

A magnifying glass with a black handle and frame is positioned over a white and brown calculator. The calculator's keypad is visible, with a black pen resting on the number '4' key. The background is a blurred wooden surface. The text is centered within the magnifying glass's lens.

**Performance of
Infosys group
for the First Quarter
ended June 30, 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 release concerning our future growth prospects are forward-looking statements within the meaning of Section 27(a) of the U.S. Securities Act of 1933 and Section 21(e) of the U.S. Securities Exchange Act of 1934, and 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 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 filed on April 26, 2005 and Registration Statement on Form F-3 filed on December 20, 2004, and the amendments thereto filed on January 18, 2005, April 26, 2005 and May 23, 2005. These filings are available at www.sec.gov. Infosys 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. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

Agenda



- Financial Performance
- Operational Performance
- Client Acquisition & Expansion of Services
- Human Resources
- Capex and Infrastructure
- Outlook
- Summary

A close-up photograph of a silver and black calculator on a wooden surface. A magnifying glass is positioned over the calculator, with its lens centered on the number '4' key. A black pen is resting on the calculator's keypad, with its tip pointing towards the '4' key. The background is a blurred wooden surface. A purple circle with a black border is overlaid on the left side of the image, containing the text 'Financial Performance' in yellow.

Financial Performance

Highlights

| | Q1 FY 06 | Q4 FY 05 | Q1 FY 05 |
|--------------------------|---------------|----------|----------|
| Indian GAAP | | | |
| Y-O-Y Growth | | | |
| Income | 36.5% | 47.3% | 38.6% |
| PAT from ord. Activities | 37.0% | 53.2% | 39.2% |
| US GAAP | | | |
| Y-O-Y Growth | | | |
| Revenues | 42.1% | 50.2% | 43.4% |
| Net income | 47.0% | 64.9% | 42.4% |
| New clients | 36 | 37 | 29 |
| Repeat business | 98.7% | 92.9% | 98.5% |
| Headcount | | | |
| Gross addition | 4,537 | 2,506 | 3,233 |
| Net addition | 3,056 | 1,521 | 2,305 |
| Period end headcount | 39,806 | 36,750 | 27,939 |

Highlights (Indian GAAP - Consolidated)

(Rs. crore)

| | FY2006 | FY2005 | FY 2005 | % growth over | |
|-------------------------------------|-----------------|----------|----------|----------------------|-------|
| | Q1 | Q4 | Q1 | Q4 05 | Q1 05 |
| Income | 2,071.59 | 1,987.32 | 1,517.38 | 4.24 | 36.52 |
| S/w development expenses | 1,104.44 | 1,041.31 | 805.22 | 6.06 | 37.16 |
| Gross profit | 967.15 | 946.01 | 712.16 | 2.23 | 35.81 |
| S,G&A expenses | 303.34 | 279.30 | 222.89 | 8.61 | 36.09 |
| Operating profit | 663.81 | 666.71 | 489.27 | (0.43) | 35.67 |
| Depreciation | 80.10 | 99.81 | 52.53 | (19.75) | 52.48 |
| Operating profit after depreciation | 583.71 | 566.90 | 436.74 | 2.97 | 33.65 |
| Other income | 28.58 | 32.29 | 15.70 | (11.49) | 82.04 |
| Provision for investment | 0.06 | 0.23 | (0.01) | (73.92) | - |
| PBT | 612.23 | 598.86 | 452.45 | 2.23 | 35.31 |
| Provision for tax | 80.16 | 85.48 | 64.11 | (6.22) | 25.04 |
| PAT from ordinary activities | 532.07 | 513.48 | 388.34 | 3.62 | 37.01 |
| Exceptional item | - | 45.19 | - | - | - |
| PAT after exceptional item | 532.07 | 558.67 | 388.34 | (4.76) | 37.01 |

