

Infosys Technologies Limited
2005 ANALYST MEET
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Well, folks we start our 25th year celebrations today. It is indeed a happy occasion that we celebrate. It is in some sense a benchmark in our long marathon. Several happy thoughts and moments come to my mind as I stand here. The most important one was our meeting in January 1981. It was a wintery morning in January 1981 that 7 of us sat in my small apartment in Bombay. We had lots of hope, confidence, commitment, courage, energy, enthusiasm, capacity for hard work and of course ability and desire to sacrifice. We were indeed short of money. We put together a measly sum of US \$250.

Lots of times people ask me - did you think you would get this far?

My answer is we never dreamt about the size, we never dreamt about our revenues, we never dreamt about our profits. Our dream right from that first day was to become more and more respectable in every community that we operated in.

What was unique about the founding team?

First, it was clearly our value system. We believed in putting the interests of the company ahead of our own interest. We believed in legal and ethical business. We believed in respect and in long-term gratification, we brought complimentary strengths.

What is it that I value most in a company?

To me entrepreneurship is all about running a marathon. My heroes are companies like IBM, Levers, and General Electric who have shown what is longevity. They have shown growth in earnings quarter after quarter over a long time. Infosys itself as we all know has shown serial growth in revenue and productivity for the last 49 quarters since it got listed in India. We have institutionalized performance and accountability through systems, through processes, and through empowerment.

Let me talk a little bit about some of the lessons that we have learnt in running this marathon. We believe the name of the game is predictability of revenues, is ensuring that these predications become true, is to ensure that our business is profitable and of course to ensure that we have a good de-risking model not depending too much on one client, one geography, one key employee, one technology etc, etc. To us measurement is a key to improvement. A sound value system we believe is what differentiates a great company from others. We believe that putting the interests of the corporation ahead of our own personal interests will indeed advance our personal interest in the long term. We also believe that no single person is indispensable to the success of the company. Youth and empowerment in our opinion are the key to scalability and longevity.

We have also realized that every situation is what we make it to be. Confidence is half the battle, leadership is making the impossible look possible. Speed, imagination, and excellence in execution are in our opinion the only three time invariant and context invariant attributes to the success of a corporation.

We believe that trust of the employees is the most important ingredient for successful leadership. There is no more powerful leadership style to gain the trust of the employees than leadership by example. We have also realized that world expects performance and not rhetoric.

Now let me talk a few lessons that we have learnt vis-a-vis the customer. We believe that it is better that we obsolete our own innovations rather than our competitors doing it. A healthy sense of paranoia and respect for competition is an absolute must for success. We realize that the ultimate test for customer satisfaction is making him/her look good in front of his/her customer.

Let me now come to what we have learnt vis-a-vis employees. We have realized that we must surround ourselves with people smarter than us if we want to look smarter. Everybody needs incentives. Money is not the only

motivator. Respect, dignity, fairness, and inclusivity mean a lot to the employees. We have also realized that every employee must be made to feel an inch taller when talking about the company if the leadership has to succeed. Being transaction-oriented avoids groupism. Meritocracy, transaction orientation and data orientation enhance the confidence of the employees in the fairness of the corporation. No wonder, we believe in the adage, in God we trust, everybody else brings data to the table.

Let me talk a little bit about what we have learnt about investors. We realize that it is better to under promise and over deliver. Everybody likes it. Investors understand that everybody business will have its ups and downs. What they want us to do is be level with them. They want us to give them the bad news proactively and as early as possible. That is why our adage is, when in doubt, disclose. We have realized that we should never take any decision with stock price in mind. The day we do, I can assure you my friends, we will ruin the company. We have realized that we can short change our investors if we want to make personal wealth of Rs. 1 crores. It is not difficult but if the Infosysians say that each one of them wants to make Rs. 1,000 crores, then we have to play the game straight and honest.

Now let me come to what is it that we have learnt about the government. We have realized that longevity requires that we follow every law of the land even if we do not agree with it. We should work hard to change laws that are not good for the progress of the industry and we have indeed done it so many times.

Now let me say a little bit about our relationship with the society. Unless we make a difference to the society in the context and earn their trust, we will not be long-term players. So in everything we do, we ask, whether we are adding value to the society around us, no matter where we are, whether we are in US, we are in India, or we are in Japan.

Now let me come to my dream for the future. What do I want to see this company achieve in the next 25 years?

I want this to be a place where people of different races, different nationalities and religious beliefs work together in an environment of intense competition but utmost courtesy and dignity to add greater and greater and greater value to our customers day after day. Just like we have received respect in India, I want Infosys to be the most respected company in every country that it operates. I understand we have to be in existence for a long time to achieve all of this. I know we can do it for the following reasons:

1. We have an extraordinary leader in Nandan, a man of great vision, values and dynamism. He is ably supported by, in my opinion, the best management team and the best set of professionals in the industry.
2. We have depth of leaders with over 500 leaders being part of our leadership-training course being managed by our Leadership Institute. The de-risking strategy at Infosys makes sure that there is a backup for every position in the company and that the decision-making is participatory. In other words, it is not really one person that makes this company. It is the team that looks at every decision and makes sure that the company goes ahead. Thus at Infosys, it is a leadership of ideas and the meritocracy rather than one person that drives every decision. We have also learnt that every decision has to be supported by a large portfolio of systems, processes, and technology, and that is exactly what we have done to ensure that we have de-risked our future.

We believe that we will succeed because our value system is time and context invariant. We will continue to have the mindset of a small company even though we will grow bigger and bigger and bigger.

Finally and most importantly, I see youth, feel good factor, passion, joy, happiness, confidence around me amongst our youngsters. This is why my friends, I believe, and I am confident that Infosys will continue to serve the society as a long-term player.

Thank you very much.