

Profit and Loss Account summary for the Quarter ended

(as per Indian GAAP)

in Rs. crore, except per share data

| Particulars | September 30, | | Growth (%) | Quarter ended June 30, 2003 | Growth % in Q2 FY 2004 over Q1 FY 2004 |
|---|-----------------|---------------|-------------|-----------------------------|--|
| | 2003 | 2002 | | | |
| INCOME | | | | | |
| Software services and products | | | | | |
| Overseas | 1,115.98 | 857.23 | 30.2 | 1,058.65 | 5.4 |
| Domestic | 18.77 | 22.34 | -16.0 | 23.33 | -19.5 |
| TOTAL INCOME | 1,134.75 | 879.57 | 29.0 | 1,081.98 | 4.9 |
| Software Development Expenses | 587.16 | 424.49 | 38.3 | 572.78 | 2.5 |
| GROSS PROFIT | 547.59 | 455.08 | 20.3 | 509.20 | 7.5 |
| Selling and marketing expenses | 80.44 | 69.33 | 16.0 | 79.72 | 0.9 |
| General and administration expenses | 88.72 | 62.51 | 41.9 | 81.18 | 9.3 |
| | 169.16 | 131.84 | 28.3 | 160.90 | 5.1 |
| OPERATING PROFIT (EBIDTA) | 378.43 | 323.24 | 17.1 | 348.30 | 8.7 |
| Interest | - | - | - | - | - |
| Depreciation and amortization | 62.33 | 46.24 | 34.8 | 44.26 | 40.8 |
| OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION | 316.10 | 277.00 | 14.1 | 304.04 | 4.0 |
| Other income | 44.28 | 17.53 | 152.7 | 32.44 | 36.5 |
| Provision for investments | 0.22 | 23.76 | -99.0 | 6.36 | -96.4 |
| PROFIT BEFORE TAX | 360.16 | 270.77 | 33.0 | 330.12 | 9.1 |
| Provision for taxation | 60.00 | 45.00 | 33.3 | 52.00 | 15.4 |
| NET PROFIT AFTER TAX | 300.16 | 225.77 | 32.9 | 278.12 | 7.9 |
| EARNINGS PER SHARE (Equity shares, par value Rs. 5/- each) | | | | | |
| Basic | 45.30 | 34.10 | 32.8 | 41.98 | 7.9 |
| Diluted | 44.92 | 33.90 | 32.5 | 41.83 | 7.4 |

Profit and Loss Account summary for the Half-year ended

(as per Indian GAAP)

in Rs. crore, except per share data

| Particulars | September 30, | | Growth (%) | Year ended March 31, 2003 |
|---|-----------------|-----------------|-------------|---------------------------|
| | 2003 | 2002 | | |
| INCOME | | | | |
| Software services and products | | | | |
| Overseas | 2,174.63 | 1,607.75 | 35.3 | 3,543.51 |
| Domestic | 42.10 | 36.44 | 15.5 | 79.18 |
| TOTAL INCOME | 2,216.73 | 1,644.19 | 34.8 | 3,622.69 |
| Software Development Expenses | 1,159.94 | 801.88 | 44.7 | 1,813.30 |
| GROSS PROFIT | 1,056.79 | 842.31 | 25.5 | 1,809.39 |
| Selling and marketing expenses | 160.16 | 124.42 | 28.7 | 266.98 |
| General and administration expenses | 169.90 | 119.72 | 41.9 | 270.37 |
| | 330.06 | 244.14 | 35.2 | 537.35 |
| OPERATING PROFIT (EBIDTA) | 726.73 | 598.17 | 21.5 | 1,272.04 |
| Interest | - | - | - | - |
| Depreciation and amortization | 106.59 | 86.71 | 22.9 | 188.95 |
| OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION | 620.14 | 511.46 | 21.2 | 1,083.09 |
| Other income | 76.73 | 42.42 | 80.9 | 99.61 |
| Provision for investments | 6.59 | 23.76 | -72.3 | 23.77 |
| PROFIT BEFORE TAX | 690.28 | 530.12 | 30.2 | 1,158.93 |
| Provision for taxation | 112.00 | 87.50 | 28.0 | 201.00 |
| NET PROFIT AFTER TAX | 578.28 | 442.62 | 30.6 | 957.93 |
| EARNINGS PER SHARE (Equity shares, par value Rs. 5/- each) | | | | |
| Basic | 87.29 | 66.87 | 30.5 | 144.68 |
| Diluted | 86.76 | 66.41 | 30.5 | 143.37 |

REVENUE BY GEOGRAPHICAL SEGMENT

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 | LTM Sept 30, 2003 | LTM Sept 30, 2002 |
|-------------------|---------------|---------------|---------------|-------------------|-------------------|
| | % | % | % | % | % |
| North America | 73.9 | 74.7 | 73.8 | 73.6 | 72.1 |
| Europe | 18.0 | 17.4 | 16.5 | 17.7 | 18.6 |
| India | 1.6 | 2.1 | 2.5 | 1.9 | 2.0 |
| Rest of the world | 6.5 | 5.8 | 7.2 | 6.8 | 7.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

