

## Audited financial results for the quarter and nine months ended December 31, 2001

(in Rs. crore, except per share data)

	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2001	2000	2001	2000	2001
Income from software services and products					
Overseas	648.35	529.24	1,882.93	1,321.56	1,874.03
Domestic	12.46	7.83	40.53	17.14	26.54
<b>Total</b>	<b>660.81</b>	<b>537.07</b>	<b>1,923.46</b>	<b>1,338.70</b>	<b>1,900.57</b>
Software development expenses	309.50	250.14	902.01	625.57	870.84
<b>Gross profit</b>	<b>351.31</b>	<b>286.93</b>	<b>1,021.45</b>	<b>713.13</b>	<b>1,029.73</b>
Selling and marketing expenses	32.85	21.55	93.97	62.09	92.07
General and administration expenses	51.01	47.92	160.60	119.52	172.82
<b>Operating profit before interest and depreciation</b>	<b>267.45</b>	<b>217.46</b>	<b>766.88</b>	<b>531.52</b>	<b>764.84</b>
Interest	-	-	-	-	-
Depreciation	41.34	33.02	115.83	74.99	112.89
<b>Operating profit after interest and depreciation</b>	<b>226.11</b>	<b>184.44</b>	<b>651.05</b>	<b>456.53</b>	<b>651.95</b>
Other income	14.93	14.47	43.08	49.16	59.37
Provision for investments	-	(13.08)	-	(13.08)	(15.29)
<b>Profit before tax and extraordinary item</b>	<b>241.04</b>	<b>185.83</b>	<b>694.13</b>	<b>492.61</b>	<b>696.03</b>
Provision for taxation	35.00	19.50	96.50	50.96	72.71
<b>Profit after tax before extraordinary item</b>	<b>206.04</b>	<b>166.33</b>	<b>597.63</b>	<b>441.65</b>	<b>623.32</b>
Extraordinary item - transfer of intellectual property rights (net of taxes)	-	-	-	5.49	5.49
<b>Net profit after tax and extraordinary item</b>	<b>206.04</b>	<b>166.33</b>	<b>597.63</b>	<b>447.14</b>	<b>628.81</b>
Paid-up equity share capital (par value Rs. 5/- each, fully paid)	33.08	33.08	33.08	33.08	33.08
Reserves	1,916.84	1,228.01	1,916.84	1,228.01	1,356.56
<b>Earnings per share (par value Rs. 5/- each)</b>					
Basic	31.14	25.14	90.33	67.59	95.06
Diluted	31.02	24.86	89.86	66.79	94.76
<b>Dividend per share (par value Rs. 5/- each)</b>	-	-	7.50	2.50	10.00
<b>Percentage</b>	-	-	150	50	200
<b>Aggregate of non-promoters shareholding</b>					
Number of shares	4,70,92,487	4,68,19,607	4,70,92,487	4,68,19,607	4,68,70,557
Percentage of shareholding	71.17	70.78	71.17	70.78	70.85

## Segment reporting

(in Rs. crore)

	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2001	2000	2001	2000	2001
<b>Revenue by industry segment</b>					
Financial services	226.20	196.57	700.23	452.32	640.78
Manufacturing	104.76	89.69	329.00	238.51	338.84
Telecom	100.07	95.06	301.73	247.38	350.11
Retail	89.84	46.73	232.63	110.40	172.87
Others	139.94	109.02	359.87	290.09	397.97
<b>Total</b>	<b>660.81</b>	<b>537.07</b>	<b>1,923.46</b>	<b>1,338.70</b>	<b>1,900.57</b>
<b>Less: Inter-segment revenue</b>	-	-	-	-	-
<b>Net revenue from operations</b>	<b>660.81</b>	<b>537.07</b>	<b>1,923.46</b>	<b>1,338.70</b>	<b>1,900.57</b>
<b>Segment profit / (loss) before tax and interest:</b>					
Financial services	80.13	77.11	258.02	167.32	237.21
Manufacturing	33.73	29.66	108.49	85.06	117.49
Telecom	49.55	43.97	146.22	115.88	167.82
Retail	43.24	19.62	110.48	40.85	71.81
Others	60.80	47.10	143.67	122.41	170.51
<b>Total</b>	<b>267.45</b>	<b>217.46</b>	<b>766.88</b>	<b>531.52</b>	<b>764.84</b>
<b>Less: Interest</b>	-	-	-	-	-
<b>Less: Other un-allocable expenditure</b> (excluding un-allocable income)	<b>41.34</b>	<b>33.02</b>	<b>115.83</b>	<b>74.99</b>	<b>112.89</b>
<b>Operating profit before tax</b>	<b>226.11</b>	<b>184.44</b>	<b>651.05</b>	<b>456.53</b>	<b>651.95</b>

### Notes on segment information

#### Principal segments

The company's operations predominantly relate to providing Information Technology ("IT") services to customers operating in various industry segments. Accordingly, IT service revenues represented along industry classes comprise the primary basis of segmental information set out above.

#### Segmental capital employed

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The company believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities.

### Notes:

1. The above audited quarterly and nine monthly results have been taken on record by the Board at its meeting held on January 10, 2002. There are no qualifications in the auditors' reports issued for these periods.

