C L O C K W O R K

Working across time zones and geographies, committed Infoscions ensure that for your company, time is a resource, not a constraint, and distance, an advantage. In this Annual Report, we will share with you how Infoscions work with clockwork precision, among geographically distributed, multicultural teams, to continuously create value for your company's customers.

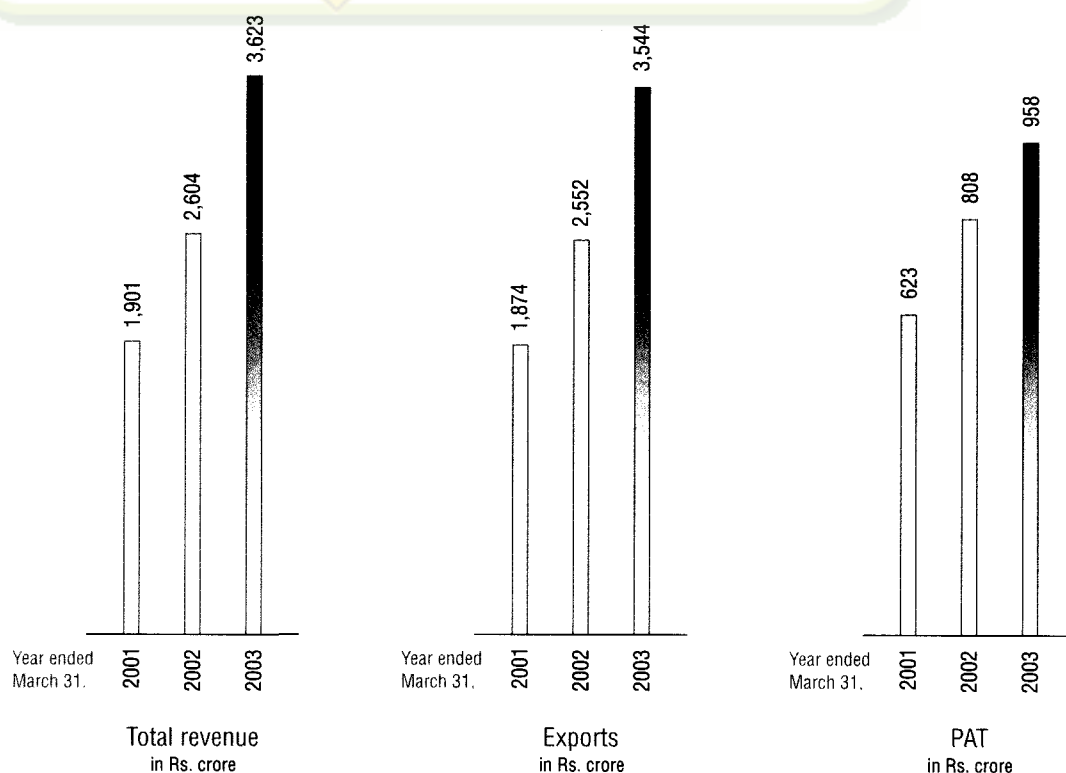*"I must govern the clock, not be governed by it."*

Golda Meir

Contents

in Rs. crore except per share data

	March 31, 2003	March 31, 2002	Growth %
For the year			
Total revenue	3,623	2,604	39
Export revenue	3,544	2,552	39
Operating profit (PBIDTA)	1,272	1,038	23
PBIDTA as a percentage of total revenue	35.11%	39.85%	
Profit after tax (PAT)	958	808	19
PAT as a percentage of total revenue	26.44%	31.03%	
PAT as a percentage of average net worth	38.78%	46.57%	
Capital investment	219	323	(32)
Dividend per share	27.00	20.00	35
Dividend amount	179	132	35
Earnings per share (par value of Rs. 5/- each, fully paid)			
Basic	144.68	122.12	18
Diluted	143.37	121.37	18
At the end of the year			
Total assets	2,861	2,080	38
Fixed assets – net	773	718	8
Cash and cash equivalents	1,639	1,027	60
Working capital	2,018	1,293	56
Debt	–	–	–
Net worth	2,861	2,080	38
Equity	33	33	–
Market capitalization	26,847	24,654	9

Market capitalization is calculated by considering the equity price at the National Stock Exchange on March 31 of the respective years and the shares outstanding on that date.