Balance Sheet Summary

(Rs. crore)


| | June 30, 2005 | % | June 30, 2004 | % |
|---------------------------|-------------------|-------------|-----------------|-------------|
| LIABILITIES | | | | |
| Shareholders' funds | 5,906.55 | 99 | 3,812.89 | 100 |
| Minority interest | 43.66 | 1 | - | - |
| Total liabilities | 5,950.21 | 100 | 3,812.89 | 100 |
| ASSETS | | | | |
| Fixed assets | 1,746.49 | 29 | 1,133.79 | 30 |
| Investments | 2.04 | 0 | 2.04 | 0 |
| Deferred tax assets | 47.96 | 1 | 44.20 | 1 |
| Current assets | | | | |
| Cash & equivalents* | 3,265.42 | 55 | 2,152.02 | 56 |
| Accounts receivables | 1,235.65 | 21 | 836.63 | 22 |
| Other current assets | 894.92 | 15 | 538.37 | 14 |
| Less: Current liabilities | <u>(1,242.27)</u> | <u>(21)</u> | <u>(894.16)</u> | <u>(23)</u> |
| Net current assets | 4,153.72 | 70 | 2,632.86 | 69 |
| Total Assets | 5,950.21 | 100 | 3,812.89 | 100 |

*Includes investment in liquid Mutual Funds

A close-up photograph of a silver and black calculator on a wooden surface. A magnifying glass is positioned over the calculator, with its lens centered on the keypad. The text "Operational Performance" is written in bold yellow font inside a purple circular graphic that is part of the magnifying glass's lens. The calculator's keypad features various function keys like "RATE SET", "RATE RECALL", "CM", "RM", and "€", along with standard numeric keys from 0 to 9, a decimal point, a percentage sign, and plus/minus signs. The background shows the wood grain of the desk and the blurred handle of the magnifying glass.

