



Infosys Technologies Limited

Regd. Office: Electronics City, Hosur Road, Bangalore – 561 229, India

Audited financial results for the quarter and half-year ended September 30, 2000

in Rs. crore, except per share data

	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2000	1999	2000	1999	2000
Income from software services and products					
Exports	441.26	205.07	792.32	373.69	869.70
Domestic	4.84	3.23	9.31	4.88	12.63
Other income					
Interest and others	9.89	7.93	17.59	13.59	29.20
Exchange differences	9.68	1.65	17.10	9.78	9.93
Total income	465.67	217.88	836.32	401.94	921.46
Staff costs	167.60	78.76	310.19	140.50	334.56
Foreign travel expenses	35.90	19.44	66.12	37.36	84.09
Other expenditure	66.17	30.25	111.26	53.39	117.10
Provision for contingencies	-	-	-	3.33	3.33
Provision for e-inventing the Company	-	3.50	-	3.50	3.50
Total expenses	269.67	131.95	487.57	238.08	542.58
Operating profits (PBIDT)	196.00	85.93	348.75	163.86	378.88
Interest	-	-	-	-	-
Depreciation	24.24	10.72	41.97	20.04	53.23
Profit before tax and extraordinary items	171.76	75.21	306.78	143.82	325.65
Provision for tax	17.75	9.50	31.46	17.50	39.70
Profit after tax before extraordinary items	154.01	65.71	275.32	126.32	285.95
Effect of extraordinary items (net of tax)	-	-	5.49	-	7.57
Net profit after tax and extraordinary items	154.01	65.71	280.81	126.32	293.52
Paid-up equity	33.08	33.07	33.08	33.07	33.08
Reserves	NA	NA	NA	NA	800.23
Earnings per share (of Rs. 5) from ordinary activities (see note 10 below)					
Basic	23.28	9.93	41.62	19.10	43.23
Diluted	22.49	9.90	40.21	19.04	42.15
Dividend per share (of Rs.5)	2.50	1.50	2.50	1.50	4.50

Notes:

- The above audited quarterly and half-yearly results have been taken on record by the Board at its meeting held on October 10, 2000.
- Interim dividend of Rs. 2.50 per share (50% on an equity share of par value of Rs. 5/-) has been declared at the above Board meeting. The record date for payment of dividend will be November 10, 2000.
- Fluctuations in exchange rate(s) during the quarter, with reference to exchange rate(s) as at March 31, 2000 led to an increase in income from software development of Rs. 14.92 crore (Rs. 5.24 crore) and profit before tax of Rs. 8.71 crore (Rs. 1.84 crore). For the half-year ended September 30, 2000, the respective figures of increases in income from software development and profit before tax were Rs. 19.90 crore (Rs. 8.86 crore) and Rs. 11.38 crore (Rs. 3.87 crore). In fiscal 2000, on a similar basis, the Company recorded increases in income from software development of Rs. 22.58 crore and profit before tax of Rs. 11.63 crore correspondingly.
- Other income of Rs. 19.58 crore (Rs. 9.58 crore) for the quarter includes an amount of Rs. 9.68 crore (Rs. 1.65 crore) arising from exchange differences on translation of foreign currency deposits kept abroad. Excluding the above, the net profit after tax is Rs. 144.33 crore, a 125% increase over the net profit of Rs. 64.06 crore for the quarter ended September 30, 1999.

