declare the resolution as passed with requisite majority. Thank you.
- Audience: Applause.
- Mr. Srinath Batni: Item No. 4 of the notice, to appoint a director in place of Prof. Marti G. Subhramanyam, who retires by rotation and, being eligible, seeks reappointment. In terms of Article 122 of the Articles of Association, Prof. Marti G. Subhramanyam retires by rotation, and being eligible, seeks reappointment. I now declare the results of the non-mandatory ballot related to item No. 4. Holders of 9,40,89,557 equity shares have voted in favor of the resolution. Holders of 1,200 equity shares have voted against the resolution. Are there any questions from the members pertaining to this item? I request any member to propose the resolution. Name please?
- Mr. Ravi: Ravi.
- Mr. Srinath Batni: Ravi. I request any member to second the resolution. Sorry.
- Mr. Padmanabh: Padmanabh.
- Mr. Srinath Batni: I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. One. I declare the resolution as passed with requisite majority.
- Item No. 5 of the notice. Okay, I request any member to second the resolution. Name please. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. One. I declare the resolution as passed with requisite majority.

Item No. 6 of the notice, to appoint a director in place of Mr. S. D. Shibulal, who retires by rotation and, being eligible, seeks reappointment. In terms of Article 122 of the Articles of Association, Mr. S. D. Shibulal retires by rotation, and being eligible, seeks reappointment. I now declare the results of the non-mandatory ballot relating to item No. 6. Holders of 9,40,89,774 equity shares have voted in favor of the resolution and holders of 1,200 equity shares have voted against the resolution. Are there any questions from the members pertaining to this item? May I now request any member to propose the resolution? Name please? Rajashekar Aradhya. May I request any member to second the resolution? Venkatramaiya. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. One. I declare the resolution as passed with requisite majority.

Item No. 7 of the notice. Let me just go through this quickly. I request any member to second the resolution. Sorry, Padmanabh. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. One. I declare the resolution as passed with requisite majority.

The next item of the agenda is appointment of auditors, item No. 8 of the notice. The auditors BSR & Co., Chartered Accountants, retire at this meeting and have confirmed their eligibility and willingness to accept the office if reappointed. The text of the resolution is provided in the notice convening this meeting. I now declare the results of the non-mandatory ballot relating to item No. 8. Holders of 9,40,90,974 equity shares have voted in favor of the resolution and there are no votes against the resolution. Are there any questions from the members pertaining to this item?

- Male Speaker: What about the remuneration sir?
- Mr. Srinath Batni: Bala.
- Mr. V. Balakrishnan: Remuneration, the board will decide and last year we paid around 70 lakhs for Indian audit fee and the board will decide now.
- Mr. Srinath Batni: Thank you. I request any member to propose the resolution? Name please? Sorry.... I request any member to second the resolution? Name please. I request the members in favor of the resolution to raise their hands. I request the members who are against the resolution to raise their hands. One. I declare the resolution as passed with requisite majority. Item No. 9 of the notice.
- Male Speaker: I propose, the same resolution to take an effect, the item No. 9.
- Mr. Srinath Batni: Okay. I request any member to propose the resolution you have proposed. I request any member to second the resolution. Name please. I request the members in favor of the resolution to raise

their hands. I request the members who are against the resolution to raise their hands. One, I declare the resolution as passed with requisite majority.

Item No. 10, being the resolution of my reappointment. I seek your permission to vacate the chair. With your consent, I request our Chairman and Chief Mentor, Mr. Narayana Murthy, to chair the meeting.

Mr. N. R. Narayana Murthy: Thank you Srinath. This is regarding reelection of Mr. Srinath Batni as a whole-time director. His term expired on May 26th and being eligible he offers himself reelection. The non-mandatory ballots says that 9,40,89,500 have voted in favor and 1,474 have voted against it. This is an ordinary resolution. Are there any questions? If not, may I ask somebody to propose? Pooja, excellent. Somebody to second, yeah, Raju. All of you who are for this resolution please raise your hands. Thank you. Those of you anybody who is against it, please raise your hands. Therefore, I declare this resolution as passed with requisite majority. Thank you.

With this, the formal part of the 29th Annual General Meeting comes to a close. We once again thank you for your kindness in coming here and spending so much time. Now, I will move over to Mumbai and give the shareholders there an opportunity to ask informal questions because the formal part is over and Niladri now we come to you at Mumbai.

Mr. Niladri Prasad Mishra: Thank you sir. We have few members having queries and some comments.

Mr. S Gopalakrishnan: Please ask short questions, so that we can answer the questions. Thank you.

Mr. Prabhakar Urvekar: Good evening sir and ladies and gentlemen. My name is Prabhakar Urvekar. Sir, at the outset, I would like to congratulate the company for an excellent result despite global meltdown. Sir, my suggestion is when Rama Bijapurkar retired as director, why have you not appointed a lady director. You know, in the year when we are thinking of passing in Parliament Women's Bill, I think on the board of Infosys, it would have been ideal to appoint another lady as a director. Please consider.

N R Narayana Murthy: Well thank you very much. I think that is a very good suggestion. The chairman of the nomination's committee, Mr. Jeff Lehman, is certainly in the process of bringing in new members and your input has been very valuable. Thank you.