1 crore = 10 million

Year ended March 31.	2001	2002	2003
Total revenue (in Rs. crore)	1,901	2,604	3,623
Exports (in Rs. crore)	1,874	2,552	3,544
PAT (in Rs. crore)	623	808	958

Total revenue
in Rs. crore

Exports
in Rs. crore

PAT
in Rs. crore

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C L O C K W O R K

Responding to client needs

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It is Friday, and the Infosys Southern California team is celebrating the week's achievements. Todd MacCallum addresses the gathering, "Folks, yet another notch in our belt! The client is thrilled with our quick and innovative development of the XML module. They realize that we are a responsive solution provider!" The team cheers and applauds Todd.

An earlier moment in the week had been really tense. The previous Monday, 09:00 PST: an intense brainstorming teleconference between the offshore team in Bangalore, and Todd. The client, a media and entertainment giant in the US, has had a sudden change in requirement. Prasad, the delivery manager, points out, "Todd, given the new emphasis for an open architecture, we will have to replace the Electronic Data Interchange (EDI) module with one based on XML standards." Todd queries, "That sounds tricky. Can we start on a new module at this stage and still meet the deadline?" "Yes, but we will need our teams of EDI and XML experts working on it simultaneously both from India and the US," says Prasad.

After a week of late night and early morning conference calls, the Infosys team has conceptualized and developed a simple and effective solution. The client thanks Todd, "Your solution delivers just the interoperable architecture we wanted."

Todd conveys the good news to Prasad and then heads out to celebrate with his team. A short while later, he drives home battling the dense LA traffic. After a tense yet fulfilling week, he is really looking forward to whale watching during his weekend sail!

06:00 IST (16:30 PST)
Fremont, United States

Todd MacCallum
Group Manager – Sales

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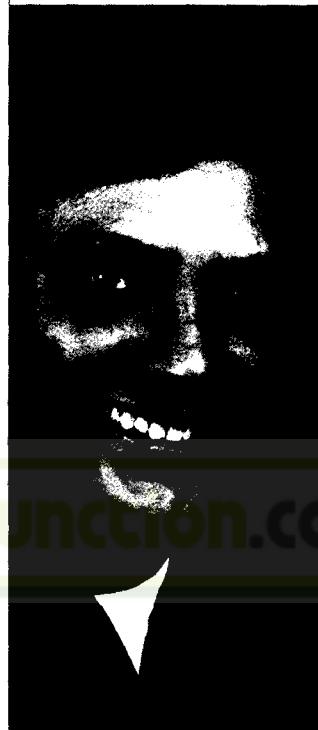
Understanding requirements

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Ashim enters his meticulously organized office on the dot at 08:00 IST. The answering machine, fax machine, email and telephone – all clamor for his attention. He reads an email from the CIO of the US arm of a large European bank. It's great news! Infosys has been provisionally selected over 14 global vendors to restructure the client's IT processes. During a conference with his group at 08:10 IST, Ashim explains, "The client is looking to outsource all IT functions supporting its US operations. We submitted a proposal to streamline its processes using the industry's best practices as a benchmark. The client wants us to rework the solution and extract another US$ 1 million in cost savings before awarding us the contract."

The team quickly swings into action. It does a detailed due diligence of all the assumptions. In year one, the savings come mainly from transitioning to an offshore team in Bhubaneswar. In year two and three, they come from process improvement and replacement of several legacy applications. "If we create a shared services support group for the full suite of investment banking applications, another US$ 1 million can be saved!" exclaims Shyam. A rigorous three-hour inspection by the independent auditor from another team confirms that the assumptions are valid and reasonable.

