

INFOSYS US ANALYST MEET AUGUST 1, 2008

Mr. S. Gopalakrishnan - CEO and MD

Thanks Sandeep and good morning to every one of you. Thank you all for coming today. We really appreciate your interest and your support for Infosys. What I will do is I will kick it off by giving you some highlights of where we are, what we are seeing in the environment, what are some of the things we are doing and of course this is going to be followed by Shibulal on the strategic initiatives and where we are and V. Balakrishnan, our CFO, on the financial highlights and then my colleagues will follow on with individual presentations.

Now if you look at Q1, our financial year of course starts in April. So Q1 we gave a guidance of \$ 1,142-\$ 1,145 m; we did \$ 1,155 m, a growth of 1.1%, and on the EPS side, we did \$ 0.54 versus versus \$ 0.52 which was the guidance.

We had growth across all the major segments like financial services, manufacturing did extremely well and if you exclude one client, Europe Telecom; every sector, every important sector for us grew in Q1. And all the regions like I said we saw growth in North America, we saw growth in Europe if you exclude that single customer and various services also had shown growth. Our guidance for Q2 is \$ 1,215-\$ 1,225 m, which is a growth of 5.2%-6.1%, and on EPS, we have given a guidance of \$ 0.55 to \$ 0.56.

If you look at the environment in which we are operating today, clearly you have the macro-economic environment where the news varies depending on which day you are looking at it and there is definitely some uncertainty but the growth for the IT services, especially IT services based on the Global Delivery Model is driven by the move to this model where we believe that there is still significant growth opportunity. Overall, the total IT exports from India are still less than 5%. Overall IT services about \$ 800 billion and even if you take everything together in India, it is about \$ 40 billion. So it is about 5% and hence when you look at from a market size perspective, market share perspective, as well as from maturity, the ability to scale, if you compare other countries like Philippines or Vietnam or Eastern Europe etc, India has proved to be a country which can scale up, which can provide the quality and the project management required to do large programs and things like that. So from a market size perspective, from a market share perspective as well as from maturity, the ability to scale, etc, there is still significant opportunity for growth. When it comes to individual companies of course, the growth is going to be driven by your own relationships with your customers, how they perceive how valuable that relationship is, it is driven by your strategies etc. And so for Infosys, if you just look at the last 6 months, in financial services, for example, we have won some of the awards which are out there in terms of Best Outsourcing Partner etc., and I am quite sure that Ashok will highlight these in his presentation. And those are actually very, very important because in these difficult times, clients definitely are looking for safety. They are looking for less risk, they are looking for partnerships which delivers value to them which gives them the least risk option.

Pricing of course we have assumed model to be flat and currently the environment is such that you have to assume that the pricing will be flat and that is what we have assumed. Our strategy continues to be focused on profitable growth and the different aspects of the strategy my colleague Mr. Shibulal is going to cover but it depends on looking at transformational deals, looking at large deals, looking at our scalability, operational efficiency, standard stuff, but one important strategy I would like to highlight here which is about looking at new solutions, new models and things like that and in various presentations today from my colleagues you will again see examples of how this strategy is being rolled out, how this is going to help us going forward, this is driven by some of the trends that we see in the industry. For example, if you look at the trend towards integrated solutions, utility computing and things like that, we have services which are delivered using pay-for-use, kind of model, utility model, platform based BPO, Software as a Service and things like that.

Now when you look at industry solutions and things like that, in the last 1 week we made announcement about Shopping Trip 360, which we are demonstrating that at the back. On one side, this is interesting because we are providing a platform on which you can deploy multiple applications for the retailers, for the CPG companies, for the consumers. So it is a complete platform for the retailers and on the other side the pricing and the engagement model is more of a services, managed services model. So Infosys makes the investment in putting down the infrastructure at the retailers and the retailers would pay for the applications

they use, information they get from this platform. So this is an interesting opportunity for Infosys and an interesting transition for Infosys. At any point of time, we have multiple initiatives going on and over a period of let us say 3 years or 5 years, you will see that the business has major shifts and major changes.

If you look at our current revenues, more than 50% of our current revenues, come from non-application development and maintenance services. These are services which have been introduced in the last 5-6 years. So the company has been transforming itself continuously and continues to do that going forward and these transitions are across multiple dimensions, across geographies, setting up development centers around the world, opening up new markets. We announced India business unit, we announced Middle East, operations in South America, Latin America. It is across services, learning services, for example is a new service that has been introduced and across business models, solutions, industries, etc.. So in all dimensions we are changing and we continue to change and as long as this is managed properly, we believe these will give us new growth opportunities and new engines for growth as we progress in our journey.

Bottom line, if you look at where we are today we have about 550 customer relationships, we have about 18 of \$ 50 million relationships. We have a particular geographical distribution of our revenues, almost 60% coming from North America, 30% from Europe, 10% from Rest of the World approximately and a broad range of services all the way from consulting to business process management, several initiatives which are opportunities for the company going forward and a workforce of more than 94,000 people. So that's where we are today and we will come back and take your questions later in the day. So I will now invite Mr. Shibulal to give you more details about these various strategies we have currently going within the company. Thank you very much and welcome again.