

INFOSYS TECHNOLOGIES LTD

**Result Update**

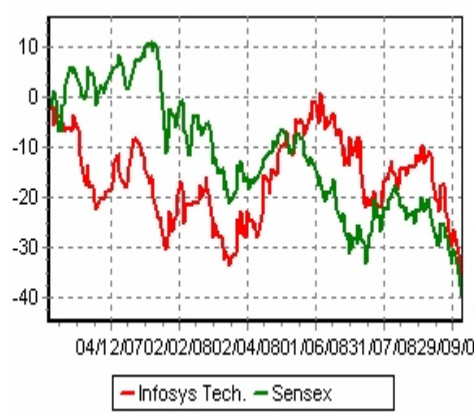
Date	10.10.2008
Sensex	10530
Nifty	3278
Reco	<b>Gradual Accumulation</b>
Target	1420

**Basic Stock Idea**

Fave Value (Rs)	5.00
Debt Equity Ratio	-
Latest PE (X)	15.27
Latest MCAP (Cr)	71811
Latest EPS (Rs)	81.03
Book Value	235.64
Avg Monthly Volume	356289
Beta	0.75
52 Week High	2140
ROCE %	41.52
RONW %	36.26
Dividend Yield (%)	2.65

**Shareholding Pattern (30.06.08)**

Promoter	17
Foreign	53
Institutions	8
Public and Others	22



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**Infosys Technologies** has posted encouraging results for the quarter ended September 30. Income was Rs 5418 crore for the quarter reflecting growth of 32% YoY. Net profit after tax was Rs 1432 crore for the quarter reflecting growth of 30.2% YoY. Earnings per share increased to Rs 25.02 from Rs 19.26 in the corresponding quarter in the previous year, which translates into the growth of 30% YoY. Interim dividend of Rs 10 per share compared to Rs 6 for the corresponding period in the previous year. Company and its subsidiaries has added 40 new clients, 10117 employees during the quarter ended September 2008. As on September 2008, company and its subsidiaries together has headcount of 100306 employees. The company has lowered its guidance as

- Q3 revenues to degrow by 3.4% to USD 1175 mn versus 1220 mn

- Q3 EPS seen at USD 0.57 versus 0.56 per share.

- FY09 EPS seen at Rs 101.06 per share.

- FY09 consolidated revenue seen at Rs 4.72-4.81 bn, lowers by 5%.

Due to current unstable environment, the company has lowered its guidance. However, the company have added 40 new clients and their pricing are also stable. Company has improved its operating margins by 3%, increased utilization and reduced attrition, and is looking to add 4500 employees in Q3. Management said that the company's EPS guidance of 13% was in-line with projected growth.

**QUARTER HIGHLIGHTS**

**Client Addition**

Infosys continued to add clients at a robust pace and 40 clients were added during the quarter. Although this figure is lower than the previous quarter's 49, it should be viewed in the light of current market environment and also the pricing which remained stable during the quarter.

**Next Quarter Outlook**

Income is expected to be in the range of Rs 5519 crore and Rs 5730 crore, YoY growth of 29.2%-34.2%. Earnings per share is expected to be Rs 26.63; YoY growth of 23.6%.

**Outlook for Year Ending March 09**

Income is expected to be in the range of Rs 21309 crore and Rs 21731 crore; YoY growth of 27.7%-30.2%. Earnings per share is expected to be Rs 101.06; YoY growth of 24%.

**Financial Highlights**

	Q2FY09	Q2FY08	QoQ%	Q1FY09	FY08
Sales	5418.00	4106.00	32	4854.00	16692.00
Other Income	66.00	154.00	-57	197.00	704.00
PBIDT	1860.00	1438.00	29	1596.00	5963.00
PBT	1683.00	1294.00	30	1427.00	5365.00
PAT	1432.00	1100.00	30	1302.00	4659.00
EPS	25.02	19.26	30	22.75	81.53

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## INFOSYS TECHNOLOGIES LTD

Revenue from Geographical Segments			
	Quarter Ended		
	Sept 30,2008 (%)	June 30,2008 (%)	Sept 30,2007 (%)
North America	61.5	62.6	62.6
Europe	28.1	27.3	27.4
India	1.3	1.3	1.0
Rest of the World	9.1	8.8	9.0

Revenue by Service Offering			
Services	Quarter Ended		
	Sept 30,2008 (%)	June 30,2008 (%)	Sept 30,2007 (%)
Appl Dvlpmt	20.6	21.4	21.8
Appl Maintenance	22.1	22.0	22.4
Business Process	6.0	6.3	5.2
Consulting Services	25.3	23.7	23.6
Infrastructure Mgmt	5.9	5.7	5.5
Product Engg Services	2.1	2.2	1.6
System Integration	3.5	3.1	2.8
Testing Services	7.0	7.4	7.8
Others	3.9	4.3	5.6

Revenue by Industry			
Services	Quarter Ended		
	Sept 30,2008 (%)	June 30,2008 (%)	Sept 30,2007 (%)
Insurance	6.9	6.8	7.7
Banking and Financial	26.5	27.7	28.8
Manufacturing	20.1	18.4	13.9
Retail	12.1	12.2	12.5
Telecom	19.0	19.7	20.6
Energy and Utilities	5.5	5.4	5.3
Transportation	2.3	2.4	2.3
Services	5.1	5.5	7.7
Others	2.5	1.9	1.2

### Valuations

The performance of the company would remain under concerns of a slowing US economy and a possibly weak IT spending environment. In spite of the negative environment, company has added 40 new clients and have also maintained stable pricing. However, a substantial appreciation of rupee could affect the company's guidance in future. At current market price of Rs 1230 the stock trades at 15.12x FY08 EPS. We recommend investors to **accumulate the scrip Gradually** keeping in view the current market conditions with a target price of Rs 1420, reflecting an appreciation of 16% for medium term outlook.

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