

## Infosys crosses US\$ 3 billion in revenues in the first nine months

### Q3 revenues grew sequentially by 4.02%

### Revenues expected to grow 20% in Fiscal 2008

Bangalore, India – January 11, 2008

#### Highlights

*Consolidated results for the quarter ended December 31, 2007*

- Income was Rs. 4,271 crore for the third quarter ended December 31, 2007; YoY growth was 16.9%
- Net profit after tax\* was Rs. 1,231 crore for the quarter ended December 31, 2007; YoY growth was 25.2%
- Earnings per share\* increased to Rs. 21.54 from Rs. 17.64 for the corresponding quarter in the previous year; YoY growth was 22.1%

\* The net profit for the quarter ended December 31, 2007 includes a reversal of tax provisions amounting to Rs. 50 crore. Excluding this reversal, the earnings per share for the quarter would have been Rs. 20.66 resulting in a YoY growth of 17.1%.

#### Others

- 47 new clients were added during the quarter by Infosys and subsidiaries
- Gross addition of 11,683 employees (net 8,100) for the quarter by Infosys and subsidiaries
- 88,601 employees as on December 31, 2007 for Infosys and subsidiaries

**“We see several opportunities for growth in the marketplace and have concluded several multi-year, multi-million deals during the quarter,” said S. Gopalakrishnan, CEO and Managing Director. “We believe that our ability to handle large, complex programs using the Global Delivery Model provides a compelling value proposition to global customers seeking efficiency in a challenging macro-environment.”**

#### Business outlook

The company’s outlook (consolidated) for the quarter ending March 31, 2008 and the fiscal year ending March 31, 2008, under Indian GAAP and US GAAP, is as follows:

##### **Outlook under Indian GAAP – consolidated**

*Quarter ending March 31, 2008\**

- Income is expected to be in the range of Rs. 4,477 crore and Rs. 4,501 crore; YoY growth of 18.7% – 19.3%
- Earnings per share\*\* is expected to be Rs. 21.38; YoY growth of 5.3%

*Fiscal year ending March 31, 2008\**

- Income is expected to be in the range of Rs. 16,627 crore and Rs. 16,651 crore; YoY growth of 19.7% – 19.9%
- Earnings per share\*\*\* is expected to be Rs. 81.07; YoY growth of 17.12%

**\*conversion 1 \$ = Rs. 39.41**

\*\* Including tax reversal of Rs. 124 crore for the quarter ended March 31, 2007. Excluding the tax reversal the Earnings per share will be Rs. 21.38 and Rs. 18.10 for the quarter ending March 31, 2008 and 2007 respectively; YoY growth of 18.1%

*\*\*\* Including tax reversal of Rs. 101 crore and Rs. 125 crore for the year ended March 31, 2008 and 2007 respectively. Excluding the tax reversal the Earnings per share will be Rs. 79.30 and Rs. 66.86 for Fiscal 2008 and 2007 respectively; YoY growth of 18.6%*

### **Outlook under US GAAP**

#### *Quarter ending March 31, 2008*

- Consolidated revenues are expected to be in the range of \$ 1,136 million and \$ 1,142 million; YoY growth of 31.6% – 32.3%
- Consolidated earnings per American Depositary Share\*\* are expected to be \$ 0.54; YoY growth of 17.4%

#### *Fiscal year ending March 31, 2008*

- Consolidated revenues are expected to be in the range of \$ 4.17 billion and \$ 4.18 billion; YoY growth of 35.0% – 35.2%
- Consolidated earnings per American Depositary Share\*\*\* are expected to be \$ 2.02; YoY growth of 32.0%

*\*\* Including tax reversal of US\$ 29 mn for the quarter ended March 31, 2007. Excluding the tax reversal the Earnings per ADS will be US\$ 0.54 and US\$ 0.41 for the quarter ending March 31, 2008 and 2007 respectively; YoY growth of 31.7%*

*\*\*\* Including tax reversal of US\$ 25 mn in Fiscal 2008 and US\$ 29 mn for Fiscal 2007. Excluding the tax reversal the Earnings per share will be US\$ 1.98 and US\$ 1.48 for Fiscal 2008 and 2007 respectively; YoY growth of 33.8%*

### **California wage settlement**

The Company has voluntarily settled with the California Division of Labor Standards Enforcement (DLSE) towards possible overtime payment to certain employees in California for a total amount of \$ 26 million. The payment pertains to the last three years and such backwages will be paid to employees in due course.

