



Infosys Technologies Limited

Regd. Office : Electronics City, Hosur Road, Bangalore – 560 100, India.

Audited financial results for the quarter ended June 30, 2003

(in Rs. crore, except per share data)

	Quarter ended June 30,		Year ended March 31,
	2003	2002	2003
Income from software services and products			
Overseas	1,058.65	750.52	3,543.51
Domestic	23.33	14.10	79.18
Total	1,081.98	764.62	3,622.69
Software development expenses	572.78	377.39	1,813.30
Gross profit	509.20	387.23	1,809.39
Selling and marketing expenses	79.72	55.09	266.98
General and administration expenses	81.18	57.21	270.37
Operating profit before interest, depreciation and amortization	348.30	274.93	1,272.04
Interest	–	–	–
Depreciation and amortization	44.26	40.48	188.95
Operating profit after interest, depreciation and amortization	304.04	234.45	1,083.09
Other income	32.44	24.90	99.61
Provision for investments	6.36	–	23.77
Profit before tax	330.12	259.35	1,158.93
Provision for taxation	52.00	42.50	201.00
Profit after tax	278.12	216.85	957.93
Paid-up equity share capital (par value Rs. 5/- each, fully paid)	33.12	33.09	33.12
Reserves	3,106.71	2,264.47	2,827.53
Earnings per share (par value Rs. 5/- each)			
Basic	41.98	32.76	144.68
Diluted	41.83	32.46	143.37
Dividend per share (par value Rs. 5/- each)	NA	NA	27.00
Percentage (%)	NA	NA	540
Aggregate of non-promoters shareholding			
Number of shares	4,74,21,771	4,72,06,545	4,74,15,483
Percentage of shareholding	71.58	71.32	71.58

Segment reporting

(in Rs. crore)

	Quarter ended June 30,		Year ended March 31,
	2003	2002	2003
Revenue by industry segment			
Financial services	400.97	281.85	1,355.94
Manufacturing	170.54	125.67	597.84
Telecom	156.14	116.14	543.19
Retail	127.38	88.56	414.54
Others	226.95	152.40	711.18
Total	1,081.98	764.62	3,622.69
Less : Inter-segment revenue	–	–	–
Net revenue from operations	1,081.98	764.62	3,622.69
Segment profit / (loss) before tax and interest:			
Financial services	119.81	87.40	431.86
Manufacturing	54.00	40.57	196.14
Telecom	49.12	48.83	213.29
Retail	49.17	37.46	172.53
Others	76.20	60.67	258.22
Total	348.30	274.93	1,272.04
Less : Interest	–	–	–
Less : Other un-allocable expenditure (excluding un-allocable income)	44.26	40.48	188.95
Operating profit before tax	304.04	234.45	1,083.09

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 classes 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 have been made.

Note :

- The above audited quarterly results have been taken on record by the Board at its meeting held on July 10, 2003. There are no qualifications in the auditors' reports issued for these periods.
- Other information:

(in Rs. crore)

	Quarter ended June 30,		Year ended March 31,
	2003	2002	2003
Staff costs	537.00	349.07	1,677.12
There are no other items exceeding 10% of aggregate expenditure			
Details of other income :			
Interest on deposits	22.75	17.68	78.05
Exchange difference	7.86	6.50	17.67
Miscellaneous income	1.83	0.72	3.89
Total	32.44	24.90	99.61

- Information on investor complaints pursuant to clause 41 of the listing agreement for the quarter ended June 30, 2003

Nature of Complaints received	Opening balance	Addition	Disposals	Closing balance
Dividend Related	1	47	48	0

- The company evaluates all investments for any diminution in their carrying values that is other than temporary. Accordingly, the company provided for an aggregate amount of Rs. 6.35 crore, on its long-term investment for the quarter ended June 30, 2003, which consists of Rs. 4.47 crore to CiDRA Corporation, USA; Rs. 1.88 crore to Stratify, Inc., (formerly Purpleyogi, Inc.) USA. In addition, the company provided for Rs. 0.01 crore in relation to its current investment in JM High Liquidity Fund for the decrease in the fair value below the cost of the investment. During the year ended March 31, 2003, the company had provided an amount of Rs. 23.77 crore towards various investments.

