

# Performance for the Fourth Quarter ended March 31, 2005

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*Chief Executive Officer, President and Managing Director*

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Certain statements in this release concerning our future growth prospects are forward-looking statements, 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 manage growth, intense competition in IT 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 Infosys has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property 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, 2004 and 6-K for the quarters ended June 30, 2004, September 30, 2004 and December 31, 2004 and Registration Statement on Form F-3 filed on December 20, 2004 and Amendment No. 1 to Form F-3 filed on January 18, 2005. These filings are available at [www.sec.gov](http://www.sec.gov). Infosys may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

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# Financial Performance

	This quarter	Last quarter	FY 05
<b>Indian GAAP - Consolidated</b>			
Y-O-Y Growth			
Income	<b>47.3%</b>	49.2%	46.9%
PAT from ordinary activities	<b>53.2%</b>	51.4%	48.5%
<b>US GAAP</b>			
Y-O-Y Growth			
Revenues	<b>50.2%</b>	53.3%	49.8%
Net income	<b>64.9%</b>	57.8%	55.2%
New clients	<b>37</b>	38	136
Repeat business	<b>92.9%</b>	95.0%	95.4%
Headcount - Group			
Gross addition	<b>2,506</b>	3,164	14,981
Net addition	<b>1,521</b>	2,280	11,116
Period end headcount	<b>36,750</b>	35,229	36,750



# Highlights (Indian GAAP - Consolidated)

(Rs. crore)

	<b>FY2005</b>	FY2005	FY2004	<b>% growth over</b>	
	<b>Q4</b>	Q3	Q4	<b>Q3 05</b>	Q4 04
<b>Income</b>	<b>1,987.32</b>	1,875.61	1,349.45	<b>5.96</b>	47.27
S/w development expenses	<b>1,041.31</b>	991.48	707.09	<b>5.03</b>	47.27
<b>Gross profit</b>	<b>946.01</b>	884.13	642.36	<b>7.00</b>	47.27
S,G&A expenses	<b>279.30</b>	266.15	193.19	<b>4.94</b>	44.57
<b>Operating profit</b>	<b>666.71</b>	617.98	449.17	<b>7.89</b>	48.43
Depreciation	<b>99.81</b>	73.91	64.42	<b>35.04</b>	54.94
Operating profit after depreciation	<b>566.90</b>	544.07	384.75	<b>4.20</b>	47.34
Other income	<b>32.29</b>	46.31	1.82	<b>(30.27)</b>	1,674.18
Provision for investments	<b>0.23</b>	(0.39)	0.80	<b>(158.97)</b>	(71.25)
<b>Profit Before Tax</b>	<b>598.96</b>	590.77	385.77	<b>1.39</b>	55.26
Provision for tax	<b>85.48</b>	93.43	50.54	<b>(8.51)</b>	69.13
<b>PAT from ordinary activities</b>	<b>513.48</b>	497.34	335.23	<b>3.25</b>	53.17
Exceptional item*	<b>45.19</b>	-	-	-	-
<b>PAT after exceptional item</b>	<b>558.67</b>	497.34	335.23	<b>12.33</b>	66.65

\* Profit on sale of investments in Yantra Corporation, net of taxes

# Highlights (Indian GAAP - Annual)

(Rs. crore)