As soon as it is dawn in Chicago, Ashim calls up Greg, the Business Development Manager for the account. Ashim declares, "We can save another US$ 1 million. I will send you the detailed plan. Confirm it to the client." Greg is delighted. "This should seal the deal! Thanks for the quick turnaround!" Greg will call the customer as soon as they open. Ashim sends his last email for the day. He is off to a meeting in the Lingaraja temple premises, to do his bit for Orissa's rich heritage!

08:00 IST
Bhubaneswar, India

Ashim Kumar Ghosh
Delivery Manager

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Reducing time-to-market

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A national athletic champion, Josephine ignores the waiting elevator and races up the stairs for the meeting. Her enterprise-solutions team is gathered in the conference room with steaming mugs of coffee. An animated discussion begins. The Asia Pacific (APAC) regional solution was a hit with the client, a large German automotive manufacturer. Josephine's team has now been asked to plan for the client's European operations. Systematically, she runs through the key functions in the sales, marketing, logistics, and financial control modules.

At 12:30 SST, stomachs growl, but the team is on a high. Josephine says, "We have developed the regional solution successfully. Going forward, reuse is crucial to exceeding client's expectations. We need to move fast to create an approach that combines regional flexibility with the benefits of a global template." Over a pizza lunch, several options are tossed around. Four hours later, a hub-and-spoke delivery model has been conceptualized. This will ensure coordination between Infosys and client teams in the APAC region and Europe – the hub being the offshore team at Bangalore. Pleased with the solution, Josephine adds, "This shared solution framework will result in quicker implementation for the client's regional operations, while adhering to its global standards. We will give the client follow-the-sun service, from Australia to the UK!"

The day ends on that decisive note. Blue-chips leave the mind and are replaced by blue jays, as the team heads out to a bird-watching camp at the Sungei Buloh Reserve.

10:00 IST (12:30 SST)
Singapore

Josephine Too
Business Development
Manager – Sales

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Managing risk in uncertain times

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"I wonder who that is," ponders SK, as he answers the call – he has just finished an exhaustive client review. This time it is Elan from Bangalore. "SK, it is an emergency! The client wants to conduct a business continuity test right now! The simulation exercise for disaster recovery has to start immediately." SK, in his usual efficient manner, activates the Business Continuity and Disaster Recovery (BC&DR) plan for the client, a large US bank.
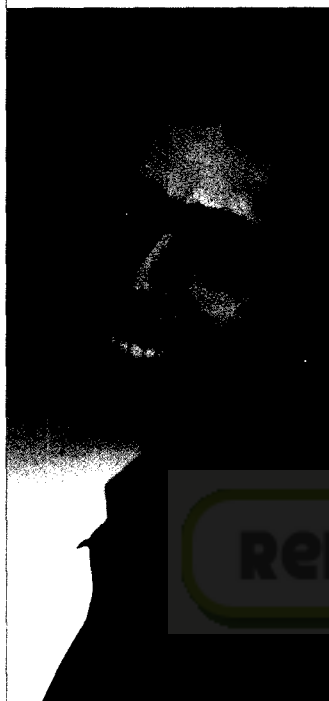
Within minutes, the infrastructure setup and restoration activity in Pune begins at *clockwork* pace. An hour into the exercise, the team leader receives alert messages informing him of intruders attempting to penetrate the firewall. He bursts into SK's cabin in panic, revealing, "They are trying to alter the directory entries. That will cripple the system." SK shoots rapid-fire instructions: "Look at the authentication log. Load the backups. Reroute the network." Two hours later, SK's team successfully completes all activities – notification, restoration, recovery, and connectivity. A typical seven-hour exercise ends in a record three hours, despite all the challenges.

Patrick, the security auditor from Charlotte, who is visiting Bangalore, says, "You guys really rose up to the challenge! A full recovery in three hours is amazing!" As the sun is setting on the picturesque Sahyadri Hills, SK's face glows with pride as he shares the news with his team.