REVENUE BY SERVICE OFFERING

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 | LTM Sept 30, 2003 | LTM Sept 30, 2002 |
|------------------------|---------------|---------------|---------------|-------------------|-------------------|
| | % | % | % | % | % |
| Development | 25.2 | 27.8 | 31.2 | 29.0 | 31.9 |
| Maintenance | 31.6 | 26.9 | 28.8 | 28.3 | 29.3 |
| Re-engineering | 5.9 | 6.7 | 6.0 | 5.8 | 7.3 |
| Package implementation | 12.6 | 13.5 | 9.7 | 12.8 | 9.8 |
| Consulting | 3.4 | 4.4 | 4.7 | 4.0 | 4.1 |
| Testing | 6.0 | 4.4 | 3.0 | 4.5 | 3.0 |
| Engineering services | 2.1 | 2.6 | 2.7 | 2.4 | 2.8 |
| Other services | 10.4 | 10.1 | 8.4 | 9.4 | 7.2 |
| Total services | 97.2 | 96.4 | 94.5 | 96.2 | 95.4 |
| Products | 2.8 | 3.6 | 5.5 | 3.8 | 4.6 |
| Total revenues | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

REVENUE BY PROJECT TYPE

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 | LTM Sept 30, 2003 | LTM Sept 30, 2002 |
|------------------|---------------|---------------|---------------|-------------------|-------------------|
| | % | % | % | % | % |
| Fixed Price | 35.4 | 35.9 | 36.1 | 36.4 | 35.3 |
| Time & Materials | 64.6 | 64.1 | 63.9 | 63.6 | 64.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

"LTM" - Last Twelve Months

REVENUE BY INDUSTRY CLASS

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 | LTM Sept 30, 2003 | LTM Sept 30, 2002 |
|---|---------------|---------------|---------------|-------------------|-------------------|
| | % | % | % | % | % |
| Insurance, banking & financial services | 38.9 | 37.4 | 38.8 | 37.8 | 37.0 |
| <i>Insurance</i> | 15.2 | 13.9 | 15.7 | 13.9 | 15.7 |
| <i>Banking & financial services</i> | 23.7 | 23.5 | 23.1 | 23.9 | 21.3 |
| Manufacturing | 15.0 | 15.6 | 17.1 | 15.7 | 16.7 |
| Retail | 11.7 | 11.6 | 11.3 | 11.5 | 12.2 |
| Telecom | 15.4 | 14.6 | 14.6 | 15.2 | 15.1 |
| Energy & Utilities | 3.0 | 3.5 | 3.1 | 3.2 | 2.5 |
| Transportation & logistics | 7.1 | 7.1 | 6.6 | 7.0 | 5.0 |
| Others | 8.9 | 10.2 | 8.5 | 9.6 | 11.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

CLIENT DATA

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 |
|---------------------------------------|---------------|---------------|---------------|
| Active Clients | 347 | 346 | 308 |
| Added during quarter | 29 | 22 | 18 |
| Revenue – top client | 6.6% | 5.7% | 5.9% |
| Revenue – top 5 clients | 24.6% | 23.7% | 24.0% |
| Revenue – top 10 clients | 37.9% | 36.7% | 37.9% |
| Clients accounting for >5% of revenue | 2 | 2 | 3 |
| Repeat business | 95.7% | 97.8% | 94.9% |
| Account receivables – LTM (in days) | 50 | 52 | 56 |

EFFORT AND UTILIZATION

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 |
|---------------------------|---------------|---------------|---------------|
| Effort - Services | | | |
| Onsite | 32.6% | 34.4% | 35.7% |
| Offshore | 67.4% | 65.6% | 64.3% |
| Revenue - Services | | | |
| Onsite | 54.1% | 56.2% | 57.8% |
| Offshore | 45.9% | 43.8% | 42.2% |
| Utilization | | | |
| Including trainees | 74.3% | 77.3% | 78.1% |
| Excluding trainees | 83.8% | 83.9% | 84.2% |

"LTM" - Last Twelve Months

PERSONMONTHS DATA

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 |
|-----------------------|---------------|---------------|---------------|
| Onsite – Billed | 11,873 | 11,590 | 8,634 |
| Offshore – Billed | 26,355 | 23,857 | 17,102 |
| TOTAL - Billed | 38,228 | 35,447 | 25,736 |
| Non Billable | 7,373 | 6,807 | 4,828 |
| Trainee | 5,836 | 3,594 | 2,374 |
| Sales & Support | 3,740 | 3,743 | 3,351 |
| TOTAL | 55,177 | 49,591 | 36,289 |

