



Infosys Technologies Limited

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Letter to the shareholder

Dear Shareholder,

We begin fiscal 2009 by reporting first quarter revenues of Rs. 4,854 crore, an increase of 28.7% from the corresponding quarter last fiscal. The sequential growth was 6.9%. In US GAAP terms, revenue was \$ 1,155 million.

Operating margin after depreciation was 27.0% for the quarter compared to 29.1% in the preceding quarter. Margins for the quarter were impacted due to increases in salaries by 2.2%, visa costs of 0.7%, utilization and other cost of revenue by 1.7%, which to an extent were offset by rupee depreciation of 2.5%.

Customers and industry bodies commended our industry leadership as well as our service excellence and delivery efficiency. A power equipment and transportation major awarded a Certificate of Recognition to Infosys. An aviation major recognized us as its Supplier of the Year. The International Association of Outsourcing Professionals (IAOP) ranked us at No. 3 in its '2008 Global Outsourcing 100'.

Market influencers recognized our performance as transformation partner to leading companies. Forbes magazine named Infosys on its list of Global High Performers while Waters magazine rated Infosys as the Best Outsourcing Partner. Infosys won two Banker Technology Awards for our performance in wholesale and capital markets.

We added 49 clients during the quarter. On an LTM (Last Twelve Months) basis, we have one client billing over US\$ 300 million and six clients billing over US\$ 100 million. Repeat business accounted for 99.6% of revenues.

We are developing a competitive strategy and transformation roadmap for a high-tech leader and executing a Business Intelligence solution for another high-tech company. An auto financier has engaged us to develop its online dealer marketplace. We are helping a global bank assess its enterprise architecture and rationalize its application portfolio.

Finacle®, the Universal Banking Solution from Infosys, won a strategic global partnership with BBVA, one of the top 15 banks in Asia Pacific is implementing Finacle® core banking solution.

Demand for our consulting services continued to be strong. A high-tech manufacturer is working with Infosys to create an Oracle-enabled business solution. For an agribusiness, we are delivering a global program that includes redesigning the operations of its seeds business.

Our position in the emerging economies was bolstered by new client wins. A leading bank in the Middle East engaged Infosys to implement CRM across its retail banking business. A media company in Australia sought our expertise to define its solutions.

Infosys BPO was declared the 'Provider of the Year' in the Large Enterprises category by FAO Today magazine for the second consecutive year. It was also awarded COPC-2000® CSP Standard Version 4.1 certification for selected client programs.

We continue to raise our standards with increased focus on research and innovation. Infosys has been granted two patents by the U.S. Patent and Trademark Office (USPTO). We are supporting a research center that has been recently set up at the University of Southern California (USC) Viterbi School of Engineering to facilitate joint research and education in various fields. We have recently signed an agreement to undertake joint research with the International Institute of Information Technology, Hyderabad (IIIT-HU).

People continue to be our most valued asset. We added 7,182 (gross) employees this quarter and continued our focus on training and development.

Looking at the macro environment, we want to be cautious and maintain our guidance for the full year in dollar terms. There are enough opportunities in the marketplace and we are well positioned to take advantage of these.

Despite the challenging environment, our successes continue to inspire us. With renewed faith in our business model, we look forward to meeting our guidance of Rs. 5,229 crore to Rs. 5,272 crore in the second quarter. We thank our investors, employees, customers and all stakeholders.

Bangalore
July 11, 2008

Shibulal S. D.
Chief Operating Officer

S. Gopalakrishnan
Chief Executive Officer
and Managing Director

Select Financial Data (Consolidated) – Indian GAAP

Profit and loss account data for the quarter ended

in Rs. crore, except per share data

	June 30,		Year-on-year Growth (%)	March 31, 2008	Sequential Growth (%)
	2008	2007			
Income from software services, products and business process management	4,854	3,773	28.7	4,542	6.9
Software development and business process management expenses	2,754	2,169	27.0	2,482	11.0
Gross profit	2,100	1,604	30.9	2,060	1.9
Operating expenses:					
Selling and marketing expenses	257	205	25.4	223	15.2
General and administration expenses	364	315	15.6	359	1.4
Total operating expenses	621	520	19.4	582	6.7
Operating profit before depreciation and minority interest	1,479	1,084	36.4	1,478	0.1
Depreciation	169	144	17.4	157	7.6
Operating profit before tax and minority interest	1,310	940	39.4	1,321	(0.8)
Other income, net	117	253	(53.8)	139	(15.8)
Net profit before tax and minority interest	1,427	1,193	19.6	1,460	(2.3)
Provision for taxation*	125	114	9.6	211	(40.8)
Net profit after tax and before minority interest	1,302	1,079	20.7	1,249	4.2
Minority interest	–	–	–	–	–
Net profit after tax and minority interest	1,302	1,079	20.7	1,249	4.2
Earnings per share (Equity shares, par value Rs. 5/- each)					
Basic	22.75	18.89	20.4	21.83	4.2
Diluted	22.70	18.82	20.6	21.78	4.2

*Provision for taxation includes reversal of tax provisions amounting to Rs. 31 crore, Rs. 51 crore and Rs. 20 crore for the quarters ended June 30, 2008, June 30, 2007 and March 31, 2008, respectively.