12:00 IST
Pune, India

S. K. Kulkarni
Delivery Manager

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C L O C K W O R K

Partnering to deliver value

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"This campus is vast," muses Payal, as she pedals her bicycle furiously, after lunch at the North Campus Food Court, to her office in Building 26. This building houses the Infosys Enterprise Application Competency Center for a leading business integration provider. The weekly 14:00 IST review meeting is about to commence. Raghu, the team leader, and her other colleagues are already waiting for her in the conference room. In her usual *clockwork* style, she kicks off the meeting, saying, "Folks, today, we have to make an important decision. I want a typical Infosys meeting – debates, arguments, and, finally, closure on the solution to improve our adapter building process. Let's finish it by 17:15 IST, in time for my swim!" "Yes, we have to decide on the automation option for the test framework of the adapter," says Raghu.

Bindu makes a presentation on three options. This is followed by an animated debate and several questions. It is 17:00 IST, and Payal gets the consensus on option 2. Raghu estimates that this option will improve the turnaround-time in Quality Assurance (QA) testing by 50%. In fact, Payal is confident that the team can use this test framework in several future implementations in capacity planning, workflow and process modeling, and application adapter development for their Fortune 500 clients. It is time for Payal's swim, Bindu's sauna, and Raghu's café latté at Coffee Day. Another productive day at the Competency Center.

14:00 IST
Bangalore, India

Payal Rai
Project Manager

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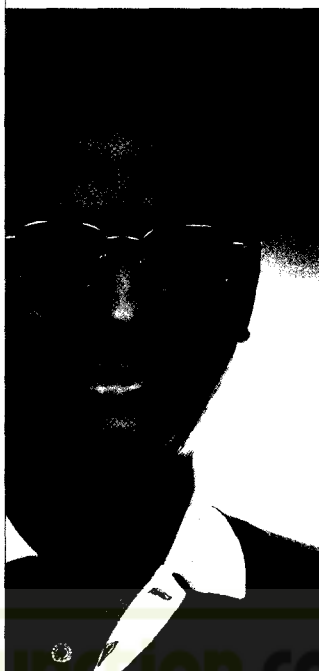
16:00 IST
Bangalore, India

Aditya Narain Lal
Technical Architect – Products

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Implementing innovative solutions

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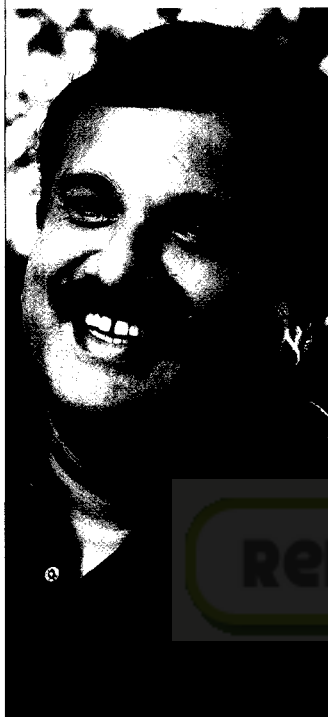
Aditya Narain Lal is constantly preoccupied with improving productivity at the Banking Business Unit (BBU) of Infosys. At 16:00 IST, during a team meeting, Aditya exclaims, "There is no way we can meet the massive customization needs of this large Indian bank in three months! We will have to come up with an out-of-the box approach. Any thoughts?" Bhaskar replies, "I went through the feature list. Most of the customization requirements are in the loan module of FINACLE™. This is where our focus should be." Hari, always a deep thinker, deliberates, "Why not build a rules-based loans engine, where all the different types of loans can be parameter-driven and externally set? We can do the same for interest calculations too!" Aditya responds, "Great idea! This will not only help the client, but also reduce time-to-market in future implementations." A back-of-the-envelope calculation shows that if this approach is adopted, development effort will reduce by 30%. The team quickly gets down to designing the rules engine.

