

Infosys Technologies (NASDAQ: INFY) Announces Results for the Quarter Ended March 31, 2001

Infosys announces strong fourth quarter results

Fremont, California

Highlights

Results for the quarter ended March 31, 2001

- Fourth quarter revenues top \$ 120.7 million, up 89.8% from the same quarter last fiscal
- Net earnings per American Depositary Share (ADS) increases to \$ 0.29 from \$ 0.14 in the same quarter last fiscal
- E-commerce engagements comprise 25.8% of revenues for the quarter, as against 28.3% for the quarter ended December 31, 2000
- Net addition in employees at 921 for the quarter, including 181 lateral hires
- 37 new clients added in the quarter, including marquee names such as Monsanto, Vodafone Networks and Swiss Re
- Relationships with large clients such as Aetna expanded in this quarter

Outlook for the quarter ending June 30, 2001 and the fiscal year ending March 31, 2002

- Net revenues expected to be between \$ 123 million and \$ 125 million for the quarter ending June 30, 2001, and between \$ 530 million and \$ 545 million for the fiscal year ending March 31, 2002
- Earnings per ADS expected to be between \$ 0.28 and \$ 0.29 for the quarter ending June 30, 2001, and between \$ 1.24 and \$ 1.27 for the fiscal year ending March 31, 2002

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its fourth quarter ended March 31, 2001. Revenues for the quarter aggregated \$ 120.7 million, up 89.8% from \$ 63.6 million for the quarter ended March 31, 2000.

Net income was \$ 38.3 million (\$ 17.9 million for the quarter ended March 31, 2000) and net earnings per ADS was \$ 0.29 (\$ 0.14), after making a provision of \$ 0.5 million towards the company's investment in Alpha Thinx Mobile Services AG ("Alpha Thinx") in the current quarter.

"We had a very strong quarter," said N. R. Narayana Murthy, Chairman and CEO. **"With the economic environment in North America becoming challenging, we estimate a revenue growth rate of 30% for fiscal 2002. As always, we will exploit any new opportunity for higher growth."**

As on March 31, 2001, Infosys had 273 active clients, of which 37 were new clients added in the quarter.

"We are in constant touch with our clients. Several of them face uncertain economic conditions," said Nandan M. Nilekani, Managing Director, President and COO. **"Our addition of 37 new clients is the highest ever during a quarter. These client wins were especially in the financial services and manufacturing sectors. We have a resilient business model that can meet the challenges thrown up by changing market conditions."**

Dot-com and Internet, and telecom start-up companies accounted for 4.0% and 3.0% (aggregating 7.0%), respectively, of total revenues for the quarter – down from 5.8% and 3.5% (aggregating 9.3%), respectively, for the quarter ended December 31, 2000.

“As part of our de-risking strategy, we further reduced our exposure to start-up companies,” Said S. D. Shibulal, Director – Customer Delivery. **“However, our diverse client base, combined with several high-quality new wins in the quarter, enabled us to maintain our growth.”**

During the quarter, Alpha Think in which Infosys made a strategic investment, filed for liquidation. Pending the conclusion of liquidation proceedings, the company has provided for the entire amount of the investment amounting to \$ 0.5 million in its income statement for the quarter ended March 31, 2001.

“We have a comfortable cash position at the end of the year which enables us to meet our strategic objectives in a dynamic market environment,” said T. V. Mohandas Pai, Director – Finance and Administration, and Chief Financial Officer. **“We continue to focus on risk management, cost control and maintaining margins. Our business model enables us to aggressively invest for the future while maintaining liquidity, without materially compromising on the margins.”**

Business outlook

The company's outlook for the quarter ending June 30, 2001 and fiscal year ending March 31, 2002 is as follows:

Quarter ending June 30, 2001

- Net revenue is expected to be in the range of \$ 123 million to \$ 125 million
- Earnings per ADS is expected to be in the range of \$ 0.28 to \$ 0.29

Fiscal year ending March 31, 2002

- Net revenue is expected to be in the range of \$ 530 million to \$ 545 million
- Earnings per ADS is expected to be in the range of \$ 1.24 to \$ 1.27

About Infosys Technologies Limited (NASDAQ: INFY)

Infosys is an IT consulting and service provider, providing end-to-end consulting for global corporations. The company has partnered with several Fortune 1000 companies in building their next generation information infrastructure for competitive advantage. The Infosys portfolio of services includes e-strategy consulting and solutions, large application development and enterprise integration services. Infosys also has product co-development initiatives with numerous communication and Internet infrastructure companies that are creating the building blocks for the digital economy.

