



Infosys Technologies Limited

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Letter to the shareholder

Dear Shareholder,

We are delighted to bring you good news. The global economy is showing signs of recovery and this has had a positive impact on our business in the second quarter. Our income for the quarter stood at Rs. 5,585 crore, a growth of 2.1% over the previous quarter and 3.1% over the corresponding quarter last fiscal. As per the International Financial Reporting Standards (IFRS), our revenues stood at US\$ 1,154 million, a growth of 2.9% over the previous quarter and a decline of 5.1% over the corresponding quarter last fiscal. We are happy to announce an Interim Dividend of Rs. 10 per share which is 200% on par value of Rs. 5 per share.

Clients are exploring new initiatives and building relationships, as the darkest hours pass. We added 35 clients this quarter, out of which three are Fortune 500 companies. The total number of Fortune 500 companies who are our clients stand at an impressive 112. The contribution to our revenues from our top 10 clients grew by approximately 5.8%, and that from the rest of our clients grew by approximately 1.8%, in the quarter. Business opportunities have emerged from mergers & acquisitions. The Banking and Financial Services Industry (BFSI), Retail, Energy, and Utilities segments have contributed substantially to our growth in the quarter. Though the snow has melted, yet it is an uncertain spring. Caution defines the overall mood. Our clients will spend discreetly. As per a recent survey we conducted, our clients believe that recovery will take almost a year.

Our mantra through the downturn has been to build on our strengths, and not merely deal with the crisis. This approach will help us emerge stronger when the downturn ends. We have been working away on Research & Development, Intellectual Property (IP)-based solutions, and 'New Engagement Models' (NEMs) that offer flexible pricing and greater operational control and efficiency to clients. In the second quarter, the United States Patents and Trademark Office (USPTO) granted our fourth patent: 'Automated Software Testing Architecture Using a Multi-level Framework'. This quarter, we applied for four patents in India and the U.S. Our total patent-pending applications in India and the U.S. now stand at 203.

Our engineering services have won over many clients. An industrial products and services company is testing our 'Enterprise Collaboration Platform' to transform its intranet from an information repository into a next-generation content hub that engages employees better. For an apparel manufacturer, we are implementing our 'Product Master Syndication Solution' that will support the entire product lifecycle and provide a single source of data. A power major sought our 'Plant Design and Management System Solution' that enables collaboration across distributed teams.

In addition, there has been significant traction in the areas of BPO, infrastructure management, and systems integration. Finacle™, our core banking solution, continues to grow. It added four clients this quarter and went live on 11 projects across the world.

We continue to invest and expand in powerful emerging markets such as Mexico, Brazil, China, and India. In a span of two years, we have established multiple services in Mexico, including IT, BPO and Consulting services, and Core Banking solutions for our global clients and those across Latin America. We are establishing our first Development Center in Brazil. Our China Development Center has grown in the last one year to deliver BPO and IT services to clients in the US, Europe, and Asia. In India, we continue to build on the momentum of the previous quarters. This quarter, we were awarded the eBiz Project by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India.

Industry observers and the media took note of our endeavor in the challenging environment and complimented us. The Wall Street Journal Asia survey recognized us as the 'Most Admired Indian Company' in its Asia 200, an annual ranking of Asia's leading companies. We have been ranked in Fortune magazine's 100 Fastest-growing Companies 2009. We are the only Indian IT services company among "the world's supercharged performers" that are growing even during a downturn. We have been ranked at No. 25 in BusinessWeek's InfoTech100, a listing of the world's best performing technology companies in 2009. This list rates technology companies that have managed to meet and exceed expectations despite the downturn.

All in all, this quarter has been a good one, heralding the signs of a revival in the economy. Our performance has reinforced the confidence we have in our capabilities, innate strengths, and resilient business model. With renewed zest, we are ready to deliver enhanced value to our clients. The trust and support of our clients, employees, and you, our shareholders, inspire us to raise the bar. We thank you and seek your continued support.

S. Gopalakrishnan
Chief Executive Officer and
Managing Director

S. D. Shibulal
Chief Operating Officer
and Director

Bangalore
October 9, 2009

Select Financial Data – Indian GAAP (Consolidated)