At 18:00 IST, they are going up the stairs of the BBU building for the annual awards and recognitions event. Even as they wait for the Master of Ceremonies to start the proceedings, they discuss other ideas that will facilitate ongoing development for the latest release of FINACLE™, Infosys' banking product. Everyday, Aditya and his team are on the job – looking for ways to innovate and to simplify. As technical architects, they firmly believe that efficiency improves not from incremental advances, but from new and better approaches.

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Delivering on promise

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Finishing touches are being given to the second floor workspace in Building 6, at the Infosys Chennai campus. Sujeet reminisces, "During the last six weeks, we have experienced a real pressure-cooker situation!" He views with pride the completed floor specifically set up for a prominent US financial services firm. Infosys had recently taken over from the team of 40 that runs production support and maintenance for the firm's banking operations around the world. The entire team has had to be relocated to the Infosys facility.

Six weeks ago, Sujeet started by briefing his facilities team – "The entire transition from their office to our campus needs to be absolutely flawless. This group cannot afford even a minute of shutdown. They provide 24/7 on-line support for millions of banking transactions." Ashok prepares the checklist – "Transportation, workplace assignment, physical security, network rerouting, helpdesk!" "Don't forget transitioning briefs and secure access cards for each of the new employees!" Sujeet adds. "Cabling and hardware diagnostics," Ramesh chips in.

Working at an incredible pace, with the help of daily activity lists, the team wrapped up the exercise in 42 days! Sujeet points out that the client had not lost a single hour of work during the transition. "Our team showed exceptional co-ordination – like a perfect symphony orchestra!" Sujeet now heads home for the weekend, with a sense of accomplishment. It's time for a well-deserved break.

18:00 IST
Chennai, India

Sujeet Oommen
Manager – Facilities

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20:00 IST (13:30 CET)
Frankfurt, Germany

Wolfgang Jungfermann
Business Support Manager

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Servicing emerging business needs

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Wolfgang, along with his global delivery team, is clocking smiles. Anita exclaims, "This is a significant milestone! Now that the integrated testing has been completed, the application is robust, reliable and, most importantly, scalable!" Wolfgang, with an unmistakable tone of satisfaction adds, "The application can also be used by marketing support, an unplanned bonus! The client will love this unexpected value addition! And all this well in time."

Five months earlier, Wolfgang's team was faced with a Herculean task. The client, a large German car manufacturer, required an intranet portal as a gateway to 20 core business functions. In the words of the client – "Complex user interface, spaghetti legacy code and a resource hog!" Working across geographies, Wolfgang worked out a strategic delivery model to integrate the business requirements from the client with the application-building team at Infosys, located in India.

As Harish summarizes, "We created a multilingual web interface, and a 3-tier architecture with wrappers around the legacy code. This was multi-threaded for performance!" Wolfgang concludes, "Herr Schneider will now have a lot of confidence in us! This should lead to several new engagements." And there is more reason to smile – the *Oktoberfest* weekend has begun!

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CLOCKWORK

Managing knowledge

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Haris pulls into the multi-level car parking lot in downtown Detroit. After repeated attempts, he has finally managed an appointment with the director of Sales Management Systems for a large automotive manufacturer. Two weeks earlier, he had sent an email to the director on how Infosys helped corporations improve their business productivity. Intrigued, the director had replied, "Our sales and order management applications across North America operate in silos. We need a formal way to reuse best practices across locations and have a consistent client experience. This will help us provide better customer service and, at the same time, reduce cost. Can you help?"

Haris had contacted Sanjay from the Domain Competency Group (DCG) who combined knowledge management experience and automotive expertise. "This is very similar to a solution we proposed for a German truck company a few months back. We can leverage that experience to develop a solution for US retail channels," Sanjay had said.

