

**Audited financial results for the quarter and half-year ended September 30, 2005**

(in Rs. crore, except per share data)

|  | Quarter ended<br>September 30, |              | Half-year ended<br>September 30, |              | Year ended<br>March 31, |
|--|--------------------------------|--------------|----------------------------------|--------------|-------------------------|
|  | 2005                           | 2004         | 2005                             | 2004         | 2005                    |
| Income from software services and products                                     | 2,170                          | 1,690        | 4,137                            | 3,161        | 6,860                   |
| Software development expenses  | 1,167                          | 910          | 2,231                            | 1,702        | 3,655                   |
| <b>Gross profit</b>  | <b>1,003</b>                   | <b>780</b>   | <b>1,906</b>                     | <b>1,459</b> | <b>3,205</b>            |
| Selling and marketing expenses   | 125                            | 103          | 244                              | 190          | 392                     |
| General and administration expenses  | 173                            | 117          | 310                              | 218          | 488                     |
| <b>Operating profit before interest, depreciation and amortization</b>         | <b>705</b>                     | <b>560</b>   | <b>1,352</b>                     | <b>1,051</b> | <b>2,325</b>            |
| Interest   | –                              | –            | –                                | –            | –                       |
| Depreciation and amortization  | 90                             | 56           | 165                              | 106          | 268                     |
| Operating profit after interest, depreciation and amortization                 | 615                            | 504          | 1,187                            | 945          | 2,057                   |
| Other income   | 45                             | 30           | 76                               | 48           | 128                     |
| Provision for investments  | 1                              | –            | 1                                | –            | –                       |
| <b>Net profit before tax and exceptional item</b>                              | <b>659</b>                     | <b>534</b>   | <b>1,262</b>                     | <b>993</b>   | <b>2,185</b>            |
| Provision for taxation   | 67                             | 79           | 146                              | 144          | 325                     |
| Net profit after tax and before exceptional item                               | 592                            | 455          | 1,116                            | 849          | 1,860                   |
| Exceptional item – net income from sale of investments in Yantra Corporation   | –                              | –            | –                                | –            | 45                      |
| <b>Net profit after tax and exceptional item</b>                               | <b>592</b>                     | <b>455</b>   | <b>1,116</b>                     | <b>849</b>   | <b>1,905</b>            |
| Paid-up equity share capital (par value Rs. 5/- each, fully paid) (see note 8) | 136                            | 134          | 136                              | 134          | 135                     |
| Reserves and surplus   | 6,269                          | 3,938        | 6,269                            | 3,938        | 5,107                   |
| <b>Earnings per share (par value Rs. 5/- each)</b>                             |                                |              |                                  |              |                         |
| Before exceptional items   |                                |              |                                  |              |                         |
| Basic  | 21.75                          | 16.99        | 41.08                            | 31.76        | 69.26                   |
| Diluted  | 21.13                          | 16.61        | 39.92                            | 31.14        | 67.46                   |
| After exceptional items  |                                |              |                                  |              |                         |
| Basic  | 21.75                          | 16.99        | 41.08                            | 31.76        | 70.95                   |
| Diluted  | 21.13                          | 16.61        | 39.92                            | 31.14        | 69.10                   |
| <b>Dividend per share (par value Rs. 5/- each)</b>                             |                                |              |                                  |              |                         |
| Interim dividend   | 6.50                           | 5.00         | 6.50                             | 5.00         | 5.00                    |
| Final dividend   | –                              | –            | –                                | –            | 6.50                    |
| Total dividend   | 6.50                           | 5.00         | 6.50                             | 5.00         | 11.50                   |
| Total dividend percentage (%)  | 130                            | 100          | 130                              | 100          | 230                     |
| <b>Aggregate of non-promoters' shareholding (unaudited)</b>                    |                                |              |                                  |              |                         |
| Number of shares   | 21,89,18,795                   | 20,89,88,934 | 21,89,18,795                     | 20,89,88,934 | 21,17,06,813            |
| Percentage of shareholding   | 80.30                          | 78.02        | 80.30                            | 78.02        | 78.24                   |