EMPLOYEE METRICS

| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 |
|------------------------------|---------------|---------------|---------------|
| Total Employees | 19,120 | 17,095 | 13,110 |
| S/W professionals | 17,625 | 15,623 | 11,892 |
| <i>Billable</i> | <i>15,152</i> | <i>13,373</i> | <i>10,466</i> |
| <i>Banking Product Group</i> | <i>501</i> | <i>516</i> | <i>514</i> |
| <i>Trainees</i> | <i>1,972</i> | <i>1,734</i> | <i>912</i> |
| Sales & Support | 1,495 | 1,472 | 1,218 |
| Gross Addition | 2,595 | 2,175 | 2,065 |
| Net Addition | 2,025 | 1,739 | 1,806 |
| Lateral Employees | 328 | 303 | 328 |
| Attrition % (LTM) | 9.1 | 7.9 | 6.1 |

INFRASTRUCTURE (as on Sept 30, 2003)

| | Completed | | Work in Progress | | Land acquired during the Qtr (acres) |
|-------------------------|-----------------------|---------------|-----------------------|--------------|--------------------------------------|
| | Built-Up Area (Sq Ft) | No. of Seats | Built-Up Area (Sq Ft) | No. of Seats | |
| Bangalore | 16,24,836 | 9,152 | 4,00,000 | 3,500 | 9.55 |
| Pune | 5,89,647 | 3,176 | - | - | 113.00 |
| Chennai | 4,21,317 | 2,816 | - | - | 129.00 |
| Hyderabad | 3,17,000 | 1,645 | 2,45,000 | 2,170 | - |
| Bhubaneshwar | 1,89,000 | 1,200 | 95,000 | 800 | - |
| Mangalore | 1,98,000 | 1,077 | - | - | - |
| Mysore (including ILI)* | 4,18,450 | 634 | 2,25,000 | 850 | - |
| Mohali | 21,000 | 200 | - | - | - |
| Trivandrum | - | - | 22,000 | 220 | - |
| Total | 37,79,250 | 19,900 | 9,87,000 | 7,540 | 251.55 |

* Infosys Leadership Institute

in Rs. crore, except employee data

| Consolidated (Including Progeon) | | | |
|---|----------------------|----------------------|----------------------|
| | Sept 30, 2003 | June 30, 2003 | Sept 30, 2002 |
| Total Employees | 20,158 | 17,977 | 13,397 |
| Gross Additions | 2,845 | 2,591 | 2,263 |
| Net Additions | 2,181 | 2,082 | 1,991 |
| Revenue | 1,151.8 | 1,094.7 | 880.6 |
| Net Profit After Tax | 301.0 | 278.9 | 224.5 |

Reconciliation of accounts as per Indian GAAP and US GAAP

in Rs. Crore

| | Three months ended September 30, 2003 | Year ended March 31, 2003 |
|---|--|--------------------------------------|
| Net Profit as per Indian GAAP | 300.2 | 957.9 |
| Amortization of deferred stock compensation | (4.9) | (23.2) |
| Deferred taxes | (1.3) | (0.9) |
| Gain on forward foreign exchange contracts | 3.5 | 2.4 |
| Net provision for investments | - | 9.1 |
| Others | (1.5) | - |
| Profit / (loss) from Progeon Limited | 1.4 | (3.1) |
| Consolidated Net income as per US GAAP | 297.4 | 942.2 |

Reasons for differences in net income as per Indian GAAP and US GAAP**Amortization of deferred stock compensation**

The Accounting Principles Board Opinion No. 25 of US GAAP requires the accounting of deferred stock compensation on issue of stock options to employees, being the difference between the exercise price and the fair value as determined by the quoted market prices of the common stock on the grant date. In complying with this requirement, Infosys has charged to revenue under US GAAP an amount of Rs. 4.9 crore and Rs. 23.2 crore for the quarter ended September 30, 2003 and year ended March 31, 2003, respectively, as amortization of deferred stock compensation.

Gain on forward exchange contracts

Under Indian GAAP, premium on forward contract is recognized as income or expenditure over the life of the related contract. Whereas, under US GAAP, the same is marked-to-market as on the reporting date. The resultant gain / loss is recognized immediately in the income statement.

Net provision for investments

Under Indian GAAP, recognition of unrealized gains on intellectual property rights is permitted. Consequently, an amount of Rs. 9.1 crore was recognized during the year ended March 31, 2001. Provision has been made for this investment under Indian GAAP during the quarter ended September 30, 2002.

Profit / (Loss) in subsidiary

Under US GAAP, consolidation of all majority owned subsidiaries is mandatory. Consequently, the profits in Progeon, the company's subsidiary, amounting to Rs. 1.4 crore and losses of Rs. 3.1 crore were recorded in the US GAAP financial statements for the quarter ended September 30, 2003 and year ended March 31, 2003 respectively.