### **Awards and Accolades**

Customers, analysts and industry bodies commended Infosys for setting benchmarks in its strategy to enable customers to compete effectively in a dynamic market.

An independent analyst has cited Infosys as a **leader in SAP implementation services**, noting that “Infosys’ SAP practice is aligned along verticals to ensure that clients get the benefit of its deep vertical process expertise.”

Infosys moved up to No. 14 on **FinTech 100**, an international annual listing of the top 100 global application and service providers to the financial services industry.

British Telecom and Infosys were awarded the National Outsourcing Association (NOA) award for **Innovative Outsourcing Project of the Year 2007**.

Infosys entered the **Balanced Scorecard Hall of Fame for Executing Strategy** on the strength of its innovative strategy planning and execution capabilities.

Infosys was honored with the **Sharpening Brand and Competitive Differentiation Marketing Excellence Award** from the Information Technology Services Marketing Association (ITSMA) for its success in shifting its perception from a provider of offshoring services to that of a partner that helps companies reshape their businesses in a flattening world.

## Expansion of services and significant projects

Infosys added 47 clients during the quarter and won repeat business from existing clients.

Infosys entered into a multi-year multimillion-dollar contract with **a leading healthcare company** to provide application services and testing support for a critical business platform. Besides potential cost savings of over \$ 60 million for the client, the engagement offers benefits such as portfolio integration, knowledge management and a scalable support model. Infosys is also partnering with one of **the leading providers of specialized, comprehensive Health Care Support solutions** as well as **another corporation that provides clinical laboratory services**.

**A leading European bank** selected Infosys as a preferred supplier to reduce the cost of ownership of its application portfolio across business lines.

**“We saw strong growth in Europe during the quarter,”** said S.D. Shibulal, Chief Operating Officer. **“The pricing environment continues to be stable with an upward bias. We increased the depth of client engagements and our top ten customers showed double-digit revenue growth.”**

**A top global brokerage** sought to better manage its IT budget with Infosys' time-tracking database system. **One of the world's largest asset managers** sought Infosys' help to understand and allocate cost for its infrastructure services. **A leading global bank** used Infosys' expertise to build an application to mine and assimilate distributed customer data. Infosys conducted an IT Effectiveness study to improve processes and architecture for **one of the world's largest investment banks**.

**“We saw strong growth in our financial services vertical during the quarter,”** said Ashok Vemuri, Member - Executive Council and Senior Vice President and Head – Banking and Capital Markets. **“We believe that the IT spending environment will be favorable to large offshore players like us, even though the macro-environment is challenging.”**

Industry leaders placed their trust in Infosys as a transformation partner. **A corporation that designs, manufactures, distributes and services engines and related technologies** selected Infosys as its Global Preferred Supplier for applications outsourcing. Infosys was selected for its “ability to act as a change agent to move to a value-based relationship.”

**One of the world's largest automotive suppliers** has selected Infosys to head a technology-led business transformation to develop common global business processes and modernize its fragmented legacy IT environment. Infosys has been selected by **the world's leading global logistics provider** to maintain its US freight forwarding application portfolio.

**An IT/communications service provider and a leading pan-European provider of business communications services** have chosen Infosys as a Strategic Partner to deliver managed services to its customers in Asia and Europe. Infosys has developed a 5-year business application strategy to help **a leading global telecommunications manufacturer** dramatically reduce total cost of ownership and streamline business processes.

**A UK telecom leader** is working with Infosys to roll out IPTV-based value-added services swiftly through collaborative product development. Infosys is managing the development of a new wireless application platform for **a leading US Internet services and online application provider**.

**The world's largest retailer** has engaged Infosys to define the business and technology strategy for its global ecommerce business. **A leading intimate and fashion apparel retailer** in the US partnered with Infosys to develop and deploy a performance-critical application for merchandise and inventory management. **A multi-brand US retailing leader** is benefiting from Infosys' IT infrastructure managed services. **A leading consumer product goods company** has signed up Infosys for SAP integration and rollout in addition to a suite of application services.

