

Performance of Infosys for the Third Quarter ended December 31, 2005



Nandan M. Nilekani
*Chief Executive Officer,
President and Managing Director*

S. Gopalakrishnan
*Chief Operating Officer and
Deputy Managing Director*

Safe Harbour

Certain statements in this presentation 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 manage growth, intense competition in IT, 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 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, 2005 and quarters ended June 30, 2005 and September 30, 2005. 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 the company's 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.

Agenda

- Financial Performance
- Operational Performance
- Client Addition & Expansion of Services
- Human Resources
- Capex and Infrastructure
- Outlook for the Future
- Summary

Financial Performance



	Q3 FY 06	Q2 FY 06	Q3 FY 05
Indian GAAP YOY Growth			
Income	35.0%	31.2%	49.2%
Net profit	30.6%	35.6%	51.4%
US GAAP YOY Growth			
Revenues	32.2%	38.3%	53.3%
Net income	27.7%	42.3%	57.8%
New clients added	36	34	38
Repeat business	93.2%	96.5%	95.0%
Employees			
Period end headcount	49,422	46,196	35,229
Gross addition	5,135	8,026	3,164
Net addition	3,226	6,390	2,280

Highlights (Indian GAAP)

(Rs. crore)

	FY2006 Q3	FY2006 Q2	FY2005 Q3	% growth over	
				Q2 06	Q3 05
Income	2,532	2,294	1,876	10.4	35.0
Software dev expenses	1,327	1,212	992	9.5	33.8
Gross profit	1,205	1,082	884	11.4	36.3
S,G&A expenses	344	348	266	-1.1	29.3
Operating profit	861	734	618	17.3	39.3
Depreciation	117	96	74	21.9	58.1
Operating profit after depreciation	744	638	544	16.6	36.8
Other income	(5)	44	46	-111.4	-110.9
Provision for investment	-	1	-	-	-
Profit Before Tax	739	681	590	8.5	25.3
Provision for tax	83	69	93	20.3	-10.8
Profit After Tax	656	612	497	7.2	32.0
Minority interest	7	6	-	16.7	-
PAT after minority interest	649	606	497	7.1	30.6

Balance Sheet Summary

	(Rs. crore)			
	Dec 31, 2005	%	Dec 31, 2004	%
LIABILITIES				
Shareholders' funds	7,312	99	4,821	100
Minority interest	60	1	-	-
Total liabilities	7,372	100	4,821	100
ASSETS				
Fixed assets	2,096	28	1,431	30
Investments	2	-	2	-
Deferred tax assets	57	1	43	1
Current assets				
Cash & equivalents*	4,348	59	2,738	57
Accounts receivables	1,394	19	1,039	21
Other current assets	1,045	14	733	15
Less: Current liabilities	<u>(1,570)</u>	<u>(21)</u>	<u>(1,165)</u>	<u>(24)</u>
Net current assets	5,217	71	3,345	69
Total assets	7,372	100	4,821	100