	<b>FY2005</b>	<b>%</b>	<b>FY2004</b>	<b>%</b>	<b>Growth%</b>
<b>Income</b>	<b>7,129.65</b>	<b>100.0</b>	4,852.95	100.0	46.9
S/w development expenses	<b>3,764.66</b>	<b>52.8</b>	2,538.67	52.3	48.3
<b>Gross profit</b>	<b>3,364.99</b>	<b>47.2</b>	2,314.28	47.7	45.4
S,G&A expenses	<b>1,029.98</b>	<b>14.4</b>	720.09	14.8	43.0
<b>Operating profit</b>	<b>2,335.01</b>	<b>32.8</b>	1,594.19	32.9	46.5
Depreciation	<b>286.92</b>	<b>4.0</b>	236.73	4.9	21.2
Operating profit after depreciation	<b>2,048.09</b>	<b>28.8</b>	1,357.46	28.0	50.9
Other income	<b>123.90</b>	<b>1.7</b>	123.38	2.5	0.4
Provision for investments	<b>(0.10)</b>	<b>-</b>	9.67	0.2	(101.0)
<b>Profit Before Tax</b>	<b>2,172.09</b>	<b>30.5</b>	1,471.17	30.3	47.6
Provision for tax	<b>325.58</b>	<b>4.6</b>	227.54	4.7	43.1
<b>PAT from ordinary activities</b>	<b>1,846.51</b>	<b>25.9</b>	1,243.63	25.6	48.5
Exceptional item*	<b>45.19</b>	<b>0.6</b>	-	-	-
<b>PAT after exceptional item</b>	<b>1891.70</b>	<b>26.5</b>	1243.63	25.6	52.1

\* Profit on sale of investments in Yantra Corporation, net of taxes

# Balance Sheet Summary

(Rs. crore)

	Mar 31, 2005	%	Mar 31, 2004	%
<b>LIABILITIES</b>				
Shareholders' funds	5,318.76	100	3,343.14	100
<b>Total liabilities</b>	<b>5,318.76</b>	<b>100</b>	<b>3,343.14</b>	<b>100</b>
<b>ASSETS</b>				
Fixed assets	1,574.15	30	1,031.86	31
Investments	2.04	0	2.04	0
Deferred tax assets	44.37	1	39.97	1
Current assets				
Cash & equivalents*	2,998.01	56	2872.77	86
Accounts receivables	1,322.00	25	651.45	19
Other current assets	810.75	15	513.20	15
Less: Current liabilities	<u>(1,432.56)</u>	<u>(27)</u>	<u>(1,768.15)</u>	<u>(52)</u>
Net current assets	3,698.20	69	2,269.27	68
<b>Total assets</b>	<b>5,318.76</b>	<b>100</b>	<b>3,343.14</b>	<b>100</b>

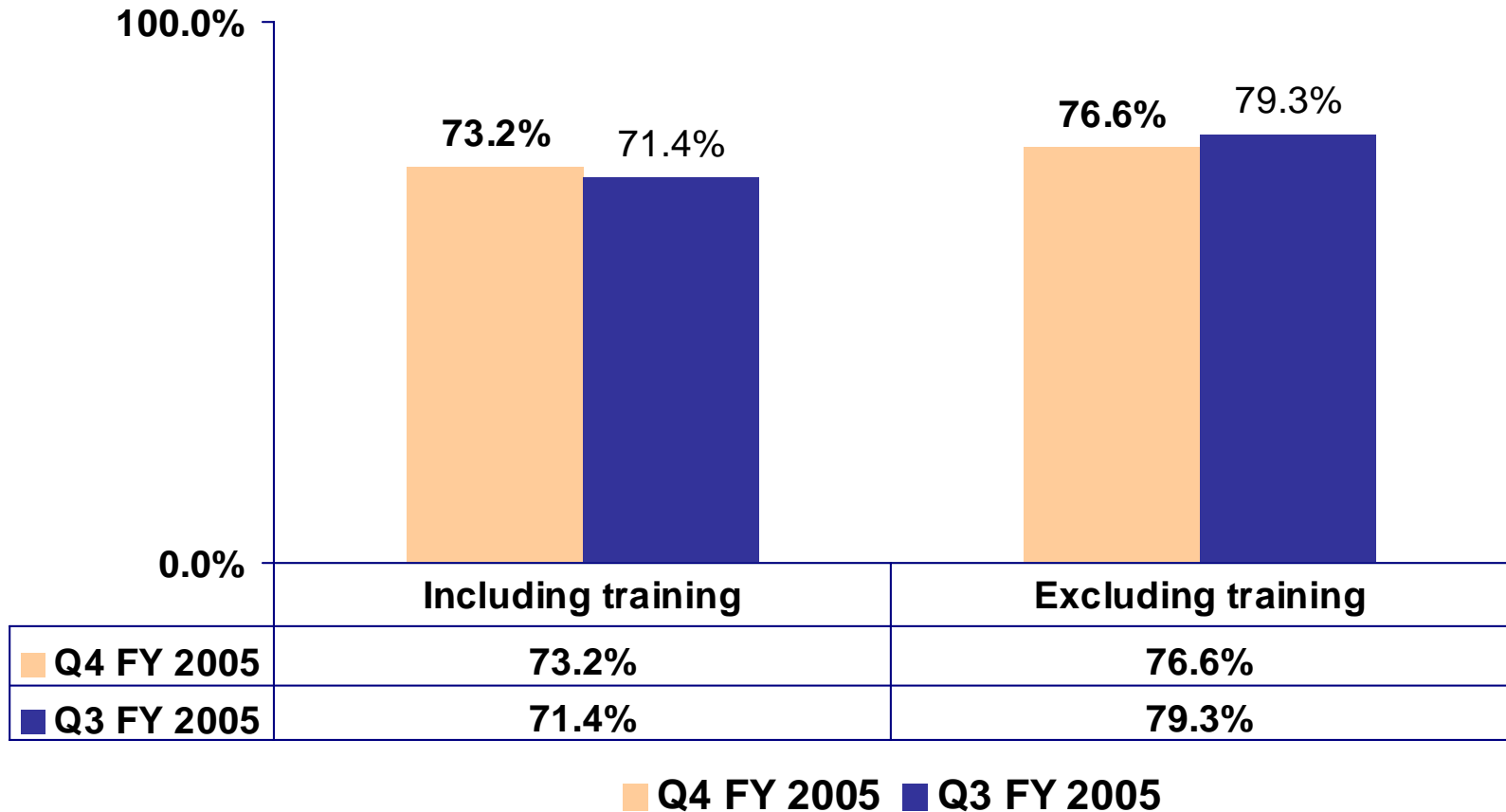
\*Includes investment in liquid Mutual Funds