5. During the half-year the Company made the following strategic investments:
 - ? Rs. 2,20,98,608 (equivalent to € 555,800) for 27,790 bearer shares of nominal value € 1 each, at an issue price of € 20 per share in Alpha Thinx Mobile Phone Services AG, Austria.
 - ? Rs. 6,84,75,000 (equivalent to US\$ 1,500,000) for 3,00,00,000 Ordinary Shares of par value US\$ 0.01 each, at an issue price of US\$ 0.05 per Ordinary Share in Asia Net Media BVI Limited, British Virgin Islands.
 - ? Rs. 13,40,08,660 (equivalent to US\$ 2,999,970) for 33,333 fully paid Series D Convertible Preferred Stock of par value of US\$ 0.01 each, at an issue price of US\$ 90 per share in CiDRA Corporation, USA.
 - ? Rs. 50,36,000 (equivalent to Singapore \$ ("S\$") 200,000), for 20 capital units in M-Commerce Ventures Pte Ltd, Singapore ("MCVPL"). Each unit in MCVPL represents one ordinary share of S\$ 1 each, issued at par, and nine redeemable preference shares at a par value of S\$ 1 each, with a premium of S\$ 1,110 per redeemable preference share.
6. During the first quarter of the current fiscal, the Company transferred its intellectual property rights in Onscan – a web-focussed wireless-enabled notification product, to Onscan Inc., USA, a company incubated by Infosys as part of its ongoing effort to encourage entrepreneurs among its employees. The product was transferred for a gross consideration of Rs. 8.93 crore (US\$ 2 million), received as equity, preferred voting and preferred non-voting securities in Onscan Inc. The income out of the transfer of Rs. 5.49 crore (net of tax) is disclosed as an extraordinary item.
7. Effective October 1, 1998, Infosys had made a provision of Rs. 9.99 crore to meet any possible disruption in client support due to the Year 2000 impact on its technology and communication infrastructure. As of the year ended March 31, 2000, Rs. 2.42 crore was spent towards the Year 2000 transition against the provision. The remainder of Rs. 7.57 crore was written back to profit in the first quarter of the current fiscal.
8. The Company had made a provision of Rs. 3.50 crore for the quarter ended September 30, 1999 towards e-inventing the Company. Rs. 3.11 crore was incurred towards e-inventing the Company as of March 31, 2000 and the remainder of Rs. 0.39 crore was incurred in the quarter ended June 30, 2000, both of which were set-off against this provision.
9. During the half-year ended September 30, 2000, the Company issued 667 equity shares pursuant to the exercise of stock options by certain employees.
10. Basic and diluted earnings per share are retroactively restated to reflect the effect of the 2-for-1 stock split announced during the quarter ended December 31, 1999.
11. The Board of Directors, at their meeting held on May 27, 2000, co-opted Mr. Phaneesh Murthy, Mr. T. V. Mohandas Pai and Mr. Srinath Batni as Additional Directors of the Company with effect from May 27, 2000. Messrs. Phaneesh Murthy, Mohandas Pai and Srinath Batni will hold office up to the date of the next Annual General Meeting, when their appointment as whole-time directors will be placed for the approval of the members in the general meeting. Mr. Susim M. Dutta retired as a director of the Company on May 27, 2000. Mr. Datta will turn 65, the age for superannuation, in the coming year, and consequently did not seek re-election at the Annual General Meeting held on May 27, 2000.
12. The Board of Directors, at their meeting held on October 10, 2000, co-opted Prof. Jitendra Vir Singh, Vice Dean, International Academic Affairs, Wharton School, University of Pennsylvania as an Additional Director of the Company with effect from October 10, 2000. Prof. Jitendra Vir Singh will hold office up to the date of the next Annual General Meeting, when his appointment as a director will be placed for the approval of the members in the general meeting.

Bangalore, India
October 10, 2000

**By order of the Board
for Infosys Technologies Ltd.**

N. R. Narayana Murthy
Chairman and Chief Executive Officer

The Board has also taken on record the unaudited results for the quarter and half-year ended September 30, 2000, prepared as per US GAAP. The summary of the above financial statements is as follows:

in US\$

Particulars	Quarter ended September 30, (Unaudited)		Half-year ended September 30, (Unaudited)		Fiscal 2000 (Audited)
	2000	1999	2000	1999	
Revenues	97,939,050	47,941,680	178,196,883	87,670,580	203,443,754
Gross profit	47,740,735	21,838,008	86,036,407	40,946,644	92,363,208
Amortization of deferred stock compensation expense	1,275,796	1,293,002	2,551,592	2,543,102	5,117,635
Net income	32,781,886	14,720,511	59,613,559	28,031,390	61,344,528
Earnings per American Depository Share					
Basic	0.25	0.11	0.45	0.21	0.47
Diluted	0.25	0.11	0.45	0.21	0.47
Total assets	279,885,881	181,216,163	279,885,881	181,216,163	219,282,870
Cash and cash equivalents	116,475,448	104,131,114	116,475,448	104,131,114	116,599,486

Note: Two American Depository Shares (ADS) are equivalent to one Equity Share.

The reconciliation of net income as per Indian GAAP and US GAAP for the quarter ended September 30, 2000 and 1999 is as follows:

in US\$

Particulars	Quarter ended September 30, (Unaudited)		Half-year ended September 30, (Unaudited)		Fiscal 2000 (Audited)
	2000	1999	2000	1999	
Net profit as per Indian GAAP	33,865,614	15,238,792	62,431,499	29,358,517	67,775,087
Amortization of deferred stock compensation expense	(1,275,796)	(1,293,002)	(2,551,592)	(2,543,102)	(5,117,635)
Provision for retirement benefits to employees	-	-	741,000	-	(741,000)
Deferred taxes	192,068	(28,400)	310,863	(364,326)	850,891
Provision for contingency / e- inventing the Company	-	803,121	(87,387)	1,580,301	(1,422,815)
Transfer of intellectual property rights (net of tax)	-	-	(1,230,824)	-	-
Net income as per US GAAP	32,781,886	14,720,511	59,613,559	28,031,390	61,344,528

Note:

The income for the quarter and half-year ended September 30, 2000 (September 30, 1999) includes other income of \$ 2.12 million (\$ 0.33 million) and \$ 3.79 million (\$ 2.23 million) due to exchange differences on translation of foreign currency deposits maintained abroad. Excluding the above, the net income and earnings per American Depository Share would have been \$ 30.66 million (\$ 14.35 million) and \$ 0.23 (\$ 0.11) for the quarter ended September 30, 2000 and \$55.83 million (\$ 25.77 million) and \$0.42 (\$ 0.20) for the half-year ended September 30, 2000, respectively.

Other than the historical information and discussions contained in this earnings release, certain statements may be forward-looking. 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, the success of Onscan Inc., the success of the companies in which the Company has made strategic investments, the Company's incubation and investment policy, 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.