*Includes investment in liquid Mutual Funds

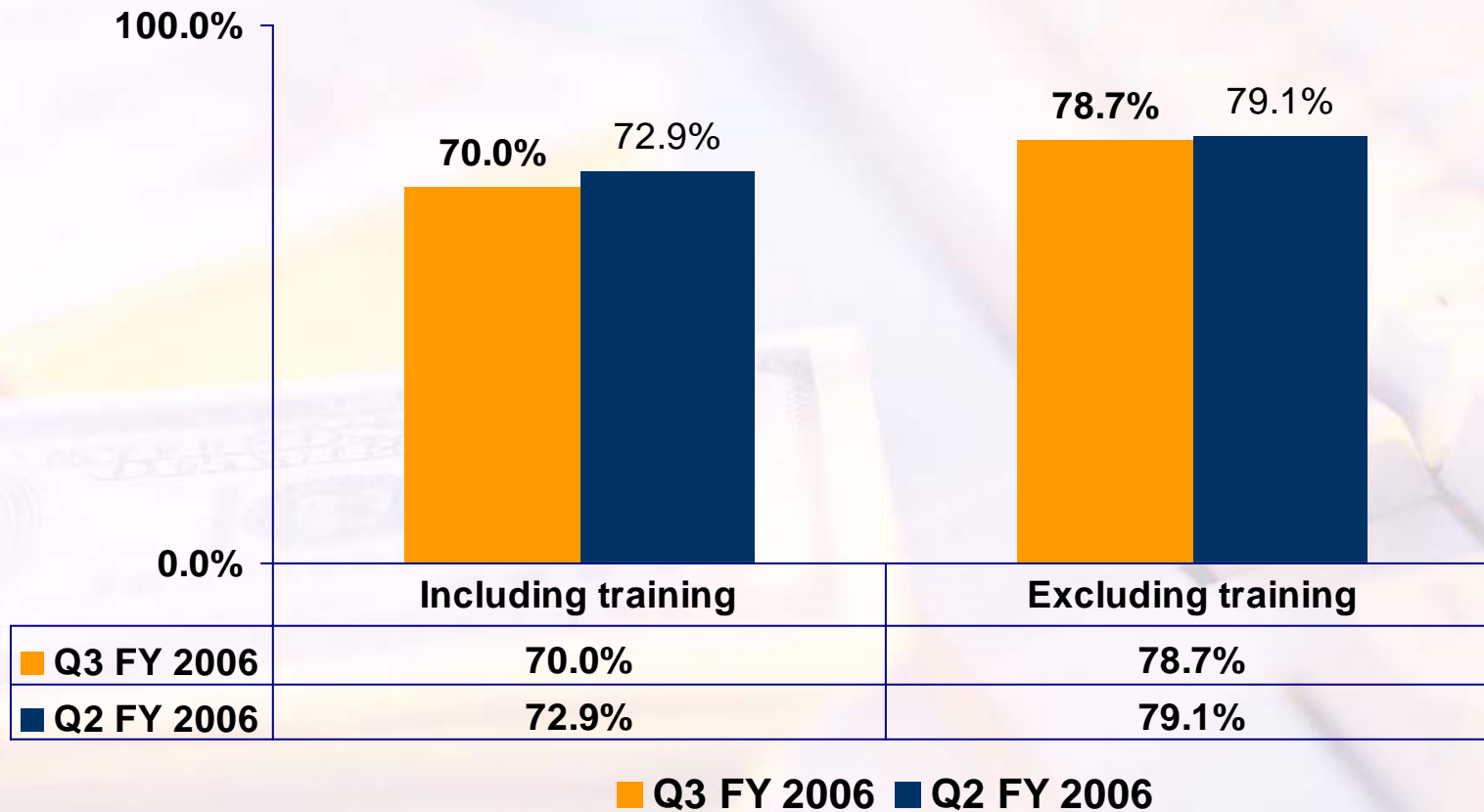
Operational Performance



Region-wise Revenue

	%		
	Q3 2006	Q2 2006	Q3 2005
North America	65.0	65.4	66.6
Europe	24.9	23.7	22.1
India	1.4	1.5	2.1
Rest of the world	8.7	9.4	9.2
Total	100.0	100.0	100.0

Utilization



Revenues by Project type

			%
	Q3 2006	Q2 2006	Q3 2005
Fixed Price	28.4	28.7	31.4
Time & Materials	71.6	71.3	68.6
Total	100.0	100.0	100.0

Onsite-Offshore Revenue

			%
	Q3 2006	Q2 2006	Q3 2005
Onsite	48.6	48.8	49.0
Offshore	51.4	51.2	51.0
Total	100.0	100.0	100.0

Customer Concentration

	Q3 2006	Q2 2006	Q3 2005
Client contribution to revenues (%)			
Top client	4.5	4.4	4.9
Top 5 clients	17.6	17.8	19.8
Top 10 clients	29.9	30.6	32.1
No. of clients*			
Million dollar	206	191	156
5 million+	78	76	65
10 million+	51	48	37
20 million+	25	23	18
30 million+	18	16	10
40 million+	14	11	7
50 million+	7	6	4
60 million+	5	4	3
70 million+	2	2	1
80 million+	2	1	-
90 million+	1	1	-
Clients accounting for >5% of revenue	-	-	-

