

Infosys Technologies Limited

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

Audited financial results for the quarter and nine months ended December 31, 2000

in Rs. crore, except per share data

	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31, 2000
	2000	1999	2000	1999	
Income from software services and products					
Exports	529.24	224.41	1,321.56	598.10	869.70
Domestic	7.83	2.00	17.14	6.88	12.63
Other income					
Interest and others	11.03	7.72	28.62	21.32	29.20
Exchange differences	3.44	(0.61)	20.54	9.16	9.93
Total income	551.54	233.52	1,387.86	635.46	921.46
Staff costs	199.64	86.20	509.84	226.70	334.56
Foreign travel expenses	44.03	20.20	110.14	57.55	84.09
Other expenditure	75.94	28.65	187.20	82.06	117.10
Provision for contingencies	-	-	-	3.33	3.33
Provision for e-inventing the company	-	-	-	3.50	3.50
Provision for investment	13.08	-	13.08	-	-
Total expenses	332.69	135.05	820.26	373.14	542.58
Operating profits (PBIDT)	218.85	98.47	567.60	262.32	378.88
Interest	-	-	-	-	-
Depreciation	33.02	14.48	74.99	34.52	53.23
Profit before tax and extraordinary items	185.83	83.99	492.61	227.80	325.65
Provision for tax	19.50	10.20	50.96	27.70	39.70
Profit after tax before extraordinary items	166.33	73.79	441.65	200.10	285.95
Effect of extraordinary items (net of tax)	-	-	5.49	-	7.57
Net profit after tax and extraordinary items	166.33	73.79	447.14	200.10	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 13 below)					
Basic	25.14	11.16	66.76	30.25	43.23
Diluted	24.23	10.94	64.35	29.68	42.15
Dividend per share (of Rs. 5)	Nil	Nil	2.50	1.50	4.50

Notes:

- The above audited results for the quarter and nine months ended December 31, 2000 have been taken on record by the Board at its meeting held on January 9, 2001.
- 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. 30.53 crore (Rs. 5.59 crore), and profit before tax of Rs. 16.46 crore (Rs. 2.86 crore). For the nine months ended December 31, 2000, the respective figures for increases in income from software development and profit before tax were Rs. 50.42 crore (Rs. 14.45 crore) and Rs. 27.55 crore (Rs. 6.73 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.
- During the quarter ended December 31, 2000, EC Cubed Inc., a US-based provider of B2B e-commerce solutions in which Infosys had made a strategic investment, filed for liquidation. Pending the conclusion of liquidation proceedings, the company has provided for the entire amount invested, amounting to Rs. 13.08 crore, in its income statement.

4. During the quarter ended December 31, 2000 the company made the following strategic investments:

- Rs. 2,33,34,992 (equivalent to US\$ 500,000) comprising 2,76,243 fully-paid up Series D Convertible Preferred Stock, par value of US\$ 0.001 each, at US\$ 1.81 each in PurpleYogi Inc., USA.
- Rs. 1,34,11,700 (equivalent to Singapore \$ ("S\$") 500,000), for 50 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 of par value S\$ 1 each, at a premium of S\$ 1,110 per redeemable preference share. With this remittance, the total amount invested in MCVPL till date is Rs. 1,84,47,700 (equivalent to S\$ 700,000).

During the nine months ended December 31, 2000, the company also 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.
- Rs. 13,40,08,660 (equivalent to US\$ 2,999,970) for 33,333 fully-paid up 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.

5. 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.
6. During the quarter and nine months ended December 31, 2000, the company issued 1,200 and 1,867 equity shares respectively pursuant to the exercise of stock options by certain employees.
7. The Board of Directors, at their meeting held on January 9, 2001, co-opted Sen. Larry Pressler, Former Senator, US Senate and presently an Attorney and Senior Partner in O'Connor and Hannan LLP, as an Additional Director of the company with effect from January 9, 2001. Sen. Pressler 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 meeting.
8. The Board of Directors, through a resolution by circulation of November 13, 2000, co-opted Dr. Omkar Goswami, Chief Economist to the Confederation of Indian Industry, as an Additional Director of the company with effect from November 13, 2000. Dr Goswami 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 meeting.
9. 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 meeting.
10. 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. Murthy, Pai and 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 meeting. Mr. Susim M. Dutta retired as a director of the company on May 27, 2000.
11. The Board of Directors, at their meeting held on January 9, 2001 accepted the resignation of Mr. V. Vishwanathan, from the post of Company Secretary and appointed Mr. V. Balakrishnan, Associate Vice-president - Finance in place thereof. Mr. V. Balakrishnan will hold office as Company Secretary with effect from January 10, 2001, in addition to his responsibilities in the Finance function.
12. An interim dividend of Rs. 2.50 per share (50% on an equity share of par value of Rs. 5/-) was declared at the Board meeting on October 10, 2000. The record date for payment of dividend was November 10, 2000 and it has since been paid.
13. 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.

Bangalore, India
January 9, 2001

**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 nine months ended December 31, 2000, prepared as per US GAAP. The summary of the above financial statements is as follows:

in US\$

Particulars	Quarter ended December 31, (Unaudited)		Nine months ended December 31, (Unaudited)		Fiscal 2000 (Audited)
	2000	1999	2000	1999	
Revenues	114,911,366	52,158,059	293,108,249	139,828,639	203,443,754
Gross profit	54,328,030	23,633,309	140,364,437	64,579,953	92,363,208
Amortization of stock compensation expense	1,270,448	1,293,002	3,822,040	3,836,104	5,117,635
Net income	34,006,836	15,416,928	93,620,394	43,448,318	61,344,528
Earnings per American Depositary Share					
Basic	0.26	0.12	0.71	0.33	0.47
Diluted	0.25	0.12	0.70	0.33	0.47
Total assets	304,498,707	195,184,772	304,498,707	195,184,772	219,282,870
Cash and cash equivalents	110,891,708	106,789,758	110,891,708	106,789,758	116,599,486

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

The reconciliation of net incomes as per Indian GAAP and US GAAP for the quarters and nine months ended December 31, 2000 and 1999 and the year ended March 31, 2000 respectively are as follows:

in US\$

Particulars	Quarter ended December 31, (Unaudited)		Nine months ended December 31, (Unaudited)		Fiscal 2000 (Audited)
	2000	1999	2000	1999	
Net profit as per Indian GAAP	35,388,146	16,993,187	97,819,645	46,351,903	67,775,087
Amortization of deferred stock compensation expense	(1,270,448)	(1,293,002)	(3,822,040)	(3,836,104)	(5,117,635)
Provision for retirement benefits to employees	-	-	741,000	-	(741,000)
Deferred taxes	(110,863)	437,330	200,000	72,805	850,891
Provision for contingency / e-inventing the company	-	(720,587)	(87,387)	859,714	(1,422,815)
Transfer of intellectual property rights (net of tax)	-	-	(1,230,824)	-	-
Net income as per US GAAP	34,006,835	15,416,928	93,620,394	43,448,318	61,344,528

Note:

EC Cubed Inc., a US-based provider of B2B e-commerce solutions in which the company had made a strategic investment, filed for liquidation during the quarter ended December 31, 2000. Pending the conclusion of liquidation proceedings, the company has provided for the entire amount invested, amounting to US\$ 3,000,000, in its income statements for the quarter and nine months ended December 31, 2000.

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, 2000, and our Quarterly Reports filed on Form 6-K for the quarters ended June 30, 2000 and September 30, 2000. These filings are available at 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.