

Infosys Technologies Limited (NASDAQ: INFY) Announces Results for the Quarter Ended September 30, 2001

Infosys reports a comfortable quarter amidst turbulent conditions

Fremont, California – October 10, 2001

Highlights

Results for the quarter ended September 30, 2001

- Second quarter revenues top \$ 137.2 million, up 40.1% from the corresponding quarter last fiscal.
- Net earnings per American Depositary Share (ADS) increases to \$ 0.31 from \$ 0.25 in the corresponding quarter last fiscal.
- Gross addition in employees at 833 for the quarter, including 92 lateral hires – net addition in employees at 607 for the quarter.
- 28 new customers added during the quarter, including marquee names such as DGZ DekaBank, ING Group, National Health Service, JDS Uniphase, Vivendi Water Systems, Lear Corporation, Visteon, Royal Bank of Canada Financial Group and Kenya Commercial Bank.

Outlook for the quarter ending December 31, 2001 and the fiscal year ending March 31, 2002

- Net revenues expected to be between \$ 134 million and \$ 137 million for the quarter ending December 31, 2001, and between \$ 535 million and \$ 545 million for the fiscal year ending March 31, 2002.
- Earnings per ADS expected to be between \$ 0.30 and \$ 0.31 for the quarter ending December 31, 2001, and between \$ 1.24 and \$ 1.27 for the fiscal year ending March 31, 2002.

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its second quarter ended September 30, 2001. Revenues for the quarter aggregated \$ 137.2 million, up 40.1% from \$ 97.9 million for the quarter ended September 30, 2000.

Net income was \$ 41.3 million (\$ 32.8 million for the quarter ended September 30, 2000) and net earnings per ADS was \$ 0.31 (\$ 0.25).

“At this point in time, we reiterate our estimates of revenues and earnings per ADS for the quarter ending December 31, 2001 and the year ending March 31, 2002”, said N. R. Narayana Murthy, Chairman and CEO. **“There may be a business impact due to the extraordinary situation arising out of the escalating tensions in Afghanistan. In such an event, we will, as always, proactively inform our investors and other stakeholders.”**

“We have earned a record post-tax profit of \$ 41.3 million, the highest in any quarter”, said Nandan M. Nilekani, Managing Director, President and COO. **“Our customers recognize the unique value proposition of our services, which is reflected in our performance during this quarter.”**

“The market continues to be challenging and pricing pressures continue”, said S. Gopalakrishnan, Deputy Managing Director and Head – Customer Service and Technology.

As on September 30, 2001, Infosys had 293 active clients, of which 28 were added during the quarter.

“We have added 28 new clients, up from 26 additions last quarter”, said Phaneesh Murthy, Director and Head – Sales & Marketing and Communication & Product Services. **“We have performed reasonably well even in these turbulent times.”**

Infosys continued to strengthen its presence in the financial services industry through engagements such as **post-merger integration** for **UFJ Holdings** Inc., helping the client manage the integration of The Sanwa Bank, The Tokai Bank, and The Toyo Trust and Banking Company; **straight through processing** - a mission critical application development project for a leading financial institution; and **security consulting** for **Bank Muscat**, one of the largest banks in Oman. Other prestigious clients added in this sector include **DGZ DekaBank**, the largest investment bank in Germany, **ING Group**, a *Global 1000* financial institution active in the fields of banking, insurance and asset management, and **Royal Bank of Canada Financial Group**, the largest and oldest financial institution in Canada.

Infosys won its **first consulting engagement in the government sector** with an assignment for the UK Government's **National Health Service** (“NHS”). NHS is the world's largest Health Maintenance Organization with an annual budget of \$ 70 billion and over one million employees.

“We continue to deliver a broad range of services to our customers, with the right mix of consulting and implementation services. The key is to leverage our Global Delivery Model while adding new sets of services,” said S. D. Shibulal, Director and Head – Customer Delivery.

“We will optimize our capital expenditure plans such that our cash outflows are minimized while retaining the ability to quickly ramp up”, said T. V. Mohandas Pai, Director, Head (Finance & Administration) and Chief Financial Officer. **“The cost control measures we undertook are beginning to have a positive impact.”**

Business outlook

The company's outlook for the quarter ending December 31, 2001 and the fiscal year ending March 31, 2002 is as follows:

Quarter ending December 31, 2001

- Net revenues expected to be in the range of \$ 134 million to \$ 137 million.
- Earnings per ADS expected to be in the range of \$ 0.30 to \$ 0.31.