*Last Twelve Months

Client Addition & Expansion of Services



Client Addition & Expansion of Services

- Client acquisitions during the quarter were 36
- **Infosys' Strategic Global Sourcing Unit and Infosys Consulting Inc.** undertook an assessment of the sourcing strategy and processes for **a leading hi-tech company**
- Infosys Hi-Tech and Discrete Manufacturing unit along with Infosys' Product Engineering practice is helping **a major hi-tech corporate** in building a GSM cell phone for emerging markets
- HTDM is also working with Infosys' subsidiary Progeon to offer business process outsourcing services to **a leading discrete manufacturer** in the Master Data Management arena
- Infosys successfully implemented three large business-critical systems for **a leading aerospace company in the US**

Client Addition & Expansion of Services

- One of the **largest insurance and financial services companies in North America** has sought Infosys' expertise in developing an agency front-end portal that will strengthen its distribution capacity and drive product performance, while providing a common technology solution to enhance agent productivity
- **A leading UK-based multi-utility company in the gas, power and utilities services industry** signed up Infosys to implement Microsoft BizTalk for creating connectivity infrastructure for its market-facing and customer-facing businesses
- In the IMS arena, Infosys won a large multi-year contract in infrastructure support for **a large, Europe-based global client in investment banking**
- In the area of IVS, Infosys is building a Testing Center of Excellence (TCoE) for **the largest grocery home-shopping services in the world**

Client Addition & Expansion of Services

- Australia
 - **A pharmaceutical multinational** in Australia has engaged Infosys to undertake a complete upgrade of its worldwide Oracle database, operating system and applications infrastructure
 - Other new accounts include **one of the largest privately owned professional services and recruitment companies in the world** and **an energy utility that supplies gas and electricity to 1.1 million homes in Australia**
- China
 - **A global provider of reliable power, precision environmental and connectivity solutions for telecommunications and data network infrastructure** engaged with Infosys to develop a next-generation energy system management software

- **ANB Bank, a Global 500 bank headquartered in Saudi Arabia**, licensed Finacle® to power its retail banking initiative
- **Centurion Bank of Punjab** selected Finacle® for its technology-led business transformation initiative
- **UCO Bank** has also deployed Finacle® to achieve cost advantage and derive significant business benefits

Human Resources



Human Resources

	Dec 2005	Sep 2005
Total employee strength	49,422	46,196
Software professionals	46,484	43,441
Gross addition	5,135	8,026
Laterals	927	1,166
Net addition	3,226	6,390

Capex and Infrastructure



Capex and Infrastructure

- Capital expenditure of Rs. 260 crore was incurred during the quarter
- As on December 31, 2005, the company had 90,11,739* sq. ft of space capable of accommodating 41,666 professionals and 38,01,880* sq. ft under completion capable of accommodating 16,900 professionals

*Excluding subsidiaries

Outlook for the Future



- Quarter ending March 31, 2006
 - Income is expected to be between Rs. 2,590 crore and Rs. 2,599 crore; YOY growth of 30.35% to 30.80%
 - Earnings per share before exceptional items is expected to be between Rs. 24.30 and Rs. 24.70; YOY growth of 27.83% to 29.93%

- Fiscal year ending March 31, 2006
 - Income is expected to be between Rs. 9,487 crore and Rs. 9,496 crore; growth of 33.10% to 33.2%
 - Earnings per share before exceptional items is expected to be between Rs. 89.90 and Rs 90.30; growth of 30.69% to 31.27%

Summary



Summary

- Another quarter of steady growth
- Client addition continues to be strong
- Our initiatives in strategic alignment, capability building and operational excellence are all on track
- Our collaborative approach to the market-place, combined with the strengths of our various business units, is finding good traction with our clients
- Rupee remained volatile during the quarter
- Benefit of rupee depreciation on the operating margin was offset by the hedges at the non-operating level

Thank You