Infosys defined the Enterprise Architecture framework and Enterprise Architecture operating model for **one of the world's largest engineering companies. A leading French energy and utility company with operations across Europe and North America** is benefiting from Infosys' sales force automation and customer service solutions. Infosys built a critical application to manage and maintain audit records for a **world leader in product safety testing**. In China, a **leading capital project lifecycle management consultant** has signed up Infosys to build a Microsoft technology-based product for managing projects in the construction industry.

### Infosys BPO Limited

FAO Today magazine recognized Infosys BPO with its Provider of the Year award.

Infosys BPO is providing knowledge services and financial accounting services to a **leading UK private equity company. A leading US Fortune 100 diversified healthcare benefits company** is also partnering with Infosys BPO.

### Finacle®

Finacle®, the universal banking solution from Infosys, won five new clients – three from Asia Pacific, one from Europe and one from the Americas.

### Process Innovation

During the quarter, Infosys applied for an aggregate of 16 patents in the US and India. With this, Infosys has filed an aggregate of 109 patent applications (pending) in both countries and has been granted two patents by the United States Patent and Trademark Office.

### Liquidity and capital expenditure

Cash and cash equivalents, including investments in liquid mutual funds, as on December 31, 2007 was Rs. 7,933 crore (Rs. 4,791 crore as on December 31, 2006). During the quarter, Infosys incurred capital expenditure of Rs. 325 crore. Operating cash flows during the quarter ended December 31, 2007 were Rs. 1,266 crore (Rs. 981 crore for the quarter ended December 31, 2006).

**“Cash and cash equivalents crossed US\$ 2 billion,” said V. Balakrishnan, Chief Financial Officer. “We also crossed a significant milestone reaching US\$ 1 billion in net profits in the last twelve months. The currency environment continues to be challenging.”**

### Human resources

Infosys added 11,683 (gross) employees during the quarter and continues to invest in creating a strong training and recruitment engine to meet its growth objectives.

**“We are encouraged that the recruitment pool for the IT Industry has widened and fears of a large talent shortfall appear to be misplaced,” said T.V. Mohandas Pai, Member of the Board and Head – HRD and Education & Research. “Collective efforts in the last few years have resulted in better depth and breadth of talent availability in the market.”**

### About Infosys Technologies Ltd.

Infosys (NASDAQ: INFY) defines, designs and delivers IT-enabled business solutions that help Global 2000 companies win in a flat world. These solutions focus on providing strategic differentiation and operational superiority to clients. With Infosys, clients are assured of a transparent business partner, world-class processes, speed of execution and the power to stretch their IT budget by leveraging the Global Delivery Model that Infosys pioneered. Infosys has over 88,000 employees in over 40 offices worldwide. Infosys is part of the NASDAQ-100 Index. For more information, visit [www.infosys.com](http://www.infosys.com).

## Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, 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 the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to sustain our previous levels of profitability including on account of the appreciation of the Rupee against the US Dollar, UK Pound and Euro, our ability to manage growth, intense competition in information technology, business process outsourcing and consulting 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 we have 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, 2007 and Quarterly Report on Form 6-K for the quarters ended June 30, 2007, September 30, 2007 and our other recent filings. These filings are available at [www.sec.gov](http://www.sec.gov). We may, from time to time, make additional written and oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and our reports to shareholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on our behalf.

## Contact

Investor Relations	Shekar Narayanan, India +91 (80) 4116 7744 shekarn@infosys.com	Sandeep Mahindroo, USA +1 (646) 254 3133 sandeep_mahindroo@infosys.com
Media Relations	Bani Paintal Dhawan, India +91 (80) 2852 2408 Bani_Dhawan@infosys.com	Peter Mclaughlin, USA +1 (213) 268 9363 Peter_Mclaughlin@infosys.com

**INFOSYS TECHNOLOGIES LIMITED**

	<i>In Rs. crore</i>	
<b>Balance Sheet as at</b>	<b>December 31, 2007</b>	<b>March 31, 2007</b>
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share capital	286	286
Reserves and surplus	13,788	10,876
	<b>14,074</b>	<b>11,162</b>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Original cost	4,559	3,889
Less: Accumulated Depreciation	2,139	1,739
Net book value	2,420	2,150
Add: Capital work-in-progress	1,253	957
	3,673	3,107
<b>INVESTMENTS</b>	942	839
<b>DEFERRED TAX ASSETS</b>	97	79
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Sundry debtors	2,421	2,292
Cash and bank balances	6,334	5,507
Loans and advances	2,221	1,162
	10,976	8,961
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
Current liabilities	1,287	1,162
Provisions	327	662
<b>NET CURRENT ASSETS</b>	<b>9,362</b>	<b>7,137</b>
	<b>14,074</b>	<b>11,162</b>

