

Infosys Technologies (NASDAQ: INFY) Announces Results for the Quarter ended June 30, 2004

Infosys ups guidance

Expects revenue to grow 39% to 40% in fiscal 2005

Fremont, California – July 13, 2004

Highlights

Results for the quarter ended June 30, 2004

- First quarter revenues at \$ 335 million, up 43.78% from the corresponding quarter last fiscal.
- Earnings per American Depositary Share* (ADS) increased to \$ 0.31 from \$ 0.22 in the corresponding quarter last fiscal.
- 29 new clients were added during the quarter for Infosys and its subsidiaries.
- Net addition of 2,305 employees for the quarter for Infosys and its subsidiaries.
- 27,939 employees as on June 30, 2004 for Infosys and its subsidiaries.

** adjusted for the two for one stock dividend distributed on July 6, 2004. Each ADS represents one equity share.*

Outlook for the quarter ending September 30, 2004 and the fiscal year ending March 31, 2005

- Consolidated net revenues expected to be between \$ 357 million and \$ 360 million for the quarter ending September 30, 2004, (growth of 42% to 43%) and between \$ 1,476 million and \$ 1,485 million for the fiscal year ending March 31, 2005; growth of 39% to 40%.
- Consolidated earnings per ADS* expected to be \$ 0.33 for the quarter ending September 30, 2004, (growth of 32%) and \$ 1.37 for the fiscal year ending March 31, 2005; growth of 33%.

** adjusted for the two for one stock dividend distributed on July 6, 2004. Each ADS represents one equity share.*

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its first quarter ended June 30, 2004. Revenues for the quarter aggregated \$ 335 million, up 43.78% from \$ 233 million for the quarter ended June 30, 2003.

Net income was \$ 83 million (\$ 58 million for the quarter ended June 30, 2003) and earnings per ADS was \$ 0.31 (\$ 0.22 for the quarter ended June 30, 2003).

“We have seen strong revenue growth during the quarter,” said Nandan M. Nilekani, CEO, President and Managing Director. **“Our robust and scaleable business model, along with our track record for superior execution, has enabled us to respond quickly to enhanced business opportunities in the market place.”**

“We continue to see a stable pricing environment,” said S. Gopalakrishnan, Member of the Board and COO. **“The restructuring into Integrated Business Units has created multiple engines of growth with strong leadership.”**

Infosys' strategic shift to being a business solutions provider to clients is yielding good results. The Retail Practice, which has introduced innovative solutions in the marketplace, has seen significant gains this quarter. A **major US retailer of toys, children's apparels and baby products** chose Infosys to play a critical role in selecting and implementing new packages to transform its international merchandising. **One of the largest family footwear retailers in the US** selected Infosys to upgrade its PeopleSoft applications – a task that Infosys completed about two weeks ahead of the mutually agreed upon deadline.

Infosys saw significant gains in the financial services sector this quarter. **One of the top ten banks in the US** selected Infosys and Progeon as strategic partners for IT and BPO. In the Energy and Utilities industry, Infosys is partnering with **one of the largest electric utilities systems in the US** in a business consulting project. Infosys will work with the company to improve customer satisfaction, while reducing customer service operational cost.

“Companies are seeking flexibility and alignment to business from their outsourcing initiatives,” said Basab Pradhan, Head – World-wide Sales and Senior Vice President. **“We recently introduced a new approach to outsourcing called ‘Modular Global Sourcing’, which, while addressing these needs, will also optimize on cost, quality and time-to-market for the clients.”**

“We continue to benefit from the positive demand environment for offshore services,” said S. D. Shibulal, Member of the Board and Head – World-wide Customer Delivery. **“We have built systems and processes to scale up to the needs of the market place.”**

“The rupee declined against the dollar during the quarter. We continue to have a prudent hedging policy,” said T. V. Mohandas Pai, Member of the Board and Chief Financial Officer. **“Our cash position remains strong at US\$ 468 million, after incurring a capex of US\$ 34 million during the quarter and a distribution of US\$ 189 million as dividend.”**

Update on Infosys Consulting, Inc

Ming Tsai, a 19-year veteran of the industry, has joined Infosys Consulting, Inc., as a managing director. Tsai will join the core leadership team in growing the company. Tsai was most recently the Global Retail Industry Head for IBM Business Consulting Services. He was previously IBM's Strategy Consulting Leader for the Distribution Sector (Retail, Consumer Products and Travel & Transportation). He also held posts at Boston Consulting Group, Ernst & Young and Mainspring.

About the company

Infosys is a leading global technology services firm founded in 1981. Infosys provides end-to-end business solutions that leverage technology for our clients across the entire software life cycle: consulting, design, development, re-engineering, maintenance, system integration, package evaluation and implementation. In addition, Infosys offers software products to the banking industry, as well as business process management services through its majority-owned subsidiary, Progeon. For more information, contact V. Balakrishnan at +91 (80) 2852 0440 in India or visit us on the World Wide Web at www.infosys.com.

Safe Harbor

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, 2004. 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.

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Infosys Technologies Limited and its subsidiaries

Consolidated Balance Sheets as of

(In million dollars)

	March 31, 2004 (1)	June 30, 2004 (Unaudited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 445	\$ 283
Investment in liquid mutual fund units	218	185
Trade accounts receivable, net of allowances	150	182
Deferred tax assets	–	2
Prepaid expenses and other current assets	36	30
Unbilled revenue	24	30
Total current assets	873	712
Property, plant and equipment, net	228	238
Goodwill	8	7
Intangible assets, net	2	2
Deferred tax assets	7	7
Other assets	14	14
TOTAL ASSETS	\$ 1,132	\$ 980
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1	\$ 1
Client deposits	15	11
Other accrued liabilities	99	78
Income taxes payable	22	31
Unearned revenue	15	21
Total current liabilities	152	142
Non-current liabilities		
Preferred stock of subsidiary	22	20
Other non-current liabilities	5	5
Stockholders' Equity		
Common stock, \$0.16 par value		
300,000,000 equity shares authorized as of June 30, 2004		
Issued and outstanding – 266,564,224 and 267,472,136 equity shares as of March 31, 2004 and June 30, 2004 respectively	9	31
Additional paid-in capital	157	179
Accumulated other comprehensive income	39	(17)
Retained earnings	748	620
Total stockholders' equity	953	813
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,132	\$ 980

(1) March 31st, 2004 balances were obtained from audited financial statements

Infosys Technologies Limited and its subsidiaries

Consolidated statements of income (Unaudited)

	(In million dollars, except share and per share data)	
	Three months ended June 30,	
	2003	2004
Revenues	\$ 233	\$ 335
Cost of revenues	133	190
Gross profit	100	145
Operating Expenses:		
Selling and marketing expenses	17	23
General and administrative expenses	18	26
Amortization of intangible assets	1	-
Total operating expenses	36	49
Operating income	64	96
Other income/(expense), net	5	-
Income before income taxes	69	96
Provision for income taxes	11	13
Net income	\$ 58	\$ 83
Earnings per equity share*		
Basic	\$ 0.22	\$ 0.31
Diluted	\$ 0.22	\$ 0.31
Weighted equity shares used in computing earnings per equity share		
Basic	262,334,828	265,300,294
Diluted	264,307,916	270,251,740

* Adjusted for the two for one stock dividend distributed on July 6th, 2004.