Now, as Haris presents the proposed solution, the client jumps in, "This looks great! You have clearly understood the problem. I think we can use your approach to integrate our applications and create a unified customer interface layer. I like the idea of quick wins!" For Haris, another exciting initiative has just begun.

22:00 IST (11:30 EST)
Detroit, United States

Haris Belal Farooq
Account Manager

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Building a multicultural organization

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An hour at the gym every morning helps Victoria focus on the day ahead. As the HR Manager of Infosys' Global Development Center (GDC) at Toronto, each day brings diverse challenges that require meticulous planning. Today, her mind sequences all the activities to be completed before the pool tournament she is organizing at the GDC. At 13:30 EST, addressing an orientation program for new international recruits, she explains, "Infoscions at the GDC are our most valuable asset. We ensure that they get the right kind of orientation and training to deliver to their maximum potential."

Victoria places special emphasis on promoting multiculturalism while maintaining an integrated ambience. Her efforts have transformed the GDC into a unique workplace, where Infoscions from various cultures interact both at work and play – they get together for skiing and ice-skating outings in the winter, and hold cricket and soccer matches in the warmer months!

17:00 EST: Victoria is all smiles as she hands over the trophy to the winner of the pool tournament. The crowd cheers. Exhausted but happy, Victoria looks forward to Puccini's opera at the Hummingbird Centre, where she holds season tickets.

00:00 IST (13:30 EST)
Toronto, Canada

Victoria Shea
Manager – Human Resources Developement

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Managing change

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As Esteban Herrera walks into his office, he has a smile for everyone. He looks forward to his 14:30 CST meeting, where he will present a delivery framework for the replacement of a back-end banking application. Foreseeing a fast-changing macro-economic environment, Esteban assumes unpredictable business needs and plans accordingly.

14:30 CST: During his presentation, Esteban says, "We have to build a delivery strategy that will provide incremental value, every quarter, throughout the duration of the project." Esteban proposes a switch from the traditional, mainframe architecture to an innovative, component-based one. He tells his team, "Folks, it is not enough to be responsive. You have to be able to anticipate change and roll with the punches." Driving his team, within a week's time, Esteban develops a new release strategy that helps the client prioritize deliverables depending on functionality, validate their business benefits, and incorporate them dynamically within the delivery framework. The customer agrees, "This approach will manage the unpredictability. It will dramatically reduce the risk!"

As the clock speeds, there is just enough time for Esteban to slip out of Friday-dressing and into his trekking gear. It is going to be an adventurous weekend at the Rockies!

02:00 IST (14:30 CST)
Dallas, United States

Esteban Herrera
Senior Associate

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Understanding the business domain

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Sundar Mudaliar returns from an intense meeting, to grab a quick sandwich at his desk. Looking at his watch, he reflects, "Whew! Another meeting at 16:00!" This one is with the client's business managers across Europe and the US to identify opportunities to optimize their supply chain. The client, a high-end fashion house, is facing severe margin pressure due to huge markdowns and long lead times in inventory. With intense pressure for radical suggestions, Infosys' offshore team, in true *clockwork* style, is evaluating business cases.

At 17:30 EST, Sundar's mobile phone rings. It's Ram from Infosys' Bangalore office: "Sundar, after dissecting the issue threadbare, the team has concluded that our supply chain optimization blueprint can lead to an annual recurring benefit of over $ 25 million for the client!" "Great! Flesh out the proposal," says Sundar, and gets the team to begin the detailing process. At the other end of the Atlantic, Sundar declares, "Guys, I have some good news! Our preliminary estimate is that we will improve order fill rates to 95-98%; reduce the lead time for customer replenishment from 5-10 days to 48 hours; and reduce inventory levels from 14 weeks to less than 4 weeks!" The client is delighted and wants the full proposal in a week. For Sundar, it is the end of another hectic day as he heads down the NJ turnpike, humming Simon and Garfunkel!

04:00 IST (15:30 EST)
New Jersey, United States

Sundar Mudaliar
Account Manager

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