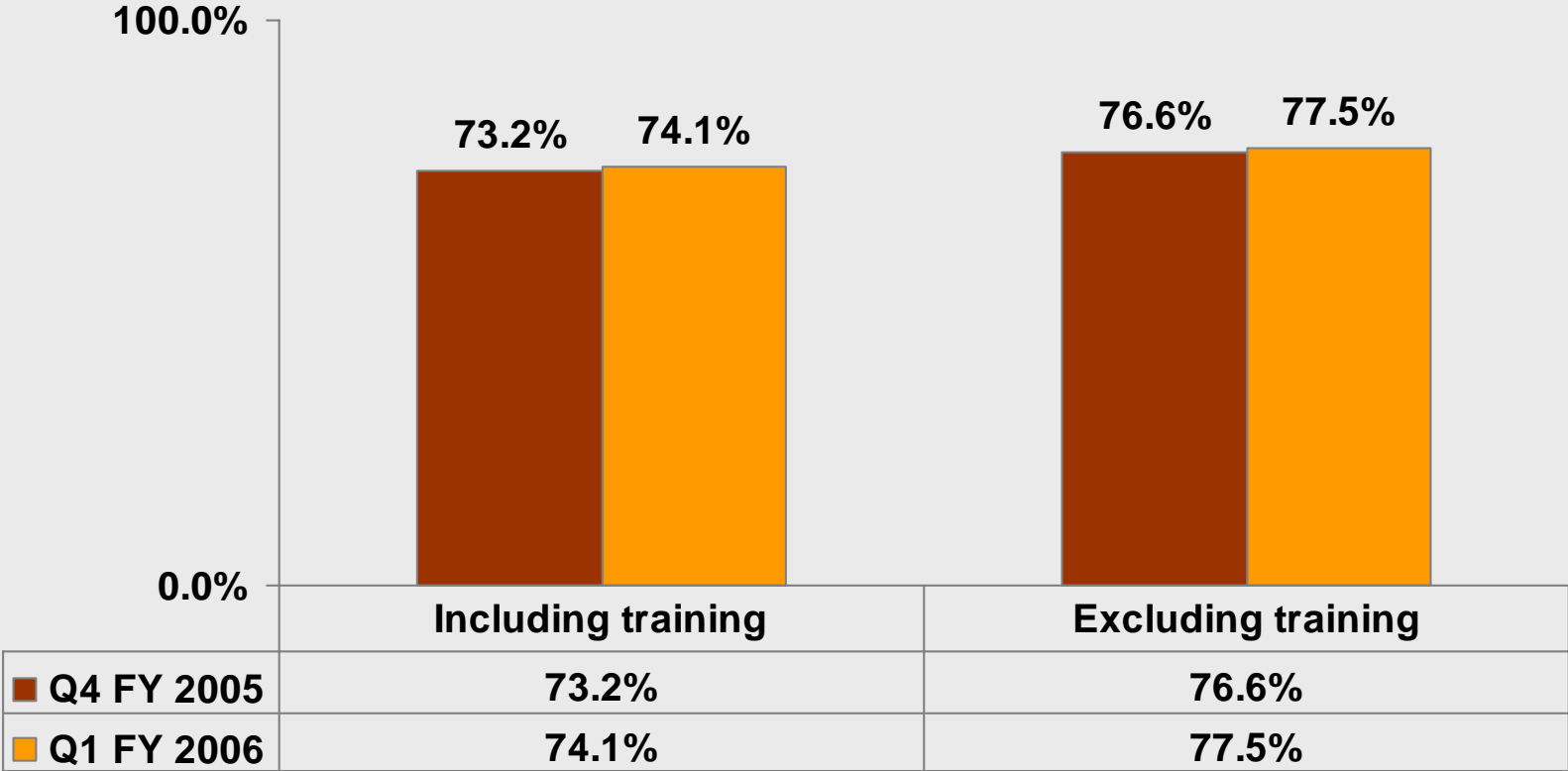
Operational Performance

Region wise Revenue




| | FY2006 | FY2005 | % |
|-------------------|---------------|---------------|---------------|
| | Q1 | Q4 | FY2005 |
| | | | Q1 |
| North America | 63.6 | 63.9 | 65.2 |
| Europe | 23.9 | 23.3 | 22.2 |
| India | 2.4 | 2.0 | 1.6 |
| Rest of the world | 10.1 | 10.8 | 11.0 |
| Total | 100.0 | 100.0 | 100.0 |

Utilization Rates



■ Q4 FY 2005 ■ Q1 FY 2006

Revenues by Project type



| | FY2006 | FY2005 | % |
|------------------|---------------|--------|---------------|
| | Q1 | Q4 | FY 2005 Q1 |
| Fixed Price | 28.6 | 29.4 | 29.7 |
| Time & Materials | 71.4 | 70.6 | 70.3 |
| Total | 100.0 | 100.0 | 100.0 |

Onsite-Offshore Revenue split

| | FY2006 | FY2005 | % |
|----------|---------------|---------------|----------------|
| | Q1 | Q4 | FY 2005 |
| | | | Q1 |
| Onsite | 47.9 | 48.1 | 51.9 |
| Offshore | 52.1 | 51.9 | 48.1 |
| Total | 100.0 | 100.0 | 100.0 |

Customer Concentration



| | Q1 2006 | Q4 2005 | Q1 2005 |
|---|---------|---------|---------|
| Client contribution to revenues(%) | | | |
| Top Client | 5.2 | 6.3 | 5.3 |
| Top 5 clients | 19.1 | 21.2 | 21.6 |
| Top 10 clients | 31.8 | 33.8 | 34.3 |
| No. of clients* | | | |
| Million dollar | 172 | 166 | 141 |
| 5 million+ | 73 | 71 | 53 |
| 10 million+ | 43 | 42 | 27 |
| 20 million+ | 22 | 19 | 15 |
| 30 million+ | 14 | 11 | 8 |
| 40 million+ | 8 | 8 | 5 |
| 50 million+ | 5 | 5 | 3 |
| 60 million+ | 4 | 3 | - |
| 70 million+ | 3 | 1 | - |
| 80 million+ | 1 | 1 | - |
| 90 million+ | 1 | - | - |
| Clients accounting for >5% of revenue | 1 | 1 | 1 |

* Last Twelve Month in US dollars

A close-up photograph of a silver and black calculator on a wooden surface. A black pen is resting on the calculator's keypad, specifically over the number 4 key. A magnifying glass with a black handle is positioned over the calculator, focusing on the keypad area. The background is a blurred wooden surface.

**Client Acquisition
& Expansion of
Services**

Client Acquisition & Expansion of Services

- Client acquisitions during the quarter were 36
- Infosys continued to build a leaner, more scalable and aligned organization to handle greater business complexity and provide higher client Value
 - Infosys opened relationship with nine global 500 companies in diverse industries like pharma, supermarkets, equipment manufacturing, automotive, utilities, insurance and banking in the US as well as Europe
 - Infosys is redefining the business intelligence landscape in a **leading Fortune 1000 digital lifestyle company**. The project will be implemented on a SAP business warehouse platform and will be executed using Infosys' Global Delivery Model. The solution encompasses a variety of Infosys' services, including technical architecture and consulting, change management, development and validation services