Fiscal year ending March 31, 2002

- Net revenues expected to be in the range of \$ 535 million to \$ 545 million.
- Earnings per share expected to be in the range of \$ 1.24 to \$ 1.27.

About Infosys Technologies Limited (NASDAQ: INFY)

Infosys, a world leader in consulting and information technology services, partners with *Global 2000* companies to provide business consulting, systems integration, application development and product engineering services. Through these services, Infosys enables its clients to fully exploit technology for business transformation. Clients leverage Infosys' Global Delivery Model to achieve high quality, rapid time-to-market and cost-effective solutions.

Safe Harbor Provision

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 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, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, 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, 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, 2001 and quarterly report on Form 6-K for the quarter ended June 30, 2001. This filing is 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 statement that may be made from time to time by or on behalf of the company.

Contacts

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Infosys Announces Second Quarter Results

Statements of Income

(in US\$ except ADS data)

	Three months ended September 30,		Six months ended September 30,	
	2001	2000	2001	2000
Revenues	137,258,134	97,939,050	267,790,892	178,196,883
Cost of revenues	73,051,389	50,198,315	141,466,357	92,160,476
Gross profit	64,206,745	47,740,735	126,324,535	86,036,407
Operating expenses:				
Selling and marketing expenses	7,019,074	4,994,025	12,911,415	9,191,540
General and administrative expenses	10,771,278	9,274,568	23,299,156	15,691,481
Amortization of stock compensation expense	1,251,327	1,275,796	2,511,082	2,551,592
Total operating expenses	19,041,679	15,544,389	38,721,653	27,434,613
Operating income	45,165,066	32,196,346	87,602,882	58,601,794
Other income, net	3,090,300	4,292,181	5,966,399	7,695,238
Income before income taxes	48,255,366	36,488,527	93,569,281	66,297,032
Provision for income taxes	6,962,947	3,706,641	13,035,503	6,683,473
Net income	41,292,419	32,781,886	80,533,778	59,613,559
Earnings per ADS				
Basic	0.31	0.25	0.61	0.45
Diluted	0.31	0.24	0.61	0.44
Weighted equity shares used in computing earnings per ADS				
Basic	131,115,568	131,882,068	131,126,634	131,918,302
Diluted	132,188,304	133,825,444	132,310,106	134,194,642

Infosys Announces Second Quarter Results Balance Sheets as of September 30,

	<i>(in US\$ except share data)</i>	
	2001	2000
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	149,392,226	116,475,488
Trade accounts receivable, net of allowances	71,807,005	52,826,967
Deferred tax assets	1,817,416	-
Prepaid expenses and other current assets	17,717,830	13,255,567
Total current assets	240,734,477	182,557,982
Property, plant and equipment, net	149,145,830	79,371,264
Deferred tax assets	2,078,817	2,877,129
Investments	7,777,393	8,270,443
Advance income taxes	3,799,181	-
Other assets	9,860,592	6,809,063
TOTAL ASSETS	413,396,290	279,885,881
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current liabilities</i>		
Accounts payable	7,843	44,587
Client deposits	980,531	2,061,910
Other accrued liabilities	31,483,326	16,076,816
Income taxes payable	-	2,355,740
Unearned revenue	6,849,878	15,971,299
Total current liabilities	39,321,578	36,510,352
<i>Stockholders' equity</i>		
Common stock, \$ 0.16 par value; 100,000,000 equity shares authorized, Issued and outstanding – 66,160,717, 66,151,367 and 66,158,117 as of September 30, 2001 and 2000 and March 31, 2001 respectively	8,594,383	8,593,585
Additional paid-in capital	122,105,641	121,529,268
Accumulated other comprehensive income	(37,878,770)	(26,112,795)
Deferred stock compensation	(10,005,936)	(15,047,211)
Retained earnings	291,259,394	154,412,692
Total stockholders' equity	374,074,712	243,375,529
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	413,396,290	279,885,881

A detailed analysis of the performance of the company can be downloaded in the form of an MS-Excel worksheet from <http://www.infy.com>.