**Other information :**

(in Rs. crore)

|   | Quarter ended<br>September 30, |            | Half-year ended<br>September 30, |              | Year ended<br>March 31, |
|---|--------------------------------|------------|----------------------------------|--------------|-------------------------|
|   | 2005                           | 2004       | 2005                             | 2004         | 2005                    |
| <b>Staff costs</b>                                  | <b>1,004</b>                   | <b>780</b> | <b>1,918</b>                     | <b>1,471</b> | <b>3,182</b>            |
| <b>Items exceeding 10% of aggregate expenditure</b> | –                              | –          | –                                | –            | –                       |
| <b>Details of other income :</b>                    |                                |            |                                  |              |                         |
| Interest on deposits                                | 23                             | 14         | 47                               | 33           | 72                      |
| Dividends on mutual funds                           | 18                             | 8          | 31                               | 17           | 37                      |
| Miscellaneous income                                | 4                              | 2          | 7                                | 4            | 10                      |
| Exchange differences                                | –                              | 6          | (9)                              | (6)          | 9                       |
| <b>Total</b>  | <b>45</b>                      | <b>30</b>  | <b>76</b>                        | <b>48</b>    | <b>128</b>              |

**Audited Consolidated financial results of Infosys Technologies Limited and subsidiaries**

(in Rs. crore, except per share data)

|   | Quarter ended<br>September 30, |              | Half-year ended<br>September 30, |              | Year ended<br>March 31, |
|---|--------------------------------|--------------|----------------------------------|--------------|-------------------------|
|   | 2005                           | 2004         | 2005                             | 2004         | 2005                    |
| Income from software services, products and business process management                                       | 2,294                          | 1,749        | 4,366                            | 3,267        | 7,130                   |
| Software development and business process management expenses   | 1,212                          | 927          | 2,316                            | 1,732        | 3,765                   |
| <b>Gross profit</b>   | <b>1,082</b>                   | <b>822</b>   | <b>2,050</b>                     | <b>1,535</b> | <b>3,365</b>            |
| Selling and marketing expenses  | 149                            | 122          | 291                              | 228          | 461                     |
| General and administration expenses   | 199                            | 139          | 361                              | 257          | 569                     |
| <b>Operating profit before interest, depreciation, amortization, minority interest and exceptional item</b>   | <b>734</b>                     | <b>561</b>   | <b>1,398</b>                     | <b>1,050</b> | <b>2,335</b>            |
| Interest  | –                              | –            | –                                | –            | –                       |
| Depreciation and amortization   | 96                             | 61           | 176                              | 113          | 287                     |
| Operating profit after interest, depreciation, amortization and before minority interest and exceptional item | 638                            | 500          | 1,222                            | 937          | 2,048                   |
| Other income  | 44                             | 30           | 72                               | 45           | 125                     |
| Provision for investments   | 1                              | –            | 1                                | –            | –                       |
| <b>Net profit before tax, minority interest and exceptional item</b>  | <b>681</b>                     | <b>530</b>   | <b>1,293</b>                     | <b>982</b>   | <b>2,173</b>            |
| Provision for taxation  | 69                             | 83           | 150                              | 147          | 326                     |
| Net profit after tax and before minority interest and exceptional item  | 612                            | 447          | 1,143                            | 835          | 1,847                   |
| Exceptional item – net income from sale of investments in Yantra Corporation                                  | –                              | –            | –                                | –            | 45                      |
| Net profit after tax and exceptional item and before minority interest  | 612                            | 447          | 1,143                            | 835          | 1,892                   |
| Minority interest   | 6                              | –            | 6                                | –            | –                       |
| <b>Net profit after tax, exceptional item and minority interest</b>   | <b>606</b>                     | <b>447</b>   | <b>1,137</b>                     | <b>835</b>   | <b>1,892</b>            |
| Paid-up equity share capital (par value Rs. 5/- each, fully paid) (see note 8)                                | 136                            | 134          | 136                              | 134          | 135                     |
| Reserves & surplus  | 6,323                          | 3,921        | 6,323                            | 3,921        | 5,090                   |
| Preference shares issued by subsidiary  | –                              | 94           | –                                | 94           | 94                      |
| <b>Earnings per share (par value Rs. 5/- each)</b>  |                                |              |                                  |              |                         |
| Before exceptional items  |                                |              |                                  |              |                         |
| Basic   | 22.26                          | 16.71        | 41.87                            | 31.25        | 68.79                   |
| Diluted   | 21.63                          | 16.34        | 40.69                            | 30.64        | 67.00                   |
| After exceptional items   |                                |              |                                  |              |                         |
| Basic   | 22.26                          | 16.71        | 41.87                            | 31.25        | 70.48                   |
| Diluted   | 21.63                          | 16.34        | 40.69                            | 30.64        | 68.64                   |
| <b>Dividend per share (par value Rs. 5/- each)</b>  |                                |              |                                  |              |                         |
| Interim dividend  | 6.50                           | 5.00         | 6.50                             | 5.00         | 5.00                    |
| Final dividend  | –                              | –            | –                                | –            | 6.50                    |
| Total dividend  | 6.50                           | 5.00         | 6.50                             | 5.00         | 11.50                   |
| Total dividend percentage (%)   | 130                            | 100          | 130                              | 100          | 230                     |
| <b>Aggregate of non-promoters' shareholding (unaudited)</b>   |                                |              |                                  |              |                         |
| Number of shares  | 21,89,18,795                   | 20,89,88,934 | 21,89,18,795                     | 20,89,88,934 | 21,17,06,813            |
| Percentage of shareholding  | 80.30                          | 78.02        | 80.30                            | 78.02        | 78.24                   |