Client Acquisition & Expansion of Services



- Infosys will build a centralized financial and management reporting system for **a leading bank in the US**. This implementation is part of a larger initiative aimed at building a finance and credit risk data warehouse to support compliance with Basel II requirements
- **A leading global agribusiness** with operations in 90 countries has engaged Infosys to consolidate varied data warehouse solution environments into an enterprise-wide data warehouse platform based on SAP data warehouse technology
- **A market leader in commercial air-conditioners and hardware** has sought Infosys' expertise for Sarbanes Oxley compliance, along with other IT services

Banking Products



Finacle™, the universal banking solution from Infosys, continued to empower banks in transforming their business by leveraging agile, next-generation technologies

- One of **Australia's top five banks** has chosen to deploy the Finacle™ consumer e-banking solution to power its internet banking initiative, with plans to roll it out globally
- **Equity Bank, Kenya** has also selected Finacle™ to deploy its core banking solution, treasury and e-banking solutions across the bank's 23 branches. This will support the bank's growth plans in branch network, ATM rollouts and product diversification
- The Finacle™ core banking, consumer e-banking and corporate e-banking solutions will also power **Bank of Baroda**, the fifth largest bank in India, across its operations in India and 16 other countries
- Finacle™ now spans 47 countries including developed markets like Australia, Singapore, Switzerland and the United Kingdom.

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Human Resources

Human Resources



- Total employee strength at 39,806 as on June 30, 2005, up from 36,750 as on March 31, 2005
- Net addition of 3,056 employees during the quarter as compared to 1,521 during the quarter ended March 31, 2005
- Gross addition of employees during the quarter was 4,537 out of which 1,129 were laterals
- 37,146 software professionals as on June 30, 2005, up from 34,417 as on March 31, 2005
- Of these software professionals, 1,328 belong to the Banking Business Unit

A close-up photograph of a white and brown calculator on a wooden surface. A magnifying glass is positioned over the calculator, with its lens centered on the number '4' key. A black pen tip is resting on the '4' key. The calculator has various function keys at the top, including 'RATE SET', 'RATE RECALL', 'CM', and 'RM'. The background is a blurred wooden surface.

Capex and Infrastructure

Capex and Infrastructure



- Capital expenditure of Rs. 252.49 crore was incurred during the quarter
- As on June 30, 2005, the company had 75,19,350* sq. ft of space capable of accommodating 34,711 professionals and 34,58,500 sq. ft under completion capable of accommodating 21,105 professionals

*Excluding subsidiaries

A close-up photograph of a silver and black calculator on a wooden surface. A magnifying glass is positioned over the calculator, with its lens centered on a red circle containing the word "Outlook". The calculator's keypad is visible, showing numbers 0-9, a percentage sign, and various function keys like "RATE SET", "RATE RECALL", "CM", and "RM". The background is a blurred wooden texture.

Outlook

Indian GAAP – Consolidated



➤ Quarter ending September 30, 2005

- Income is expected to be between Rs. 2,202 crore and Rs. 2,215 crore; YOY growth of 25.88% - 26.62%
- Earnings per share is expected to be between Rs. 19.80 and Rs. 20.30; YOY growth of 18.49% - 21.48%

➤ Fiscal year ending March 31, 2006

- Income is expected to be between Rs. 8,947 crore to Rs. 9,051 crore; growth of 25.49% - 26.95%
- Earnings per share is expected to be between Rs. 84.70 and Rs. 86.00; growth of 23.12% - 25.02%

**conversion 1 US\$ = Rs. 43.51*

A close-up photograph of a silver and black calculator on a wooden surface. A magnifying glass is positioned over the calculator, with its lens centered on a red circle containing the word "Summary". The calculator's keypad is visible, showing buttons for numbers 0-9, a decimal point, a percentage sign, and various function keys like "RATE SET", "RATE RECALL", "CM", "RM", and "TWIN POWER CALC". A black pen is resting on the calculator's keypad, pointing towards the magnifying glass.

Summary

Summary



- Maintained our margins despite absorbing annual salary increase and the adverse impact of a depreciating Euro and Pound Sterling
- Started relationships with nine Global 500 companies in diverse industries
- Infosys Consulting commended by clients and analysts as having the right business model
- Our investments in developing competencies has differentiated us from other players and has enhanced our domain expertise
- Infosys certification program is being scaled up rapidly
- Successfully completed the largest international equity offering from India of over a billion dollars



Thank You