

Infosys Technologies (NASDAQ: INFY) Announces First Quarter Results

New Opportunities Drive Growth and Profitability

Fremont, California

Highlights

- First Quarter Revenue Tops \$39.7 Million, Up 67.9% from Same Quarter last Fiscal
- Net Earnings per American Depositary Share (ADS) Increases to \$0.20 from \$0.08
- New Opportunities in Application Development and E-Commerce Drive all-round Growth and Profitability

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its first quarter ended June 30, 1999, under US GAAP. Revenue for the quarter increased 67.9% to \$39.7 million from \$23.7 million in the quarter ended June 30, 1998. Net income was \$13.3 million, or \$0.20 per diluted ADS. Included in net income is other income of \$2.7 million, arising due to exchange differences on translation of foreign currency deposits (\$1.9 million) and interest earned on deployment of funds raised through the issue of American Depositary Shares (\$0.8 Million). Excluding these the net income for the quarter ended June 30, 1999 is \$10.6 million and the earnings per diluted ADS is \$0.16. During the quarter ended June 30, 1998, Infosys reported net income and earnings per diluted ADS of \$4.8 million and \$0.08, respectively.

"Growth and profitability were driven by our tapping both new and existing market opportunities", said N. R. Narayana Murthy, Chairman and CEO. "We saw a trend of our clients making investments in core systems and in moving their organizations to the new e-commerce environment."

"The company has been able to successfully migrate its skill-set to new paradigms, delivering value to clients where it matters most," added Nandan M. Nilekani, Managing Director, President and COO. "Liquidity continues to be strong", said T. V. Mohandas Pai, Senior Vice President (Finance and Administration) and CFO, "Margins have been maintained despite the annual salary increases effected in the quarter."

About Infosys Technologies Ltd.

Headquartered in Bangalore, India and with offices around the world, Infosys Technologies Limited is a world leader in providing IT consulting and software services to Fortune 1000 companies. Infosys offers offshore software services such as application development, reengineering, software maintenance, Internet consulting and package implementation. The company is ISO 9001 certified and has achieved certification at Level 4 of the Capability Maturity Model of the Software Engineering Institute (SEI-CMM). For companies requiring application development, re-engineering, maintenance, Internet development and package implementation, Infosys is an efficient and cost-effective partner. The company's US headquarters are located in Fremont, California with offices throughout the US, Europe and Asia. For more information, contact P. R. Ganapathy, Investor Relations Officer at +91-98450-07303, e-mail him at guns@itlinfosys.com or visit Infosys on the World Wide Web at www.itlinfosys.com to find a detailed statement of results.

Safe Harbor Provision

Except for the historical information and discussions contained herein, statements included in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be projected by these forward-looking statements. These risks and uncertainties include, but are not limited to competition, acquisitions, attracting, recruiting and retaining highly skilled employees, technology, law and regulatory policy and managing risks associated with customer projects as well as other risks detailed in the reports filed by Infosys Technologies Limited with the Securities and Exchange Commission. Infosys undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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Infosys Announces First Quarter Results
STATEMENT OF INCOME (US GAAP)

	Quarter ended June 30,		Year ended March 31, 1999 (Audited)
	1999 (Unaudited)	1998 (Unaudited)	
REVENUES			
Revenues	\$ 39,728,900	\$ 23,665,088	\$ 120,955,226
Cost of revenues	20,620,264	13,539,548	65,331,006
Gross profit	19,108,636	10,125,540	55,624,220
OPERATING EXPENSES			
Selling, general and administrative expenses	5,552,056	3,614,422	16,199,055
Amortization of deferred stock compensation expense	1,250,100	461,577	3,645,576
Compensation arising from stock split	-	-	12,906,962
Total operating expenses	6,802,156	4,075,999	32,751,593
Operating income	12,306,480	6,049,541	22,872,627
Equity in loss of deconsolidated subsidiary	-	(830,244)	(2,085,887)
Other income, net	3,210,701	218,690	1,536,998
Income before income taxes	15,517,181	5,437,987	22,323,738
Provisions for income taxes	2,206,302	662,221	4,877,650
Net income	\$ 13,310,879	\$ 4,775,766	\$ 17,446,088
EARNINGS PER AMERICAN DEPOSITARY SHARE (ADS)			
Basic	\$ 0.20	\$ 0.08	\$ 0.29
Diluted	\$ 0.20	\$ 0.08	\$ 0.29
WEIGHTED ADSs USED IN COMPUTING EARNINGS PER ADS			
Basic	65,688,666	61,080,000	61,378,850
Diluted	65,688,666	61,163,328	61,507,380

*1 Equity Share = 2 American Depositary Shares (ADS)

INFOSYS TECHNOLOGIES LTD.
BALANCE SHEETS (US GAAP)

	As at June 30,		As at March 31, 1999 (Audited)
	1999 (Unaudited)	1998 (Unaudited)	
CURRENT ASSETS			
Cash and cash equivalents	\$ 102,612,617	\$ 14,319,397	\$ 98,874,963
Trade accounts receivable, net of allowances	24,632,558	12,392,455	20,056,678
Prepaid expenses and other current assets	6,638,499	3,867,000	5,735,323
Prepaid income taxes	-	826,508	-
Total current assets	133,883,674	31,405,360	124,666,964
Property, plant and equipment - net	25,977,938	17,006,922	23,900,313
Deferred tax assets	1,379,249	1,149,896	1,715,375
Investments	177,938	362	177,938
Other assets	4,224,381	1,745,492	3,197,006
Total assets	\$ 165,643,180	\$ 51,308,032	\$ 153,657,596
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 55,556	\$ 148,061	\$ 75,305
Customer deposits	15,685	794,630	18,520
Other accrued liabilities	8,522,103	4,361,100	8,399,800
Income taxes payable	2,101,206	-	955,797
Unearned revenue	5,201,759	-	4,598,612
Total current liabilities	15,896,309	5,303,791	14,048,034
PREFERRED STOCK OF SUBSIDIARY	-	2,351,250	-
STOCKHOLDERS' EQUITY			
Common stock*	8,592,137	4,545,811	8,592,137
Additional paid-in-capital	121,407,662	24,415,920	120,849,511
Accumulated other	(13,052,834)	(9,852,774)	(9,100,662)

comprehensive income			
Deferred compensation - Employee Stock Offer Plan	(21,466,348)	(7,369,868)	(21,686,799)
Retained earnings	54,266,254	32,770,034	40,955,375
Loan to trust	-	(856,132)	-
Total stockholders' equity	149,746,871	43,652,991	139,609,562
Total liabilities and stockholders' equity	\$ 165,643,180	\$ 51,308,032	\$ 153,657,596

*\$ 0.32 par value; 50,000,000 shares authorized as of June 30, 1999; Issued and outstanding Equity Shares - 33,069,400, 32,034,400 and 33,069,400 as of June 30, 1999, June 30, 1998 and March 31, 1999