**NOTE:**

The audited Balance Sheet as at December 31, 2007 has been taken on record at the board meeting held on January 11, 2008

**INFOSYS TECHNOLOGIES LIMITED**

Profit and Loss Account for the	<i>In Rs. crore, except per share data</i>			
	Quarter ended		Nine months ended	
	December 31,		December 31,	
	2007	2006	2007	2006
<b>INCOME</b>				
Software services and products	3,999	3,454	11,413	9,594
Software development expenses	2,219	1,888	6,504	5,299
<b>GROSS PROFIT</b>	<b>1,780</b>	<b>1,566</b>	<b>4,909</b>	<b>4,295</b>
Selling and marketing expenses	172	182	541	530
General and administration expenses	281	235	790	688
	453	417	1,331	1,218
<b>OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION</b>	<b>1,327</b>	<b>1,149</b>	<b>3,578</b>	<b>3,077</b>
Interest		-		-
Depreciation	138	129	404	336
<b>OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>1,189</b>	<b>1,020</b>	<b>3,174</b>	<b>2,741</b>
Other income	152	60	550	255
Provision for investments		-		3
<b>NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>1,341</b>	<b>1,080</b>	<b>3,724</b>	<b>2,993</b>
Provision for taxation	155	122	436	340
<b>NET PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEMS</b>	<b>1,186</b>	<b>958</b>	<b>3,288</b>	<b>2,653</b>
Income from sale of investments, net of taxes		-		6
<b>Net Profit after Tax and Exceptional Items</b>	<b>1,186</b>	<b>958</b>	<b>3,288</b>	<b>2,659</b>
<b>Balance Brought Forward</b>	<b>6,545</b>	<b>3,574</b>	<b>4,844</b>	<b>2,195</b>
Less: Residual dividend paid		-		4
Additional dividend tax		-		1
	<b>6,545</b>	<b>3,574</b>	<b>4,844</b>	<b>2,190</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>7,731</b>	<b>4,532</b>	<b>8,132</b>	<b>4,849</b>
<b>DIVIDEND</b>				
Interim	-	-	343	278
Final	-	-	-	-
Total dividend	-	-	343	278
Dividend tax	-	-	58	39
Balance in Profit and Loss Account	7,731	4,532	7,731	4,532
	<b>7,731</b>	<b>4,532</b>	<b>8,132</b>	<b>4,849</b>
<b>EARNINGS PER SHARE*</b>				
(Equity shares, par value Rs. 5/- each)				
Before Exceptional Items				
Basic	20.77	17.20	57.58	47.82
Diluted	20.70	16.82	57.38	46.70
After Exceptional Items				
Basic	20.77	17.20	57.58	47.93
Diluted	20.70	16.82	57.38	46.81
Number of shares used in computing earnings per share				
Basic	57,13,46,568	55,70,34,398	57,12,55,430	55,48,77,140
Diluted	57,32,85,874	56,97,17,084	57,32,10,538	56,81,73,059

\* Adjusted for the issue of bonus shares in the ratio of 1:1 allotted on July 15, 2006

**NOTE:**

1) The audited Profit & Loss Account for the quarter and nine months ended December 31, 2007 has been taken on record at the board meeting held on January 11, 2008

2) A Fact Sheet providing the operating metrics of the company can be downloaded from [www.infosys.com](http://www.infosys.com)

**CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES**

<b>Consolidated Balance Sheet as at</b>	<i>in Rs. crore</i>	
	<b>December 31, 2007</b>	<b>March 31, 2007</b>
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share capital	286	286
Reserves and surplus	14,018	10,969
	<b>14,304</b>	<b>11,255</b>
<b>MINORITY INTEREST</b>	5	4
	<b>14,309</b>	<b>11,259</b>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Original cost	5,453	4,642
Less: Accumulated Depreciation	2,272	1,836
Net book value	3,181	2,806
Add: Capital work-in-progress	1,305	965
	4,486	<b>3,771</b>
<b>INVESTMENTS</b>	136	25
<b>DEFERRED TAX ASSETS</b>	115	92
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Sundry debtors	2,608	2,436
Cash and bank balances	6,679	5,871
Loans and advances	2,299	1,214
	11,586	<b>9,521</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
Current liabilities	1,666	1,469
Provisions	348	681
<b>NET CURRENT ASSETS</b>	9,572	<b>7,371</b>
	<b>14,309</b>	<b>11,259</b>

