

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

## Infosys increases guidance for revenue and EPADS for fiscal 2003

Fremont, California – January 10, 2003

### Highlights

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

- Third quarter revenues at \$ 200.0 million, up 45.38% from the corresponding quarter last fiscal
- Earnings per American Depositary Share (ADS) increased to \$ 0.40 from \$ 0.32 in the corresponding quarter last fiscal
- 23 new clients were added during the quarter, including Bristol-Myers Squibb, AT&T Wireless, TTPCom and Compass Bank
- Gross addition of 1,133 employees for the quarter, including 272 lateral hires – net addition of 948 employees for the quarter

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

- Net revenues expected to be between \$ 204 million and \$ 207 million for the quarter ending March 31, 2003 and between \$ 740 million and \$ 743 million for the fiscal year ending March 31, 2003
- Earnings per ADS expected to be between \$ 0.40 and \$ 0.41 for the quarter ending March 31, 2003, and between \$ 1.49 and \$ 1.50 for the fiscal year ending March 31, 2003

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its third quarter ended December 31, 2002. Revenues for the quarter aggregated \$ 200.0 million, up 45.38% from \$ 137.6 million for the quarter ended December 31, 2001.

Net income was \$ 52.3 million (\$ 41.6 million for the quarter ended December 31, 2001) and earnings per ADS was \$ 0.40 (\$ 0.32)

**“Infosys continues to enjoy the confidence of large marqué clients,”** said Nandan M. Nilekani, CEO, President and Managing Director. **“Global corporations are seeking robust, financially strong, world-class partners such as Infosys to outsource their IT requirements.”**

**“Infosys has been able to demonstrate the scalability of its operations by adding 948 net employees without compromising on operational excellence,”** said S. Gopalakrishnan, Chief Operating Officer and Deputy Managing Director.

**“Our performance was the result of disciplined execution,”** said S. D. Shibulal, Head – Customer Delivery and Member of the Board. **“Our clients continue to value our relationship due to our end-to-end service capabilities, industry expertise and our competitive, scaleable global delivery model.”**

**“There continues to be an increased interest in offshore outsourcing. Account additions for this quarter have been satisfactory and we have managed a higher share of our clients’ wallet,”** said Basab Pradhan, Head – Worldwide Sales and Senior Vice President.

Infosys continued to expand its presence in the financial services industry with new client and project wins. The company continued its work with **a leading international financial institution**, for developing and rolling out a new global customer reference system for its investment banking business. In addition, the company is assisting **a leading global investment banking and securities firm** in the management of its equity front office systems.

Infosys strengthened its presence in the area of mobile and wireless, signing a three-year strategic sourcing contract with **AT&T Wireless**. Further, **TTPCom**, a leading European supplier of mobile technology, partnered with Infosys for co-developing new software for its 2.5 generation mobile phones.

In the mortgage sector, Infosys was selected by a **leading provider of mortgage risk management technology** to identify, assess and define its technical architecture in order to underpin its core processing systems.

The company established relationships with many prestigious clients in the healthcare industry. For instance, **Access Dental**, a **leading provider of dental care services and insurance**, selected Infosys to develop its IT strategy and to help create a scalable portfolio of applications and processes. Other new clients in this sector include **Bristol-Myers Squibb**, a global pharmaceutical and healthcare products company.

Infosys made significant headway in the energy sector during the quarter. Currently, the company is assisting **one of the world's leading energy companies** to leverage technology in rationalizing their cost structure.

**“Free cash flows continue to be strong and the liquidity is comfortable,”** said T. V. Mohandas Pai, CFO and Member of the Board.