# Operational Performance

# Geography-wise Revenue

	%				
	<b>FY2005</b>	FY2005	FY2004	<b>FY2005</b>	FY2004
	<b>Q4</b>	Q3	Q4		
North America	<b>63.9</b>	66.6	65.5	<b>65.2</b>	71.2
Europe	<b>23.3</b>	22.1	20.3	<b>22.3</b>	19.2
India	<b>2.0</b>	2.1	1.2	<b>1.9</b>	1.4
Rest of World	<b>10.8</b>	9.2	13.0	<b>10.6</b>	8.2
Total	<b>100.0</b>	100.0	100.0	<b>100.0</b>	100.0



# Revenues by Project type

					%
	<b>FY 2005</b>	FY 2005	FY 2004	<b>FY 2005</b>	FY 2004
	<b>Q4</b>	Q3	Q4		
Fixed Price	<b>29.4</b>	31.4	30.6	<b>30.0</b>	33.8
Time & Materials	<b>70.6</b>	68.6	69.4	<b>70.0</b>	66.2
<b>Total</b>	<b>100.0</b>	100.0	100.0	<b>100.0</b>	100.0

# Onsite-Offshore Revenue

			%
	<b>FY 2005</b>	<b>FY 2005</b>	<b>FY 2004</b>
	<b>Q4</b>	<b>Q3</b>	<b>Q4</b>
Onsite	<b>48.1</b>	49.0	53.0
Offshore	<b>51.9</b>	51.0	47.0
<b>Total</b>	<b>100.0</b>	100.0	100.0

	Q42005	Q32005	Q4 2004
<b>Client contribution to revenues (%)</b>			
Top client	6.3	4.9	6.5
Top 5 clients	21.2	19.8	23.3
Top 10 clients	33.8	32.1	37.1
<b>No. of clients*</b>			
Million dollar	166	156	131
Five million+	71	65	51
Ten million+	42	37	25
Twenty million+	19	18	12
Thirty million+	11	10	6
Forty million+	8	7	4
Fifty million+	5	4	3
Sixty million+	3	3	-
Seventy million+	1	1	-
Eighty million+	1	-	-
Clients accounting for >5% of revenue	1	-	1