Balance sheet

in Rs. crore

	June 30, 2008	March 31, 2008
Sources of funds		
Shareholders' funds	15,149	13,795
Minority interest	–	–
	15,149	13,795
Application of funds		
Fixed assets	4,957	4,777
Sundry debtors	3,336	3,297
Cash and cash equivalents **	7,564	8,307
Deferred tax assets	126	119
Other net current assets	(834)	(2,705)
	15,149	13,795

**Including liquid mutual funds and deposits with corporations

Select Financial Data – US GAAP

Income statement for the quarter ended

in United States Dollar millions, except per share data

	June 30,		Year-on-year Growth (%)	March 31, 2008	Sequential Growth (%)
	2008	2007			
Revenues	1,155	928	24.5	1,142	1.1
Cost of revenues	697	569	22.5	664	5.0
Gross profit	458	359	27.6	478	(4.2)
Operating expenses					
Selling and marketing expenses	61	51	19.6	56	8.9
General and administrative expenses	87	77	13.0	91	(4.4)
Amortization of intangible assets	2	2	–	2	–
Total operating expenses	150	130	15.4	149	0.7
Operating income	308	229	34.5	329	(6.4)
Other income, net	28	62	(54.8)	35	(20.0)
Income before income taxes and minority interest	336	291	15.5	364	(7.7)
Provision for income taxes*	30	28	7.1	53	(43.4)
Income before minority interest	306	263	16.3	311	(1.6)
Minority interest	–	–	–	–	–
Net income	306	263	16.3	311	(1.6)
Earnings per equity share					
Basic	0.54	0.46	17.4	0.55	(1.8)
Diluted	0.54	0.46	17.4	0.54	–

*Provision for income taxes includes reversal of tax provisions amounting to \$7 million, \$13 million and \$5 million, for the quarters ended June 30, 2008, June 30, 2007 and March 31, 2008, respectively.

Balance sheet data as at

in United States Dollar millions

	June 30, 2008	March 31, 2008
Cash and cash equivalents **	1,722	2,058
Investments in liquid mutual fund units	35	18
Trade accounts receivable, net of allowances	775	824
Property plant and equipment	990	1,022
Other assets	622	570
Total assets	4,144	4,492
Other liabilities	617	582
Total stockholders' equity	3,527	3,910
Total liabilities and stockholders' equity	4,144	4,492

**Cash and cash equivalents include deposits with corporations

Ratio Analysis – Indian GAAP Consolidated

	Quarter ended, June 30,		March 31, 2008
	2008	2007	
Software development expenses / total revenue (%)	56.74	57.49	54.65
Gross profit / total revenue (%)	43.26	42.51	45.35
SG&A expenses / total revenue (%)	12.79	13.78	12.81
Operating profit / total revenue (%)	30.47	28.73	32.54
Tax / PBT (%) ****	10.93	13.83	15.82
Days sales outstanding (DSO) (LTM)	69	62	72
Cash and cash equivalents / total assets (%) ***	49.93	47.19	60.22
ROCE (PBIT / average capital employed) (%) (LTM)	40.58	44.91	42.67
Return on average invested capital (%) (LTM) ***	65.59	74.12	78.55

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

**** The effective tax rate for the quarter ended June 30, 2008, June 30, 2007 and March 31, 2008 has been calculated excluding the reversal of tax provisions amounting to Rs. 31 crore, Rs. 51 crore and Rs. 20 crore, respectively.

LTM - Last Twelve Months

Additional Information

The following information for the quarter ended June 30, 2008 is available in the Investors' section of our website (www.infosys.com)

1. Audited balance sheet, profit & loss account, cash flow statement, schedules, significant accounting policies and notes on accounts for the quarter ended June 30, 2008 and the related auditors' report : Indian GAAP standalone and Indian GAAP consolidated.
2. Ratio analysis and shareholder information.
3. Infosys is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your depository participant so that we can send you the quarterly reports via email. This time, besides mailing the printed copy of the quarterly report, we have also sent the report via email to those shareholders who have updated their email addresses. From the second quarter onward, we will send you the quarterly reports only via email if your email address is updated with your depository participant. Your cooperation will help conserve paper and minimize our impact on the environment.

This Report is furnished to investors for informational purposes only. Investors should continue to rely on the official filed versions of financial statements and related information and not rely on this Report while making investment decisions. Investors in our securities registered and traded in the United States of America should rely on official filings with the United States Securities and Exchange Commission.

Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to sustain our previous levels of profitability including on account of the appreciation of the rupee against the US Dollar, UK Pound and the Euro, our ability to manage growth, intense competition in information technology, business process outsourcing and consulting services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property, economic slowdowns or adverse economic conditions in the markets for our services and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2008 and our other recent filings. These filings are available at www.sec.gov. We may, from time to time, make additional written and oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and our reports to shareholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on our behalf.



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