### **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, 2002 and Quarter Report on Form 6-K for the quarters ended June 30, 2002 and September 30, 2002. 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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**Unaudited Consolidated Statements of Income**

	<i>(in US\$ except ADS* data)</i>			
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>Dec 31, 2002</b>	<b>Dec 31, 2001</b>	<b>Dec 31, 2002</b>	<b>Dec 31, 2001</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenues</b>	200,014,878	137,579,820	537,775,974	405,370,712
Cost of revenues	(110,207,810)	(73,051,526)	(291,849,754)	(214,517,882)
<b>Gross profit</b>	<b>89,807,068</b>	<b>64,528,294</b>	<b>245,926,220</b>	<b>190,852,830</b>
Operating expenses:				
Selling and marketing expenses	14,952,660	6,840,680	40,734,946	19,752,095
General and administrative	15,379,651	10,622,444	40,383,534	33,921,600
Amortization of stock compensation expense	1,243,948	1,234,472	3,731,844	3,745,554
Amortization of intangible assets	924,249	–	1,930,822	–
Total operating expenses	<b>32,500,508</b>	<b>18,697,596</b>	<b>86,781,146</b>	<b>57,419,249</b>
<b>Operating income</b>	<b>57,306,560</b>	<b>45,830,698</b>	<b>159,145,074</b>	<b>133,433,581</b>
Other income, net	6,873,427	3,106,397	12,538,464	9,072,796
<b>Income before income taxes</b>	<b>64,179,987</b>	<b>48,937,095</b>	<b>171,683,538</b>	<b>142,506,377</b>
Provision for income taxes	(11,926,842)	(7,288,077)	(29,885,621)	20,323,580
<b>Net income</b>	<b>52,253,145</b>	<b>41,649,018</b>	<b>141,797,917</b>	<b>122,182,797</b>
<b>Earnings per ADS</b>				
Basic	\$ 0.40	\$ 0.32	\$ 1.08	\$ 0.93
Diluted	\$ 0.39	\$ 0.31	\$ 1.06	\$ 0.92
<b>Weighted equity shares used in computing earnings per ADS</b>				
Basic	131,138,754	131,090,320	131,135,628	131,114,530
Diluted	133,335,122	132,229,342	132,811,864	132,411,572

\* 2 ADSs equal 1 equity share

**Unaudited Consolidated Balance Sheets as of**

	<i>(in US\$)</i>	
	<b>Dec 31, 2002</b>	<b>Dec 31, 2001</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	308,558,738	179,964,266
Trade accounts receivable, net of allowances	102,408,446	64,505,813
Deferred tax assets	945,833	2,065,475
Prepaid expenses and other current assets	30,779,094	18,875,165
<b>Total current assets</b>	<b>442,692,111</b>	<b>265,410,719</b>
Property, plant and equipment, net	150,706,932	150,661,482
Intangible assets, net	7,428,310	-
Deferred tax assets	6,352,084	2,574,090
Investments	4,613,833	7,777,393
Advance income taxes	3,311,724	1,869,035
Other assets	20,293,142	11,127,466
<b>TOTAL ASSETS</b>	<b>635,398,136</b>	<b>439,420,185</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	126,497	440
Client deposits	6,073,029	2,546,959
Other accrued liabilities	37,439,002	27,279,580
Unearned revenue	11,631,043	5,885,436
<b>Total current liabilities</b>	<b>55,269,571</b>	<b>35,712,415</b>
<b>Non-current liabilities</b>	<b>5,000,000</b>	<b>-</b>
<b>Preferred stock of subsidiary</b>		
0.0005% Cumulative Convertible Preference Shares, par value \$ 2 each, 4,375,000 preference shares; authorized, issued and outstanding – 4,375,000 preference shares as of December 31, 2002	10,000,000	-
<b>Stockholders' equity</b>		
Common stock, \$ 0.16 par value; 100,000,000 equity shares; authorized, issued and outstanding – 66,229,489 and 66,169,247 as of December 31, 2002 and 2001, respectively	8,601,481	8,595,270
Additional paid-in capital	126,075,877	122,395,526
Accumulated other comprehensive income	(37,209,073)	(39,992,215)
Deferred stock compensation	(3,888,756)	(8,771,464)
Retained earnings	471,549,036	321,480,653
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>565,128,565</b>	<b>403,707,770</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>635,398,136</b>	<b>439,420,185</b>

A detailed analysis of the performance of the company can be downloaded in the form of an MS Excel worksheet from <http://www.infosys.com>.