Profit and loss account for the quarter ended

in Rs. crore, except per share data

	September 30, 2009	September 30, 2008	Year-on-year Growth (%)	June 30, 2009	Sequential Growth (%)
Income from software services, products and business process management	5,585	5,418	3.1	5,472	2.1
Software development and business process management expenses	2,963	2,891	2.5	2,915	1.6
Gross profit	2,622	2,527	3.8	2,557	2.5
Operating expenses:					
Selling and marketing expenses	276	303	(8.9)	261	5.7
General and administration expenses	413	430	(4.0)	428	(3.5)
Total operating expenses	689	733	(6.0)	689	–
Operating profit before depreciation and minority interest	1,933	1,794	7.7	1,868	3.5
Depreciation	232	177	31.1	222	4.5
Operating profit before tax and minority interest	1,701	1,617	5.2	1,646	3.3
Other income, net	236	66	257.6	269	(12.3)
Net profit before tax and minority interest	1,937	1,683	15.1	1,915	1.1
Provision for taxation	397	251	58.2	388	2.3
Net profit after tax and before minority interest	1,540	1,432	7.5	1,527	0.9
Minority interest	–	–	–	–	–
Net profit after tax and minority interest	1,540	1,432	7.5	1,527	0.9
Earnings per share (Equity shares, par value Rs. 5/- each)					
Basic	26.86	25.02	7.4	26.66	0.8
Diluted	26.83	24.97	7.4	26.63	0.8

Balance sheet

in Rs. crore

	September 30, 2009	March 31, 2009
Sources of funds		
Shareholders' funds	20,757	18,254
Minority interest	–	–
	20,757	18,254
Application of funds		
Fixed assets	5,243	5,354
Sundry debtors	3,366	3,672
Cash and cash equivalents*	13,796	10,993
Deferred tax assets	182	126
Other net current assets	(1,830)	(1,891)
	20,757	18,254

* Including liquid mutual funds and deposits with financial institutions

Select Financial Data – IFRS (Consolidated)

Income statement for the quarter ended

in United States Dollar millions, except per share data

	September 30, 2009	September 30, 2008	Year-on-year Growth (%)	June 30, 2009	Sequential Growth (%)
Revenues	\$1,154	\$1,216	(5.1)	\$1,122	2.9
Cost of sales	662	691	(4.2)	643	3.0
Gross profit	\$492	\$525	(6.3)	\$479	2.7
Operating expenses:					
Selling and marketing expenses	57	68	(16.2)	53	7.5
Administrative expenses	85	96	(11.5)	88	(3.4)
Total operating expenses	142	164	(13.4)	141	0.7
Operating profit	\$350	\$361	(3.0)	\$338	3.6
Other income / (expense)	8	(28)	128.6	7	14.3
Finance income	41	43	(4.7)	48	(14.6)
Profit before income taxes	399	376	6.1	393	1.5
Income tax expense	82	56	46.4	80	2.5
Net Profit	\$317	\$320	(0.9)	\$313	1.3
Earnings per equity share					
Basic (\$)	0.56	0.56	–	0.55	1.8
Diluted (\$)	0.56	0.56	–	0.55	1.8

Balance sheet data as at

in United States Dollar millions

	September 30, 2009	March 31, 2009
Cash and cash equivalents*	\$2,878	\$2,167
Trade receivables	700	724
Property, plant and equipment	946	920
Other assets	664	565
Total assets	\$5,188	\$4,376
Other liabilities	717	592
Total equity	4,471	3,784
Total liabilities and equity	\$5,188	\$4,376

*Cash and cash equivalents include deposits with corporations and available-for-sale financial assets.

Ratio analysis – Indian GAAP (Consolidated)

	Quarter ended		
	September 30, 2009	September 30, 2008	June 30, 2009
Software development expenses / total revenue (%)	53.05	53.36	53.27
Gross profit / total revenue (%)	46.95	46.64	46.73
SG&A expenses / total revenue (%)	12.34	13.53	12.59
Operating profit / total revenue (%)	34.61	33.11	34.14
Tax / PBT (%)	20.50	14.91	20.26
Days sales outstanding (DSO) (LTM)	55	68	56
Cash and cash equivalents / total assets (%)**	66.46	55.65	60.64
ROCE (PBIT / average capital employed) (%) (LTM)	41.71	41.21	42.27
Return on average invested capital (%) (LTM)**	81.11	73.93	72.81

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

LTM Last Twelve Months

Additional Information

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

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

Infosys is concerned about the environment and utilizes natural resources in a sustainable way. To this end, we have been sending the quarterly report via email to shareholders who have updated their email addresses with the depository participants. In order to intensify our paper conservation drive, we plan to send the quarterly report to the shareholders only via email from the first quarter of next fiscal, i.e. from June 2010. We will continue to host the quarterly report on the company's website so that it is easily accessible to the investors anytime. We request you to update your email addresses with your depository participants. A physical copy of the report will be sent on request. You can send the request to investors@infosys.com.

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

Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings including on account of currency fluctuations, our ability to sustain our previous levels of profitability, our ability to manage growth, intense competition in information technology, business process outsourcing and consulting services including those factors which may affect our cost advantage, client concentration, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property, economic slowdowns or adverse economic conditions in the markets for our services and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2009, quarterly report on Form 6-K for the three months ended June 30, 2009 and our other recent filings. These filings are available at www.sec.gov. We may, from time to time, make additional written and oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and our reports to shareholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on our behalf.