

Infosys Technologies (NASDAQ: INFY) Announces Results for the Quarter Ended March 31, 2002

## **Infosys meets 30% revenue target for 2001-02 despite tough environment Projects between 17% and 20% revenue growth for 2002-03**

Fremont, California – April 10, 2002

### Highlights

#### *Results for the quarter ended March 31, 2002*

- Fourth quarter revenues at \$ 139.7 million, up 15.7% from the corresponding quarter last fiscal
- Net earnings per American Depositary Share (ADS) increased to \$ 0.32 from \$ 0.29 in the corresponding quarter last fiscal
- 29 new clients added during the quarter, including marquee names such as Cardif, Daimler Chrysler and Fujitsu
- Initiatives for Business Process Management and IT outsourcing launched
- Board recommended FII limits in Infosys be raised from 49% to 100%

#### *Outlook for the quarter ending June 30, 2002 and the fiscal year ending March 31, 2003*

- Net revenues expected to be between \$ 141 million and \$ 143 million for the quarter ending June 30, 2002, and between \$ 636 million and \$ 654 million for the fiscal year ending March 31, 2003
- Earnings per ADS expected to be \$ 0.32 for the quarter ending June 30, 2002, and between \$ 1.43 and \$ 1.47 for the fiscal year ending March 31, 2003

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its fourth quarter ended March 31, 2002. Revenues for the quarter aggregated \$ 139.7 million, up 15.7% from \$ 120.7 million for the quarter ended March 31, 2001.

Net income was \$ 42.3 million (\$ 38.3 million for the quarter ended March 31, 2001) and net earnings per ADS was \$ 0.32 (\$ 0.29).

**"Last year was a difficult time for both Infosys and the Indian software industry",** said Nandan M. Nilekani, CEO, President and Managing Director. **"There is an enhanced interest in the offshore model. However, the sales and ramp-up cycles have elongated, and pricing pressure continues. We believe that the outlook for the next 12 months will continue to be challenging".**

**"In keeping with our value system, the company has delivered on its promise. The fact that we have maintained our margins despite a dip in topline growth is a testimony to the commitment of every Infoscion to live by his / her word",** said S. Gopalakrishnan, Member of the Board and COO.

**"Today, clients expect to maximize returns on their spending. Their focus is shifting towards working with fewer, reliable vendors who deliver a complete range of services",** said Phaneesh Murthy, Member of the Board and Head – Sales and Marketing.

Insurance and banking solutions are moving to customer-centric models. Infosys is working with **Cardif**, the insurance subsidiary of BNP Paribas, the largest financial institution in France, to roll out end-to-end IT systems and develop a core insurance product. Infosys is also engaged by a **top-end global bank** to build systems for aggregated financial reporting to private wealth management clients. Infosys continues to provide core technology services for clients such as online transfer option for **Northwestern Mutual**, a leading provider of individual life insurance in the US.

Infosys is helping to transform manufacturing processes in the engineering space using creative application of technology. Marquee clients in this space include **Daimler Chrysler** and **Fujitsu**.

With industry deregulation driving the utilities sector, companies are under increased pressure to develop scalable and risk-free platforms. Infosys was commissioned by **CustomerWorks**, a joint venture between two of Canada's largest utility organizations, to perform a high-level, customer-focused risk assessment program.

**“We ended the year with cash and cash equivalents of over \$ 210 million. It is this cash that gives Infosys the confidence to create new business opportunities, and to deal with downturns”**, said T. V. Mohandas Pai, Member of the Board and Chief Financial Officer. **“We have successfully retained our margins despite pricing pressures and challenging conditions. We will continue our focus on maintaining our margins within a narrow band.”**

### **New Initiatives**

Infosys had earlier indicated that it was evaluating new initiatives such as Business Process Management, IT Outsourcing and Systems Integration so that it can provide end-to-end services to its clients.

#### *Business Process Management*

Infosys is foraying into Business Process Management (“BPM”) and the Board of Directors of Infosys has approved an investment of upto US\$ 5 million for this initiative. The initial focus of BPM services would be in the areas of transaction processing and accounting services and these services will be offered in multiple forms – as business process re-engineering, shared services platform and business intelligence services in addition to the obvious cost advantage of doing the work from India. Financial services will be one of the key target verticals.