**NOTE:**

1) Principles of consolidation: The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements prescribed by the Institute of Chartered Accountants of India. The financial statements of the parent company Infosys Technologies Limited ("Infosys" or "company") and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gains / losses.

2) The audited Balance Sheet as at December 31, 2007 has been taken on record at the board meeting held on January 11, 2008

**CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES**

*in Rs. crore, except per share data*

Consolidated Profit and Loss Account for the	Quarter ended December 31,		Nine months ended December 31,	
	2007	2006	2007	2006
INCOME – Software services, products and business process management	4,271	3,655	12,150	10,121
Software development and business process management expenses	2,325	1,938	6,725	5,437
<b>GROSS PROFIT</b>	<b>1,946</b>	<b>1,717</b>	<b>5,425</b>	<b>4,684</b>
Selling and marketing expenses	205	236	693	661
General and administration expenses	349	285	972	829
	554	521	1,665	1,490
<b>OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND MINORITY INTEREST</b>	<b>1,392</b>	<b>1,196</b>	<b>3,760</b>	<b>3,194</b>
Interest		-		-
Depreciation	153	141	441	369
<b>OPERATING PROFIT BEFORE TAX, MINORITY INTEREST AND EXCEPTIONAL ITEMS</b>	<b>1,239</b>	<b>1,055</b>	<b>3,319</b>	<b>2,825</b>
Other income, net	158	59	565	253
Provision for investments		-		3
<b>NET PROFIT BEFORE TAX, MINORITY INTEREST AND EXCEPTIONAL ITEMS</b>	<b>1,397</b>	<b>1,114</b>	<b>3,884</b>	<b>3,075</b>
Provision for taxation	166	130	474	359
<b>NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST</b>	<b>1,231</b>	<b>984</b>	<b>3,410</b>	<b>2,716</b>
Income from sale of investments		-		6
<b>NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST AND EXCEPTIONAL ITEMS</b>	<b>1,231</b>	<b>984</b>	<b>3,410</b>	<b>2,722</b>
Minority Interest		1		10
<b>NET PROFIT AFTER TAX, EXCEPTIONAL ITEMS AND MINORITY INTEREST</b>	<b>1,231</b>	<b>983</b>	<b>3,410</b>	<b>2,712</b>
<b>Balance brought forward</b>	<b>6,719</b>	3,626	<b>4,941</b>	2,219
Less: Residual dividend paid		-		4
Additional dividend tax		-		1
	<b>6,719</b>	3,626	<b>4,941</b>	2,214
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>7,950</b>	<b>4,609</b>	<b>8,351</b>	<b>4,926</b>
<b>DIVIDEND</b>				
Interim		-	343	278
Final		-	-	-
Total dividend		-	343	278
Dividend tax		-	58	39
Balance in Profit and Loss Account	7,950	4,609	7,950	4,609
	<b>7,950</b>	<b>4,609</b>	<b>8,351</b>	<b>4,926</b>
<b>EARNINGS PER SHARE*</b> (Equity shares, par value Rs. 5/- each)				
Before Exceptional Items				
Basic	21.54	17.64	59.70	48.75
Diluted	21.47	17.24	59.49	47.61
After Exceptional Items				
Basic	21.54	17.64	59.70	48.88
Diluted	21.47	17.24	59.49	47.73
Number of shares used in computing earnings per share				
Basic	57,13,46,568	55,70,34,398	57,12,55,430	55,48,77,140
Diluted	57,32,85,874	56,97,17,084	57,32,10,538	56,81,73,059

\* Adjusted for the issue of bonus shares in the ratio of 1:1 allotted on July 15, 2006

**NOTE:**

The audited Profit & Loss Account for the quarter and nine months ended December 31, 2007 has been taken on record at the board meeting held on January 11, 2008