



**Infosys Extraordinary General Meeting
February 22, 2003**

Nandan Nilekani: I welcome the shareholders to this Extraordinary General Meeting. With your permission, I will chair this meeting. Mr. Narayana Murthy is joining this meeting from Germany through video conference.

Before we start the main proceedings of the meeting, I request the directors and management council members on the dais to introduce themselves, but I would like to start with Mr. Murthy from Germany.

Narayana Murthy: My name is Narayana Murthy. I am the Chairman of the board of Infosys. I have a Bachelor's degree in Electrical Engineering and a Masters in Electrical Engineering from IIT, Kanpur. I have been with the company ever since the founding.

Srinath Batni: My name is Srinath Batni. I hold a Bachelor's degree in Engineering from Mysore University and Masters in Engineering from Indian Institute of Science. I am responsible for the business for corporate clients in the Asia region.

Omkar Goswami: Hi, I am Omkar Goswami. I am the Chief Economist of the Confederation of Indian Industry. I have a D.Phil. in Economics, Ph.D. in Economics from Oxford, and I serve as an Independent Director on the board of Infosys.

S. Gopalakrishnan: Good afternoon, I am S. Gopalakrishnan, Chief Operating Officer of Infosys. I have a M.Sc. Physics from IIT Madras, and M.Tech. Computer Science from IIT Madras.

Nandan Nilekani: I am Nandan Nilekani. I am the Chief Executive Officer of the company. I have a B.Tech. in Electrical Engineering from IIT Bombay.

Mohandas Pai: I am Mohandas Pai. I am the Chief Financial Officer. I am a fellow of the Institute of the Chartered Accountants of India and a law graduate.

Balakrishnan: I am Balakrishnan. I am Vice President Finance and Company Secretary. I am a Chartered Accountant and Company Secretary.

Ramdas Kamath: My name is Ramdas Kamath. I am Associate Vice President, Accounts and Administration. I am a Chartered Accountant.

Ravindra: I am Ravindra. I am a Ph.D. in Physics from Indian Institute of Science. Before that I did my M.Sc. in Physics from Mysore University. I look after the Education for the Technology area.

Binod: Good afternoon. My name is Binod. I am a B.Tech. from Bangalore University. I head the Commercial and Facilities division in Infosys.

Girish Vaidya: Good afternoon. My name is Girish Vaidya. I hold a Bachelors degree in Engineering from University of Bombay and a PGDM from Indian Institute of Management, Calcutta. I head the Banking Business unit of Infosys. I joined the company in January 1999.

Nandan Nilekani: Thank you. We have 115 members present in person and 88 persons by proxy to conduct the proceedings of this meeting. The quorum being present, I call this meeting to order. Before we start the meeting, I will request Mr. Murthy to say a few words from Germany. Mr. Murthy, please.

Narayana Murthy: Thank you Nandan. First of all it is a great pleasure to be able to speak to you all the shareholders. My program as the head of the CII delegation to Germany was fixed about seven months ago. At that point of time, we did not have any idea of holding this Extraordinary General Meeting on this day. That is the reason why I am away, and as you know, once something is entered in my diary, I just don't change it.

The primary purpose of this meeting, as you all know, is to obtain your approval to enhance the liquidity of American Depository Receipts on NASDAQ. We believe that as a company that is becoming more and more globalized, it is very important for us to become a mainstream stock in the United States. We want to be covered by the mainstream analysts, we want our stocks, our ADRs to be held by well-known, long-term players, and in keeping with those objectives, the management of the company and the board of directors felt it would be good idea to have a secondary offering, and that is the reason why we have convened this meeting. And let me once again say it is a pleasure for me to be participating in the EGM from Stuttgart. Now, I have my meeting at 11 o'clock. I hope you people would not mind if I slip out from this place at 10:55 a.m. which is from your side 3:25 p.m. Thank you very much Nandan, thanks.

Nandan Nilekani: Thank you, Mr. Murthy. The register of director's shareholding is kept open and is available for inspection by the members near the registration counter, and the register of proxies is available for inspection also near the registration counter.

With the consent of the members, I take the notice convening the meeting as read. Thank you.

May I now request Mr. V. Balakrishnan, Vice President Finance and Company Secretary to make a presentation to you on the ADS secondary offering.

Balakrishnan:

Thank you, Nandan. Good afternoon, ladies and gentlemen. This presentation is intended only to Indian equity shareholders. As you all know, we filed a Registration Statement with the SEC. We cannot make any forward-looking statements. We cannot talk anything beyond what has been mentioned in the prospectus. So we have limitation on what we can say and what we cannot say. This is basically a sponsored secondary ADR program. As you know, we are listed in the US. We have around 3.2% of our stocks listed in the US. This program is basically to enhance the liquidity outside India without raising further capital for the company. What it means- basically it means conversion of the existing domestic shares into ADRs. It allows shareholders holding stock in India to convert and sell their equity shares in the US markets and they will receive the proceeds, net of the issue expenses if any. There will be no additional capital issue for the company and no money will accrue to the company because of this program.

