

Chairman's speech at the 21st Annual General Meeting

Infosys Technologies Limited

Dear shareholder:

I welcome you to the 21st Annual General Meeting of your company. I thank you for your trust and support.

Your company has performed satisfactorily during the last fiscal. Under Indian GAAP, revenues grew by 37.0% over fiscal 2001 while net profits from ordinary activities grew by 29.6%. According to US GAAP, revenues grew by 31.7% over fiscal 2001 while net income grew by 24.6%.

Every year, I speak to you about business details. This year, I want to move away from that, and instead dwell on an extraordinary trait that I have witnessed in this organization. I refer to the integrity, honesty, decency, courage and the culture of hard work displayed by every Infoscion. I have been witness to several happy events during my tenure at Infosys. However, none has gladdened my heart as much as the exemplary behavior of every Infoscion. Let me explain why I am so happy.

I am happy about performance on various counts. Firstly, your company has shown that it has the best forecasting system in the industry in India. Your company conducted several surveys of customers and prospects, and used this data in its forecasting model to project a revenue growth of 30% in dollar terms. When your company announced this estimate, the whole industry differed with us, saying that we were underestimating growth. However, today, we all know that the growth of the software development industry in dollar terms has been around 18%. I am glad that we grew by 31.7% in dollar terms and exceeded our own projections. This aligns with our philosophy of "under-promise and over-deliver".

The second reason why I am happy is that your company has once again lived up to the highest standards of Corporate Governance. Corporate Governance is about leveling with stakeholders and creating a bond of trust and faith with them. I am happy that my colleague Nandan Nilekani, my other colleagues on the board and the rest of the Infoscions did what they believed was right and honorable even if it meant possible short-term loss of market capitalization. These are people who have yet again demonstrated the Infosys philosophy: *When in doubt, disclose*. Ladies and gentlemen, such people are rare in India. I admire them for leveling with you and for strengthening the bond of trust. Please join me in applauding them.

The third reason why I am happy with Infoscions is that an Infoscion lives by his or her words, no matter what the costs are. The mantra of every Infoscion during the year was to live up to the promises made to every stakeholder. After all, long-term relationships are fostered this way. Despite a very challenging economic environment in the marketplace, these men and women toiled day and night, away from their loved ones, neglecting their personal comfort and needs, to focus on delivering even better value for money to our clients. The fact that repeat business contributed 87.6% to the total revenues last year is evidence of this. The fact that we added 116 new clients of whom 62 were added after the highly deplorable events of September 2001 is evidence again. These people realized that strengthening the honor and glory of the Infosys community in such troubled times requires painful personal sacrifices – the willingness to forsake any salary increases, to cut costs and to work extra hours, all with a smile. In sum, Infosys, to me, represents the best of what a civilized society is all about.

The fourth reason why I salute Infoscions is for their enthusiasm, energy and enterprise in starting several new strategic initiatives, undaunted by the tough battle to redeem the pledge made to you. It is in this context that I mention our new initiatives in Business Process Management (BPM), Systems Integration (SI) and IT Outsourcing (ITO). An investment of up to US\$5 million has been approved for your company's foray into Business Process Management (BPM). A separate company, *Progeon*, has been formed to offer this service. Infoscions are truly people who symbolize what Robert Kennedy once said: *Some men see things as they are and say why. I dream of things that never were and say, Why not?*

The fifth reason for my happiness is that I see a great band of leaders at Infosys. I believe that my colleague, Nandan Nilekani – the new CEO, will achieve much more for this organization than I have been able to. In this task, he is being ably assisted by Kris Gopalakrishnan, the COO, by other members of the board and, of course, by the finest team of professionals. I wish them success in their new roles. I want to remind all Infoscions that success lies in adhering to the time-tested principles of your company – following a strong value system, practicing leadership-by-example, enhancing speed, imagination and excellence in every thing we do and, of course, putting the interest of the Infosys community above their own.

During the year, Mr. Ramesh Vangal retired as director. Your company is grateful to Mr. Vangal for his invaluable contributions, and wishes him the very best in his future endeavors. Further, Mr. Claude Smadja, Principal Advisor to the World Economic Forum and Director of Claude Smadja Associates: Strategic Advisory was inducted as an additional director.

On your behalf and on behalf of the board of directors, I salute our committed Infoscions on yet another year of excellent achievements. We also place on record our appreciation of our clients, vendor-partners, investors and bankers for their unwavering trust and support. We are also grateful to various departments of the Government of India – in particular, the Ministry of Communications and Information Technology, STPI, RBI, VSNL, the Ministry of Commerce, the Ministry of Finance, and the Customs and Excise departments. We thank various departments of the Government of Karnataka – in particular, the Department of Information Technology, the Department of Industries and Commerce, KSIIDC, KSFC and the police department. We are thankful to the trustees of the Infosys Foundation for sparing their valuable time and energy for its activities.

I remain confident that Infosys will continue to grow and prosper, and continue to deserve your support and investment. Thank you.

Bangalore
June 8, 2002

N. R. Narayana Murthy
Chairman and Chief Mentor