

Chairman's Statement on the Impact of US Sanctions

June 16, 1998

On 11th May, 1998, India exploded nuclear devices and a few days later Pakistan responded with similar nuclear tests. There has been a lot of discussion on the effects of economic sanctions on India. I have been in touch with the political leadership and bureaucracy in India as well as with my journalist friends in the US, Europe and Japan. The unanimous view is that the sanctions do not affect the working of Indian software export firms at all. In fact, in the last few weeks, the Indian government has taken a very positive and constructive approach in its relations with Pakistan and China. Thus, the possibility of escalating tension has been eliminated. It has become business as usual, with a focus on economic progress through exports. The recent budget has been very software-export-friendly.

At the micro-economic level (firm level), every company must have a de-risking strategy in its business model. In my report to the shareholders in April, I had talked about the various initiatives that we will launch in globalizing our operations. Our aim is to have multiple development centers spread across the globe to provide instant reaction to our customer needs while taking advantage of the talent pool available in cost-competitive economies. This strategy also serves to reduce the risk to our operations due to changes in geo-political equations. As we move forward, I will talk about these initiatives in greater detail.

Let me say, once again, that every Infoscion is committed to providing highest quality service, on time, within budget cost in a risk-free environment to our customers.

N. R. Narayana Murthy
Chairman and Chief Executive Officer