What has happened till date? As you all know when we made our initial application in 1997 for listing in the US markets, we included the proposal for the conversion program also. The Government took a long time and in March 2001, they issued initial guidelines and recently in November 2002, Reserve Bank of India has issued operating guidelines, which will facilitate this program. The board met in December 2002 and approved this program. The board has given a range of 2 million to 3 million equity shares, which is equivalent to 4 million to 6 million ADRs. Today we have around 4.2 million ADRs traded in the US. Because of this program, the floating stock in the US may increase between 100% and 150%. The board formed a committee to approve all the issues related to this program. The pricing will be determined by the lead managers. It is as per the RBI regulations. All the shareholders holding Indian equity shares can participate in this program on a *pari passu* basis. We have appointed global book runners and co-managers to this issue. Goldman Sachs, Merrill and Solomon Smith Barney are the global book runners and the Deutsche Bank and UBS are co-managers to this issue.

We have filed a Registration Statement on January 27, 2003. We are waiting for SEC to come back so that we can proceed further on this issue. In terms of Indian Government approval, as per the Reserve Bank of India guidelines we had to get approval from

FIPB. We have already applied for that in December and got the approval in January 2003. We do not need any other approval in India for this program. RBI guidelines also state that we have to get the shareholders consent and this EGM is basically convened to get your consent for this program.

The process from here. We have to get comments from SEC, we have to respond to the SEC comments, and complete the registration process. Then we will create an escrow mechanism in India, where the Indian shareholders can tender their shares and participate in the program. We will send a letter of invitation, which will give a detailed outline on the whole program and what the shareholders have to do and we will fix a specified date to find out the eligibility of all the shareholders who can participate in the program. The company will go on a road show and market the ADRs. The lead managers will do a book building process and they will price the ADRs. Conversion will happen pro rata to the holding of all the shareholders who participate in the program. Excess shares if any offered on to the program will be returned to the shareholders and the proceeds will be repatriated to India and net of issue expenses will be distributed to all the shareholders who participated in the program. Shareholders can also receive the money in dollars and keep it in the dollar account in India. Reserve Bank of India has recently allowed resident Indians to hold the proceeds of the secondary program in dollar account in India. That is it, quick and short presentation, because as I have told you we have limitation on what we can say and what we cannot say, because of the SEC filing. Thank you.

Nandan Nilekani: Thank you Mr. Balakrishnan. Now we are coming to the formal part of the proceedings of the meeting.

Item #1 is approval for issuance of American Depository Shares representing the underlying equity shares deposited pursuant to the sponsored ADRs offering.

I now seek your approval for issuance of American Depository Shares representing the underlying equity shares deposited pursuant to the sponsored ADRs offering. Are there any questions from members pertaining to this item. I request members to ask questions related only to this item.

Mr. Rebello: Before questions, I would like to speak a few words on the resolution. Respected, ever innovative, ever shareholder friendly, never failing, role model, Chairman and Chief Mentor, Mr. Narayana Murthy in absentia. And his equal partner in success, Managing Director, Mr. Nandan Nilekani; and honorable, maturely wisdom-wise director members on the Board, and my shareholder friends. I am Mr. Alex J. Rebello, a Kalyanpur Rebello and a deeply interested and grateful shareholder who has taken time and trouble to attend this meeting like you present

here to approve the resolution in person. In these days of buy-back by companies, my first thought when I received the notice was whether this too was a notice of buy-back to throw us out by delisting, by paying us a pittance and peanuts. I know, our chairman would be the last person to do that. Even if he was to do that, I am sure he would give us a good price to quit and say good-bye happily like the Mysore Breweries, which did it once. Now that apart, when I got the notice and went through it, I immediately rang back to the company to find out what would be the benefit to us, the shareholders, who had invested our hard earned money, by these resolutions. When I got the reply, I was happy and satisfied that these measures too were for the good and benefit of the shareholders, though it may take some time. By issuing these shares to American friends, the market value of these shares would sure to shoot up along with our too, and we would have an opportunity to swap our shares to that of Americans to get a very much higher value and make a fast buck if we want to. With this little explanation, I do not think we need more details to pass this resolution with one voice and a full heart. Hope, all of you will agree. With these few words and lots of wishes to our Chairman and his team for their success after success to give us benefit after benefit, I close, not before thanking you friends for hearing me patiently. Thank you once again.

Nandan Nilekani: Thank you Mr. Rebello. Any questions now.

