



Infosys Technologies Limited

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

Audited financial results for the quarter, half-year and year ended March 31, 2001

in Rs. crore, except per share data

	Quarter ended March 31,		Half-year ended March 31,		Year ended March 31,	
	2001	2000	2001	2000	2001	2000
Income from software services and products						
Exports	552.47	271.60	1,081.71	496.00	1,874.02	869.70
Domestic	9.40	5.75	17.23	7.75	26.54	12.63
Other income						
Interest and others	10.58	7.88	21.61	15.61	39.20	29.20
Exchange differences	(0.37)	0.77	3.07	0.16	20.17	9.93
Total income	572.08	286.00	1,123.62	519.52	1,959.93	921.46
Staff costs	207.95	107.86	407.59	194.06	717.78	334.56
Foreign travel expenses	37.08	26.54	81.11	46.73	147.22	84.09
Other expenditure	83.51	35.04	159.46	63.71	270.72	123.93
Provision for investment	2.21	-	15.29	-	15.29	-
Total expenses	330.75	169.44	663.45	304.50	1,151.01	542.58
Operating profits (PBIDT)	241.33	116.56	460.18	215.02	808.92	378.88
Interest	-	-	-	-	-	-
Depreciation	37.91	18.71	70.92	33.19	112.89	53.23
Profit before tax and extraordinary items	203.42	97.85	389.26	181.83	696.03	325.65
Provision for tax	21.75	12.00	41.25	22.20	72.71	39.70
Profit after tax before extraordinary items	181.67	85.85	348.01	159.63	623.32	285.95
Effect of extraordinary items (net of tax)	-	7.57	--	7.57	5.49	7.57
Net profit after tax and extraordinary items	181.67	93.42	348.01	167.20	628.81	293.52
Paid-up equity capital (nominal value of Rs. 5 each, fully paid-up)	33.08	33.08	33.08	33.08	33.08	33.08
Reserves	1,356.56	800.23	1,356.56	800.23	1,356.56	800.23
Earnings per share (of Rs. 5) <i>(see note 14 below)</i>						
Basic	27.46	14.12	52.61	25.28	95.06	44.38
Diluted	27.33	14.12	52.40	25.27	94.76	44.37
Dividend per share (of Rs. 5)	7.50	4.50	7.50	4.50	10.00	4.50
Aggregate of non-promoter shareholding						
Number of shares	4,34,53,197	4,24,88,278	4,34,53,197	4,24,88,278	4,34,53,197	4,24,88,278
Percentage of holding (to total shareholding)	65.68	64.23	65.68	64.23	65.68	64.23

Notes:

- The above audited results for the quarter, half-year and year ended March 31, 2001 have been taken on record by the Board at its meeting held on April 11, 2001. There are no qualifications in the report issued for these periods by the auditors.

2. Fluctuations in exchange rate(s) during the quarter, with reference to exchange rate(s) as at March 31, 2000 (March 31, 1999) lead to an increase in income from software development of Rs. 31.75 crore (Rs. 8.13 crore), and profit before tax of Rs. 17.81 crore (Rs. 4.90 crore). For the half year ended March 31, 2001, the respective figures for increases in income from software development and profit before tax were Rs. 62.28 crore (Rs. 13.72 crore) and Rs. 34.27 crore (Rs. 7.76 crore). For the year ended March 31, 2001, the respective figures for increases in income from software development and profit before tax were Rs. 82.17 crore (Rs. 22.58 crore) and Rs. 45.36 crore (Rs. 11.63 crore).
3. The Board of Directors at their meeting also proposed a final dividend of Rs. 7.50 per share (150% on an equity share of par value of Rs. 5/-), subject to the approval of the shareholders at the Annual General Meeting to be held in June 2001. 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. Accordingly, the total dividend for the year would be Rs.10.00 per share (200% on an equity share of par value of Rs. 5/-).
4. The register of members and share transfer books will remain closed from May 16, 2001 to June 2, 2001 both days inclusive. The annual general meeting of the company has been scheduled for June 2, 2001.
5. During the year ended March 31, 2001, the company made the following strategic investments:
 - Rs. 2,33,34,992 (equivalent to US\$ 500,000) for 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. 1,84,47,700 (equivalent to Singapore \$ ("S\$") 700,000), for 70 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.
 - 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 ("Alpha Thinx").
 - 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.
6. During the half-year ended March 31, 2001, EC Cubed Inc. and Alpha Thinx, companies in which Infosys had made strategic investments, filed for liquidation. Pending the conclusion of liquidation proceedings, the company has provided for the aggregate amount invested, amounting to Rs. 15.29 crore, in its Profit and Loss Account, of which Rs. 2.21 crores was provided during the last quarter of fiscal year 2001.
7. During the first quarter of the current fiscal, the company transferred its intellectual property rights in Onscan – a web-focused wireless-enabled notification product, to OnMobile Systems Inc., USA, (formerly known as Onscan Inc.), 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 in the form of preferred voting and preferred non-voting securities of OnMobile Systems Inc. The resultant income of Rs. 5.49 crore (net of tax) is disclosed as an extraordinary item in the first quarter of fiscal year 2001.
8. During the quarter, half-year and year ended March 31, 2001, the company issued 5550, 6750 and 7417 equity shares respectively pursuant to the exercise of stock options by certain employees. For the previous year, the exercise of stock options corresponding to such periods resulted in an issue of 11,900 equity shares.
9. The Board of Directors, at their meeting held on April 11, 2001, granted an aggregate of 31,000 stock options to the non-executive directors under the 1999 stock option plan.
10. The Board of Directors, at their meeting held on March 29, 2001, co-opted Ms. Rama Bijapurkar as an Additional Director of the company with effect from March 29, 2001. Ms. Bijapurkar will hold office up to the date of the ensuing Annual General Meeting, when her appointment as a director will be placed for the approval of the members in the meeting.
11. The Board of Directors, at various meetings held during the course of the year, co-opted the following as Additional Directors of the company to hold office up to the date of the ensuing Annual General Meeting when their appointments as directors will be placed for the approval of the members in the meeting:
 - Sen. Larry Pressler, Former Senator, US Senate, and presently an Attorney and Senior Partner in O'Connor and Hannan LLP;
 - Dr. Omkar Goswami, Chief Economist to the Confederation of Indian Industry (CII);
 - Prof. Jitendra Vir Singh, Vice Dean, International Academic Affairs, Wharton School, University of Pennsylvania; and
 - Mr. Phaneesh Murthy, Mr. T. V. Mohandas Pai and Mr. Srinath Batni, officers of the company.
12. Mr. Susim M. Dutta retired as a director of the company on May 27, 2000.
13. 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 has held office as Company Secretary with effect from January 10, 2001, in addition to his responsibilities in the Finance function.
14. 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.