**Principles of consolidation :** The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements prescribed by the Institute of Chartered Accountants of India. The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and transactions and resulting unrealized gains / losses. The consolidated financial statements are prepared by applying uniform accounting policies.

**Note :**

- The above audited quarterly financials have been taken on record by the Board of Directors at its meeting held on October 11, 2005. There are no qualifications in the auditors' reports for these periods.
- An interim dividend of Rs. 6.50 per share (130% on an equity share of par value Rs. 5/-) has been declared at the above board meeting for the half-year ended September 30, 2005. The record date for the payment of dividend will be October 18, 2005. The interim dividend for the half-year ended September 30, 2004 was Rs. 5.00 per share (100% on an equity share of par value Rs. 5/-).
- Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended September 30, 2005

| Nature of complaints received | Opening balance | Additions | Disposals | Closing balance |
|-------------------------------|-----------------|-----------|-----------|-----------------|
| Dividend related              | –               | 63        | 63        | –               |
- During the quarter ended September 30, 2005, the company invested US\$ 5 million (Rs. 22 crore) in its wholly-owned subsidiary, Infosys Consulting Inc. As of September 30, 2005, the company had invested US\$ 15 million (Rs. 67 crore) in the subsidiary.
- During the quarter ended September 30, 2005, the tax authorities in an overseas tax jurisdiction completed the assessment of income upto fiscal year 2004. Based on the assessment order, management has re-estimated its tax liabilities and written back an amount of Rs. 20 crore. The tax provision for the quarter is net of the write-back.
- During the quarter ended June 30, 2005, the company successfully completed the sponsored secondary ADS program of over US\$ 1 billion. This is the largest ever international equity offering from India and the first POWL (Public Offer Without Listing) issue by an Indian Company in Japan.
- On June 30, 2005 Citicorp International Finance Corporation exercised its rights under the shareholder's agreement with Progeon and converted the preference shares to equity shares. Pursuant to the conversion, the share capital of Progeon increased by Rs. 9 crore to Rs. 33 crore and the share premium increased by Rs. 79 crore to Rs. 85 crore.
- During the half-year ended September 30, 2005 and 2004 and the year ended March 31, 2005 the company issued 20,88,963; 12,96,446 and 40,06,325 equity shares respectively, pursuant to the exercise of stock options by certain employees under the 1998 and 1999 stock option plans.
- Mr. Philip Yeo retired by rotation as a director of the company at the Annual General Meeting held on June 11, 2005.
- The Board of Directors appointed Mr. David L. Boyles as an additional director of the company effective July 12, 2005.

**Segment reporting (Consolidated - Audited)**

(in Rs. crore)