Ashok: My name is Ashok. I am having two or three small questions. First is, if this ADS is successful Indian then shareholder would be receiving the proceeds, which is net of expenses. Can these expenses be quantified, or at least we have an approximate feel of what is the amount of expense that would be involved. Because why I raise this question now is, nowadays the difference between the ADS and Indian share price is not much and if you remove the expense also, we should not be put to any difficulty. Second point is, I think Mr. Balakrishnan, spoke about eligible shareholders only being allowed to participate in ADR. But as I understand, the basic legal principle is whether shareholder has joined in the last time or whether he is a long-term shareholder, I think, he stands same legal rights. But do you have any idea Sir, what do you mean by, any definition of your eligible shareholders? And, third point is, our Chairman and Mentor said the reason for this ADR issue is to enter the company into the mainstream stock in the US market. But I think there are many other methods - one is improving the business, increasing the business volume, other is stock splits, and then still other innovative method is having more and more business and then issuing bonus shares etc. Have these options being evaluated by the Board before coming to this specific issue? Thank you, Sir.

Nandan Nilekani: Thank you Mr. Ashok. I will request Mr. Mohandas Pai to answer the first two questions and I will answer the third question. Mohan.

Mohandas Pai: As for the first question, the proceeds net of expenses, the details will be given in the document to be sent to you. This (EGM notice) is not the document. After today, after you approve, there will be a letter of invitation to be sent to you, which is a legal document with full details of process and everything else. Today, the notice that came to you is only notice to attend this meeting and to consider the resolution today. So, RBI regulation says the expenses, should be between 5% to 7%. 7% for an ADS and 5% for a GDR stock, and our intention is to make the expense as less below this limit as possible. We are negotiating very hard, the details will be there in the document to be sent to you. And when we talk about eligible shareholders, this is only applicable to Indian shareholders. You must remember that people who own the ADS are also shareholders of this corporation. So, we have shares outside, we have about 9000 shareholders in United States. They are not eligible to participate because this offer is made to shareholders in India and it is your right to participate or not to participate, to tender or not to tender, and that is why we use the word eligible shareholder.

Nandan Nilekani: Coming to the third question, we do take your inputs and we will continue to strive on all fronts, I think we will spare no efforts on the marketing front increasing the business. But as you realize, there are several stake holders abroad - customers, investors, employees, and so forth, and we think this is an important step in our goal to be a globally respected, globally competitive corporation.

Murthy, do you want to add something.

Narayana Murthy: No, except to say that the Board of Directors has evaluated all the options and at this point of time we have come to the conclusion that this is the best option.

Nandan Nilekani: Any other questions.

Male Participant: I want to know if foreign financial institutions will participate in this. Are they eligible for...

Nandan Nilekani: Yes, they are eligible being shareholders on record in India. But like I said, an offer will be made to them to submit their shares. It is up to everybody to submit or not. We don't know the decision of anybody, but they are all eligible.

Male Participant: How much percentage they are holding.

Nandan Nilekani: About 40% of the stock. 40% of total shares are with the foreign institutional investors.

Are there any other questions?

Male Participant: I just have a question as a layman. Why is the need to increase the liquidity in the US market, has it anything to do with raising further capital, which I don't pursue because Rs 1200 crores is already in cash. Has it anything to do with further acquisition where partly shares will be placed, and partly will be cash and stock deal.

Nandan Nilekani: As Mr. Murthy also mentioned earlier, the purpose of this is to increase the liquidity and make our stock more of a mainstream stock in the US, which is part of our overall plan to become a globally respected company.

Prabhu: Excuse me, this is D. Prabhu, the eligibility condition. What I want to query is, what is the minimum number of shares that an Indian shareholder should possess before he makes this submission

T V Mohandas Pai: You have to be a shareholder with one share, and you know, only about 2 to 3 million shares are to be offered. Depending upon the number of shares that is given to us, the allocation will be made *pari passu*. And *pari passu* depends on the shares also placed (in the ADR market). So there are some conditions in the RBI regulations. But to participate, you need to be just a shareholder with one share. That is the minimum in India.

Nandan Nilekani: I think there are no other questions. Mr. Murthy will be leaving in the next three to four minutes, I will just ask him to give any parting words, and then we will put the resolution to vote.

Narayana Murthy: Well, thank you Nandan, I must say that participating from remote cold Stuttgart, happenings in warm Bangalore, it makes me somewhat envious. Also the fact that you have handled this EGM in an extraordinary manner giving all the clarifications, all the information, is really another thing that makes me very happy. Thank you.

Nandan Nilekani: Thank you Mr. Murthy. I request any member to propose the resolution as stated in the notice. Mr. Keshavdas Madhani proposes the resolution.

I request any member to second the resolution.

Mr. Pradeep seconded the resolution.

I request the members in favor of the resolution to raise their hands.

Thank you.

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.

With this, the formal part of the extraordinary general meeting comes to an end. Thank you for attending the meeting and I hereby declare the proceedings as closed. Please do join us for high tea. Thank you very much.