The Global Delivery Model of the company leverages talent and infrastructure in different parts of the world to provide high quality, rapid time-to-market solutions. Infosys' US headquarters is located in Fremont, California; the company also maintains offices throughout the US, Europe and Asia. For more information, contact P. R. Ganapathy, Investor Relations Officer, at +1 (510) 742-3030 or visit us on the World Wide Web at www.infy.com.

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, September 30, 2000 and December 31, 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.

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Infosys Announces Fourth Quarter Results Statements of Income

	<i>(in US\$ except share data)</i>			
	Quarter ended March 31		Year ended March 31	
	2001	2000	2001	2000
Revenues	120,742,261	63,615,115	413,850,510	203,443,754
Cost of revenues	60,869,932	35,831,860	213,613,744	111,080,546
Gross profit	<u>59,872,329</u>	<u>27,783,255</u>	<u>200,236,766</u>	<u>92,363,208</u>
Operating Expenses:				
Selling and marketing expenses	6,738,638	3,000,076	20,682,776	9,643,970
General and administrative expenses	11,153,688	5,616,896	36,957,609	17,102,550
Amortization of stock compensation expense	1,259,755	1,281,531	5,081,795	5,117,635
Total operating expenses	<u>19,152,081</u>	<u>9,898,503</u>	<u>62,722,180</u>	<u>31,864,155</u>
Operating income	40,720,248	17,884,752	137,514,586	60,499,053
Other income, net	1,712,921	1,985,873	9,505,343	9,038,792
Income before income taxes	<u>42,433,169</u>	<u>19,870,625</u>	<u>147,019,929</u>	<u>69,537,845</u>
Provision for income taxes	4,105,459	1,974,415	15,071,825	8,193,317
Net income available for common stockholders	<u>38,327,710</u>	<u>17,896,210</u>	<u>131,948,104</u>	<u>61,344,528</u>
Earnings per American Depositary Share				
Basic	0.29	0.14	1.00	0.47
Diluted	0.29	0.13	0.99	0.46
Weighted equity shares used in computing earnings per American Depositary Share				
Basic	131,145,914	131,269,934	131,542,512	131,319,251
Diluted	132,451,338	132,754,680	133,429,478	131,727,980

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

(in US\$ except share data)

	2001	2000
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	124,084,245	116,599,486
Trade accounts receivable, net of allowances	64,942,062	31,233,515
Deferred tax assets	1,265,142	-
Prepaid expenses and other current assets	16,452,863	11,256,295
Total current assets	206,744,312	159,089,296
Property, plant and equipment, net	119,773,030	47,554,772
Deferred tax assets	2,070,428	2,566,266
Investments	5,577,393	3,177,938
Advance income taxes	180,113	-
Other assets	8,002,543	6,894,598
TOTAL ASSETS	342,347,819	219,282,870
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities</i>		
Accounts payable	28,082	976,840
Client deposits	1,217,737	425,724
Other accrued liabilities	21,830,484	13,835,635
Income taxes payable	-	1,878,977
Unearned revenue	7,479,815	4,029,173
Total current liabilities	30,556,118	21,146,349
<i>Stockholders' Equity and Comprehensive Income</i>		
Common stock, \$ 0.16 par value; 100,000,000 equity shares authorized, Issued and outstanding – 66,158,117 and 66,150,700 as of 2001 and 2000, respectively	8,594,106	8,593,510
Additional paid-in capital	122,017,518	121,506,726
Accumulated other comprehensive income	(28,664,972)	(14,137,933)
Deferred stock compensation	(12,517,018)	(17,598,813)
Retained earnings	222,362,067	99,773,031
Total stockholders' equity	311,791,701	198,136,521
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	342,347,819	219,282,870

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/>.