|   | Quarter ended<br>September 30, |              | Half-year ended<br>September 30, |              | Year ended<br>March 31, |
|---|--------------------------------|--------------|----------------------------------|--------------|-------------------------|
|   | 2005                           | 2004         | 2005                             | 2004         | 2005                    |
| <b>Revenue by industry segment</b>  |                                |              |                                  |              |                         |
| Financial services  | 819                            | 616          | 1,571                            | 1,133        | 2,466                   |
| Manufacturing   | 309                            | 258          | 585                              | 485          | 1,032                   |
| Telecom   | 383                            | 323          | 739                              | 594          | 1,320                   |
| Retail  | 241                            | 167          | 439                              | 341          | 698                     |
| Others  | 542                            | 385          | 1,032                            | 714          | 1,614                   |
| <b>Total</b>  | <b>2,294</b>                   | <b>1,749</b> | <b>4,366</b>                     | <b>3,267</b> | <b>7,130</b>            |
| <b>Less : Inter-segment revenue</b>   | –                              | –            | –                                | –            | –                       |
| <b>Net revenue from operations</b>  | <b>2,294</b>                   | <b>1,749</b> | <b>4,366</b>                     | <b>3,267</b> | <b>7,130</b>            |
| <b>Segment profit before tax, interest, depreciation and amortization :</b> |                                |              |                                  |              |                         |
| Financial services  | 255                            | 188          | 494                              | 348          | 782                     |
| Manufacturing   | 93                             | 88           | 174                              | 160          | 338                     |
| Telecom   | 148                            | 115          | 279                              | 193          | 452                     |
| Retail  | 76                             | 60           | 138                              | 131          | 253                     |
| Others  | 162                            | 110          | 313                              | 225          | 516                     |
| <b>Total</b>  | <b>734</b>                     | <b>561</b>   | <b>1,398</b>                     | <b>1,057</b> | <b>2,341</b>            |
| <b>Less : Interest</b>  | –                              | –            | –                                | –            | –                       |
| Other un-allocable expenditure (excluding un-allocable income)              | 96                             | 61           | 176                              | 120          | 293                     |
| <b>Operating profit before tax</b>  | <b>638</b>                     | <b>500</b>   | <b>1,222</b>                     | <b>937</b>   | <b>2,048</b>            |

**Notes on segment information**

*Principal segments*

The company's operations predominantly relate to providing technology services, delivered to clients globally, operating in various industry segments. Accordingly, revenues represented along industry verticals comprise the primary basis of the segmental information set out above.

*Segmental capital employed*

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and support services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities has been made.

**By order of the Board  
for Infosys Technologies Limited**

Bangalore, India  
October 11, 2005

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

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

The Board has also taken on record the unaudited consolidated results of Infosys Technologies Limited and its subsidiaries for the quarter and half-year ended September 30, 2005, prepared as per US GAAP. A summary of the financial statements is as follows :

(in US\$ million, except per ADS data)

|  | Quarter ended<br>September 30, |       | Half-year ended<br>September 30, |       | Year ended<br>March 31, |
|--|--------------------------------|-------|----------------------------------|-------|-------------------------|
|  | 2005                           | 2004  | 2005                             | 2004  | 2005                    |
| Revenues                               | 524                            | 379   | 1,000                            | 713   | 1,592                   |
| Cost of revenues                       | 297                            | 214   | 571                              | 401   | 904                     |
| Gross profit                           | 227                            | 165   | 429                              | 312   | 688                     |
| Net income                             | 138                            | 97    | 260                              | 180   | 419                     |
| Earnings per American Depositary Share |                                |       |                                  |       |                         |
| Basic                                  | 0.51                           | 0.36  | 0.96                             | 0.68  | 1.57                    |
| Diluted                                | 0.49                           | 0.35  | 0.93                             | 0.66  | 1.52                    |
| Total assets                           | 1,734                          | 1,108 | 1,734                            | 1,108 | 1,454                   |
| Cash and cash equivalents              | 334                            | 335   | 334                              | 335   | 410                     |
| Liquid mutual funds                    | 531                            | 210   | 531                              | 210   | 278                     |

The reconciliation of net income as per Indian GAAP and US GAAP is as follows :

(in US\$ million)

|   | Quarter ended<br>September 30, |           | Half-year ended<br>September 30, |            | Year ended<br>March 31, |
|---|--------------------------------|-----------|----------------------------------|------------|-------------------------|
|   | 2005                           | 2004      | 2005                             | 2004       | 2005                    |
| <b>Consolidated net profit as per Indian GAAP</b>         | <b>138</b>                     | <b>97</b> | <b>260</b>                       | <b>183</b> | <b>423</b>              |
| Deferred taxes  | –                              | –         | –                                | 2          | 2                       |
| Gain on forward foreign exchange contracts                | –                              | –         | –                                | (4)        | (4)                     |
| Amortization of intangible assets                         | –                              | –         | –                                | (1)        | (2)                     |
| <b>Consolidated net income as per US GAAP (unaudited)</b> | <b>138</b>                     | <b>97</b> | <b>260</b>                       | <b>180</b> | <b>419</b>              |

Certain statements in this release concerning our future growth prospects are forward-looking statements, 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 quarter ended June 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.