#### *IT Outsourcing*

As part of IT outsourcing activities, Infosys has taken over the management of applications of two of its clients. Infosys signed an agreement with a **leading financial services company** to provide 24x7 support to its mission critical applications, which were being supported by the client's support center in India. Infosys has successfully transitioned these applications and is now accountable for these applications, through its centers in Chennai and Bangalore. This has enabled Infosys to deepen its relationship with the client.

Infosys signed a strategic global outsourcing contract with a leading networking equipment manufacturer. The objectives were to improve their operational efficiency, reduce costs and mitigate risks. Under this contract, Infosys has already taken over 24x7 support for mission-critical applications for its American and European operations. The new 24x7 international support team operates from San Francisco, London, Mangalore and Bangalore and has already helped the client achieve its objectives. In addition to support, Infosys has also developed and deployed new e-business solutions required by the client.

#### *Systems Integration*

Infosys has started marketing these services. This is a logical extension to the company's software services, where the company integrates best of breed software solutions and packages for its global clients.

## 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 higher 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 our Quarterly Reports filed on Form 6-K for the quarters ended June 30, 2001, September 30, 2001 and December 31, 2001. These filings are available at [www.sec.gov](http://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.

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## Infosys Announces Fourth Quarter Results

### Statements of Income

*(In US\$ except share data)*

	Quarter ended March 31		Year ended March 31	
	2002	2001	2002	2001
<b>Revenues</b>	139,680,503	120,742,261	545,051,214	413,850,510
Cost of revenues	75,514,349	60,869,932	290,032,232	213,613,744
<b>Gross profit</b>	64,166,154	59,872,329	255,018,982	200,236,766
Operating Expenses:				
Selling and marketing expenses	7,361,027	6,738,638	27,113,122	20,682,776
General and administrative expenses	10,426,581	11,153,688	44,348,181	36,957,609
Amortization of stock compensation expense	1,264,218	1,259,755	5,009,772	5,081,795
Total operating expenses	19,051,826	19,152,081	76,471,075	62,722,180
<b>Operating income</b>	45,114,328	40,720,248	178,547,907	137,514,586
Other income, net	4,792,498	1,712,921	13,865,294	9,505,343
<b>Income before income taxes</b>	49,906,826	42,433,169	192,413,201	147,019,929
Provision for income taxes	7,623,312	4,105,459	27,946,892	15,071,825
<b>Net income available for common stockholders</b>	<b>42,283,514</b>	<b>38,327,710</b>	<b>164,466,309</b>	<b>131,948,104</b>
<b>Earnings per American Depositary Share ("ADS")</b>				
Basic	0.32	0.29	1.25	1.00
Diluted	0.32	0.29	1.24	0.99
<b>Weighted ADS used in computing earnings per ADS</b>				
Basic	131,109,594	131,145,914	131,113,296	131,542,512
Diluted	132,642,488	132,451,338	132,169,748	133,429,478

## Infosys Announces Fourth Quarter Results Balance Sheets as of March 31,

	<i>(In US\$ except share data)</i>	
	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	210,485,940	124,084,245
Trade accounts receivable, net of allowances	69,017,110	64,942,062
Deferred tax assets	774,107	1,265,142
Prepaid expenses and other current assets	18,875,904	16,452,863
<b>Total current assets</b>	<b>299,153,061</b>	<b>206,744,312</b>
Property, plant and equipment, net	147,211,731	119,773,030
Deferred tax assets	4,560,934	2,070,428
Investments	7,777,393	5,577,393
Advance income taxes	-	180,113
Other assets	12,458,615	8,002,543
<b>TOTAL ASSETS</b>	<b>471,161,734</b>	<b>342,347,819</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	-	28,082
Client deposits	2,215,001	1,217,737
Other accrued liabilities	22,424,646	21,830,484
Income taxes payable	678,703	-
Unearned revenue	3,464,018	7,479,815
Total current liabilities	28,782,368	30,556,118
<b>Stockholders' Equity and Comprehensive Income</b>		
Common stock, \$ 0.16 par value; 100,000,000 equity shares authorized, Issued and outstanding – 66,186,130 and 66,158,117 as of 2001 and 2000, respectively	8,597,001	8,594,106
Additional paid-in capital	122,966,594	122,017,518
Accumulated other comprehensive income	(45,327,794)	(28,664,972)
Deferred stock compensation	(7,620,600)	(12,517,018)
Retained earnings	363,764,165	222,362,067
Total stockholders' equity	442,379,366	311,791,701
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>471,161,734</b>	<b>342,347,819</b>

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/>.