Mr. Prabhakar Urvekar: Two more suggestions. One, in the report, first page inside, where there are given seven areas for IT and IT innovations. You have put healthcare economy as the last one. Is there any

particular order in which you have mentioned this ideas and areas because I feel healthcare is a very prominent areas, especially in India. Please let me know, and the other thing is, education, where have we included that part in the areas here because with the population that India has I think education is also an important factor and I would like to know in which of the seven areas you have covered this item. The last but not the least, I would like to congratulate Mr. Bala for giving an excellent entertainment. I am attending too many AGMs and permit me to say they are either dud or lame, really boring. I congratulate Bala and I request him to continue the same. Thank you.

Audience:

Applause.

Mr. Kris Gopalakrishnan:

Thank you sir. There is no order. Everyone of those seven themes is equally important. Each one is actually a mega trend, and we believe that significant changes will happen in the businesses of our clients and that is the reason why we have chosen those seven themes. Education is extremely important for Infosys. In fact, if you look at all the things we do for our employees, for improving the quality of engineering education in our country, our computer donation program where we donate typically about 5,000 computers a year and is growing every year as well as the work our Infosys Foundation does, the volunteers within the company, employee volunteers who work with various education institutions, you know, there is so much we do in the area of education and I completely agree that it is a very, very important area and everything Infosys does has something to do with education and of course, you know, Bala will continue hopefully better and better.

Mr. Niladri Prasad Mishra:

Yeah, next one.

Male Speaker:

Respected chairman and other distinguished directors. Sir, at the outset, I would like to ask you that our company this year, they have not given bonus whereas TCS has taken the initiative of giving bonus 1:1. Even, Wipro has given bonus 2:3. In the market, there was a rumor that Infosys is coming out with bonus and the price have gone up, but now, all of a sudden it has come down, and recently there was a brokerage house suggestion to sell, so I think we should come out with a bonus very soon. Even in your this report given by Shibulal, the attrition rate was shown from 11.1%, it has gone up to 13.4%. So, I would like to know why the attrition rate has gone up. Even this, we have been told that employees are from 76 nationalities, from 76 countries, and now we have gone up to 83. So, seven more countries have been added. So, I would like to know which are these, this is on the western side or the eastern side and we would also like to ask you whether we are going for any inorganic expansion because now-a-days the valuation is very low. So, we can actually, even Patni is on sale I think. Narayana Murthy will take the initiative of...because Ashok Patni, I think they want to sell this Patni and they are trying to find some Japanese buyers. So, I think we

should go for this. So, what is your suggestion? Whether any inorganic expansion is on our program. Thank you very much.

N R Narayana Murthy:

Thank you very much. On the issue of bonus shares, I think you have made a good suggestion. Certainly, the board of directors will consider it and take kind of any action at an appropriate time. If the various parameters that they consider for such an action are all, you know, favorable. On the issue of acquisition, I think we have a clear acquisition policy and we have an acquisition group that does excellent work, that looks at various parameters and we have taken your input and certainly when this group finds a good candidate, when this group finds that the time is right, they will definitely take the right decision. Thank you.

Mr. Aloysius Mascarenhas:

Mr. Chairman sir and distinguished members of the board and my fellow shareholders, my name is Aloysius Mascarenhas. I thank the management for this excellent result. Coming to the point of question, this year's scenario, world scenario, is that of sovereign debt. It has plagued the countries like Spain, Portugal, Italy and Greece. So much so, it has got a cascading effect on the Euro. Last year, it was the subprime tragedy which had wrecked US economy. Now, US economy is recovering. Now, my question is, what is the impact of this sovereign debt and the Euro going down day after day, the currency fluctuation. So, what is the impact on our profit margins of our company. Thank you.

Mr. N. R. Narayana Murthy:

Mr. Balakrishnan will answer that.

Mr. V. Balakrishnan:

Well, we have hardly any direct exposure to some of this so called big countries where you have a big sovereign risk today, but we are watching closely the whole European Union issue because there are many countries who have got a high degree of sovereign risk and market sees that as a risk. Right now, we are not seeing any impact on the ground, but we are closely watching the situation.

Mr. Kris Gopalakrishnan:

We will take just one more question and then we will close.

Male Speaker:

When Infosys can develop ERP product like SAP and our revenues can grow from 5 billion to 25 billion?

Mr. Kris Gopalakrishnan:

On the first question, as you know, we have Finacle, which is seen as a universal banking product. You know, it is like an ERP for a bank and it is also recognized as one of the top three banking solutions in the world. So, you know, we do have a very well-known, you know, very well-recognized product in our company. On the second part of your question, of course, you know, that is our goal. Over the next several years, we would like to see Infosys continue to grow.

Mr. N. R. Narayana Murthy:

Well, thank you very much. I think with this we will bring the Mumbai meeting also to a close. We are all extremely grateful to the shareholders who have assembled in Mumbai. We are

extremely grateful to the shareholders that have attended the meeting here in Bangalore. Thank you very much, and we will see you next year. There has been a suggestion that we should hold it on our campus. Based on the discussions that will take place amongst the executive management, a suitable decision will be taken. Thank you very much.