\*Last Twelve Month in US dollars



# Client Acquisition & Expansion of Services

- Client acquisitions during the quarter were 37. No. of active clients on March 31, 2005 were 438
- Infosys' Radio-Frequency Identification (RFID) solutions continued to make global corporations more competitive
- A **global advanced electronics and high technology company** is using Infosys' expertise to comply with an RFID mandate and to build a strategy roadmap for its mobile computing product line
- Infosys is developing industry-based RFID scenarios and templates for **one of the world's largest software companies**
- A **leading photography and informational imaging company** is also using Infosys' RFID solution to meet retail compliance requirements and to manage its supply chain better

- A **large independent distributor of office equipment and document management services** is using Infosys' business intelligence solution for Sarbanes Oxley compliance
- **Two leading specialty retailers** are using Infosys' expertise to improve their inventory and price integrity
- Infosys also developed an end-to-end supply chain transformation solution for a **leading food distribution corporation**
- Infosys is working with a **global leader in enterprise mobility computing** for product engineering and next-generation product development

- Infosys is consolidating multiple billing systems for a **prominent integrated telecommunications services provider in the US**
- Infosys enabled a **global telecom service provider** to set up a regional customer service center to provide data, voice, mobile and CRM services to its Asia Pacific customers
- The China division of a **global pharmaceutical major** sought Infosys' strategic consultancy services for storage, data center and disaster recovery initiatives

- Infosys completed a web-based risk management program for a **leading mortgage insurance services company in the US**
- **A power and automation technologies leader** engaged Infosys in China to assess internal controls for Sarbanes Oxley compliance
- **A leading investment bank** used Infosys' expertise to implement an enterprise-wide financial messaging solution across multiple geographies
- Infosys implemented a strategic reporting solution for the mortgage business of a **leading European retail bank** and migrated mission-critical databases for a large German **independent financial advisor**

- Finacle™, the universal banking solution from Infosys, continued to empower banks to transform their business by leveraging next generation technologies
- Among the new wins in this quarter include **a major financial services group in Western Europe, two leading banks in Central and Eastern Europe, a reputed bank in Australia and one of the largest banks in Egypt**



# Human Resources

- Gross addition of employees during the quarter was 2,506, out of which 969 were laterals
- Net addition of 1,521 employees during the quarter as compared to 2,280 during the quarter ended December 31, 2004
- Total employee strength at 36,750 as on March 31, 2005, up from 35,229 as on December 31, 2004
- 34,417 software professionals as on March 31, 2005, up from 33,051 as on December 31, 2004
- Of these software professionals, 1,240 belong to the Banking Business Unit

\* For Infosys group

# Capex and Infrastructure

- Capital expenditure of Rs. 244.14 crore was incurred during the quarter
- As on March 31, 2005, the company had 69,27,450\* sq. ft of space capable of accommodating 33,511 professionals; and 31,76,400 sq. ft under completion capable of accommodating 16,615 professionals

\*Excluding subsidiaries



# Outlook for the Future

- Quarter ending June 30, 2005 \*
  - Income from ordinary activities is expected to be between Rs. 2,002 crore and Rs. 2,020 crore; YOY growth of 32% - 33%
  - Earnings per share from ordinary activities is expected to be Rs. 19.30; YOY growth of 33%
- Fiscal year ending March 31, 2006
  - Income from ordinary activities is expected to be between Rs. 8,890 crore and Rs. 9,029 crore; growth of 25% - 27%
  - Earnings per share from ordinary activities is expected to be Rs. 84.6-Rs.85.9; growth of 23% - 25%

*\*conversion 1 US\$ = Rs. 43.62*



# Summary

- We have been taking steps towards transforming the way we manage our large accounts
- Our clients increasingly see us as a strategic long-term partner who can offer a wide range of services
- Pricing has been stable
- Our variable compensation plan helped align our employee cost to the growth of business
- We have invested back in the business to develop engines of growth
- Our investments into growing new services have yielded returns both in terms of revenue as well as value differentiation

Thank You