**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 and the audited results for the year ended March 31, 2001, prepared as per US GAAP. The summary of the above financial statements is as follows:

in US\$

Particulars	Quarter ended March 31, (Unaudited)		Half Year ended March 31, (Unaudited)		Year ended March 31, (Audited)	
	2001	2000	2001	2000	2001	2000
Revenues	120,742,261	63,615,115	235,653,627	115,773,174	413,850,510	203,443,754
Gross profit	59,872,329	27,783,255	114,200,359	51,416,564	200,236,766	92,363,208
Amortization of stock compensation expense	1,259,755	1,281,531	2,530,203	2,574,533	5,081,795	5,117,635
Net income	38,327,710	17,896,210	72,334,545	33,313,138	131,948,104	61,344,528
Earnings per American Depository Share						
Basic	0.29	0.14	0.55	0.26	1.00	0.47
Diluted	0.29	0.13	0.55	0.26	0.99	0.47
Total assets	342,347,819	219,282,870	342,347,819	219,282,870	342,347,819	219,282,870
Cash and cash equivalents	124,684,245	116,599,486	124,684,245	116,599,486	124,684,245	116,599,486

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

The reconciliation of net incomes as per Indian GAAP and US GAAP for the quarters, half-years and years ended March 31, 2001 and 2000 respectively are as follows:

in US\$

Particulars	Quarter ended March 31, (Unaudited)		Half year ended March 31, (Unaudited)		Year ended March 31, (Audited)	
	2001	2000	2001	2000	2001	2000
Net profit as per Indian GAAP	39,018,161	21,423,184	74,406,308	38,416,570	136,837,807	67,775,087
Amortization of deferred stock compensation expense	(1,259,755)	(1,281,531)	(2,530,203)	(2,574,533)	(5,081,795)	(5,117,635)
Provision for retirement benefits to employees	--	(741,000)	--	(741,000)	741,000	(741,000)
Deferred taxes	569,304	778,086	458,440	1,215,217	769,303	850,891
Provision for contingency / e-inventing the company	--	(2,282,529)	--	(3,003,116)	(87,387)	(1,422,815)
Transfer of intellectual property rights (net of tax)	--	--	--	--	(1,230,824)	-
Net income as per US GAAP	38,327,710	17,896,210	72,334,545	33,313,138	131,948,104	61,344,528

Note:

During the half-year ended March 31, 2001, EC Cubed Inc. and Alpha Thinx, companies in which Infosys had made strategic investments, filed for liquidation. Pending the conclusion of liquidation proceedings, the company has provided for the entire amount invested, amounting to US\$ 3,000,000 and US\$ 500,000 respectively, in its income statements for the quarters ended December 31, 2000 and March 31, 2001 respectively.

Safe Harbor Provision

Certain statements in this release concerning the company's 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 referred to 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, the company's ability to manage growth, intense competition in IT services including those factors which may affect the company's cost advantage, wage increases in India, the company's ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, the company's ability to manage its international operations, reduced demand for technology in the company's key focus areas, disruptions in telecommunication networks, the ability to successfully complete and integrate potential acquisitions, liability for damages on the company's 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 the company's intellectual property and general economic conditions affecting the industry. Additional risks that could affect future operating results are more fully described in the company's United States Securities and Exchange Commission filings including the Annual Report on Form - 20-F for the fiscal year ended March 31, 2000, and 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 reports to its 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.