- During the quarter ended June 30, 2003, the company invested Rs. 0.54 crore in M-Commerce Ventures Pte. Limited, Singapore ("M-Commerce") for 20 ordinary shares of face value Singapore \$ (S\$) 1/- each fully paid at par and 180 redeemable preference shares of face value S\$ 1/- each fully paid for a premium of S\$ 1,110. Accordingly, the aggregate investment in M-Commerce as at June 30, 2003 amounts to Rs. 2.65 crore (Rs. 2.11 crore as at June 30, 2002 and March 31, 2003).
- During the quarters ended June 30, 2003 and 2002, and the year ended March 31, 2003, the company issued 6,288, 2,400, and 56,948 equity shares respectively, pursuant to the exercise of stock options by certain employees.
- The lawsuit filed by Ms. Reka Maximovitch was settled for US\$ 3 million. The company's liability was Rs. 7.09 crore (US\$ 1.5 million) of which Rs. 2.48 crore was provided in the current quarter. The remainder was met out of the provision of Rs. 2.40 crore made in the previous year, and through the reimbursement of legal fees.
- Update on Sponsored Secondary ADR Program: The Company plans to despatch the "Invitation to Offer" with respect to the Sponsored Secondary ADR Program to the shareholders in India on July 12, 2003.

Audited consolidated financial results of Infosys Technologies Limited and its subsidiary

(in Rs. crore, except per share data)

	Quarter ended June 30,		Year ended March 31,
	2003	2002	2003
Income from software services, products and business process management			
Overseas	1,071.38	750.62	3,564.36
Domestic	23.32	14.10	75.62
Total	1,094.70	764.72	3,639.98
Software development expenses and business process management expenses	579.60	377.74	1,822.96
Gross profit	515.10	386.98	1,817.02
Selling and marketing expenses	81.64	55.27	271.73
General and administration expenses	82.98	58.03	275.67
Operating profit before interest, depreciation and amortization	350.48	273.68	1,269.62
Interest	–	–	–
Depreciation and amortization	45.14	40.49	190.34
Operating profit after interest, depreciation and amortization	305.34	233.19	1,079.28
Other income	31.94	24.94	100.26
Provision for investments	6.36	–	23.77
Profit before tax	330.92	258.13	1,155.77
Provision for taxation	52.00	42.50	201.00
Profit after tax	278.92	215.63	954.77
Paid-up equity share capital (par value Rs. 5/- each, fully paid)	33.12	33.09	33.12
Reserves	3,104.35	2,263.25	2,824.37
Preference shares issued by subsidiary	49.00	49.00	49.00
Earnings per share (par value Rs. 5/- each)			
Basic	42.10	32.58	144.20
Diluted	41.96	32.28	142.89
Dividend per share (par value Rs. 5/- each)	NA	NA	27.00
Percentage (%)	NA	NA	540
Aggregate of non-promoters shareholding			
Number of shares	4,74,21,771	4,72,06,545	4,74,15,483
Percentage of shareholding	71.58	71.32	71.58

Note :

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, Infosys Technologies Limited ("Infosys" or "company") and Progeon Limited ("Progeon" or "subsidiary") 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 applying uniform accounting policies used in Infosys and Progeon.

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

Bangalore, India
July 10, 2003

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

N. R. Narayana Murthy
Chairman and Chief Mentor

The Board has also taken on record the unaudited consolidated results of Infosys Technologies Limited and its subsidiary (Progeon Limited) for the three months ended June 30, 2003, prepared as per US GAAP. The summary of the above financial statements is as follows :

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

	Three months ended June 30, (Unaudited)		Fiscal year (Audited)
	2003	2002	2003
Revenues	233.26	156.31	753.81
Cost of revenues including amortization of deferred stock compensation	132.90	86.00	417.36
Gross profit	100.36	70.31	336.45
Net income	58.27	42.84	194.87
Earnings per American Depositary Share			
Basic	0.44	0.33	1.49
Diluted	0.44	0.32	1.47
Total assets	771.08	530.22	704.31
Cash and cash equivalents	381.12	235.47	354.36

Note : Two American Depositary Shares (ADS) are equivalent to one equity share.

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

	Three months ended June 30, (Unaudited)		Fiscal year (Audited)
	2003	2002	2003
Net profit as per Indian GAAP	59.36	44.08	197.36
Amortization of deferred stock compensation expense	(1.07)	(1.24)	(4.80)
Deferred taxes	0.01	–	(0.19)
Gain on forward foreign exchange contracts	(0.03)	–	0.50
Net provision for investments	–	–	2.00
Net income as per US GAAP	58.27	42.84	194.87

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, 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, 2003. 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.