2. Details of expenses:

(in Rs. crore)

Particulars	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2001	2000	2001	2000	2001
Staff costs	287.71	199.64	825.86	509.84	717.78
Items exceeding 10% of aggregate expenditure					
Foreign Travel	32.23*	44.03	98.69*	110.14	147.22

\* - Provided for comparative purpose only

3. Particulars of other income are as follows:

(in Rs. crore)

Particulars	Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,
	2001	2000	2001	2000	2001
Interest on deposits	12.36	10.82	35.96	28.02	38.47
Exchange difference	2.07	3.44	5.89	20.54	20.17
Miscellaneous income	0.50	0.21	1.23	0.60	0.73
<b>Total</b>	<b>14.93</b>	<b>14.47</b>	<b>43.08</b>	<b>49.16</b>	<b>59.37</b>

4. There were no investments during the quarter ended December 31, 2001. During the nine months ended December 31, 2001, the company invested Rs 10.33 crore in Workadia, Inc., USA ("Workadia") purchasing 22,00,000 fully paid Series "B" convertible preferred stock, par value of US\$ 0.0002, at US\$ 1.00 each. Workadia will provide companies with comprehensive, customizable business intranets through browser accessed hosted portals and also offer consulting services to help customers select and deploy their intranet applications, content and services.

5. An amount of Rs 15.29 crore was provided for investments in Alpha Think, Austria, and EC Cubed, Inc., USA, during the latter half of the year ended March 31, 2001, when the investee companies filed for liquidation.

6. During the year ended March 31, 2001, the company transferred its intellectual property rights in Onscan, a web-focused wireless-enabled notification product, to OnMobile Systems, Inc. (formerly Onscan, Inc.), USA, a company incubated by Infosys. The rights were transferred for Rs. 8.93 crore (US\$ 2 million), received as common, preferred voting and preferred non-voting securities in OnMobile Systems, Inc. The income of Rs. 5.49 crore (net of tax) arising on the transfer is disclosed above as an extraordinary item.

7. Certain accounting standards became mandatory for accounting periods commencing on or after April 1, 2001. The company adopted the accounting standards on segment reporting, related party disclosures and earnings per share effective the year ended March 31, 2001 and adopted the standards on accounting for leases and income taxes effective from April 1, 2001.

8. Consequent to the standard on accounting for taxes on income becoming mandatory effective April 1, 2001, the company recorded the cumulative net deferred tax credit of Rs 15.53 crore until April 1, 2001 as addition to the general reserves. Deferred tax credits of Rs 3.69 crore and Rs 6.80 crore for the quarter and nine months ended December 31, 2001 respectively, are included in the provisions for taxation of the referred periods.

9. The accounting standard on consolidated financial statements became effective from April 1, 2001. Although Yantra Corporation, USA, is a subsidiary of Infosys as per the Companies Act, 1956 the financial statements have not been consolidated since the company does not have control as envisaged by the accounting standard on consolidated financial statements issued by the ICAI. The company does not have any investments in associates and accordingly the related accounting standard, mandatory effective April 1, 2002, does not affect the financial statements.

10. During the quarter ended December 31, 2001, nine months ended December 31, 2001 and year ended March 31, 2001 the Company issued 8,530, 11,130 and 7,417 equity shares respectively pursuant to the exercise of stock options by certain employees.

11. Mr. Ramesh Vangal retired as a director of the company on October 24, 2001.

12. The Board of Directors co-opted Mr. Claude Smadja, Principal Advisor of the World Economic Forum, as an additional director of the company with effect from October 25, 2001. Mr. Smadja will hold office until the date of the ensuing annual general meeting, when his appointment as a director will be placed for the approval of the members in the meeting.

13. The Board of Directors in its meeting held on January 10, 2002 approved the following changes in the senior management of the company that will become effective from March 31, 2002:

- ♦ Mr. Nandan M. Nilekani assumes the role of Chief Executive Officer, President and Managing Director
- ♦ Mr. S. Gopalakrishnan assumes the role of Chief Operating Officer and Deputy Managing Director
- ♦ Mr. N. R. Narayana Murthy continues as Chairman of the Board of Directors and will be designated Chairman and Chief Mentor

By order of the Board  
for Infosys Technologies Ltd.  
**N. R. Narayana Murthy**  
Chairman and Chief Executive Officer

Bangalore, India  
January 10, 2002

The Board has also taken on record the unaudited results for the quarter and nine months ended December 31, 2001, prepared as per US GAAP.

The summary of the above financial statements is as follows:

(in US\$ million, except per share data)

Particulars	Quarter ended December 31, (Unaudited)		Nine months ended December 31, (Unaudited)		Fiscal 2001 (Audited)
	2001	2000	2001	2000	
Revenues	137.58	114.91	405.37	293.11	413.85
Gross profit	64.53	54.33	190.85	140.36	200.24
Amortization of deferred stock compensation expense	1.23	1.27	3.75	3.82	5.08
Net income	41.65	34.01	122.18	93.62	131.95
Earnings per American Depositary Share					
Basic	0.32	0.26	0.93	0.71	1.00
Diluted	0.31	0.26	0.92	0.70	0.99
Total assets	439.42	304.50	439.42	304.50	342.35
Cash and cash equivalents	179.96	110.89	179.96	110.89	124.08

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

The reconciliation of net incomes as per Indian GAAP and US GAAP is as follows:

(in US\$ million)

Particulars	Quarter ended December 31, (Unaudited)		Nine months ended December 31, (Unaudited)		Fiscal 2001 (Audited)
	2001	2000	2001	2000	
Net profit as per Indian GAAP	42.88	35.39	125.93	97.82	136.84
Amortization of deferred stock compensation expense	(1.23)	(1.27)	(3.75)	(3.82)	(5.08)
Provision for retirement benefits to employees	-	-	-	0.74	0.74
Deferred taxes	-	(0.11)	-	0.20	0.77
Provision for contingency / e-inventing the company	-	-	-	(0.09)	(0.09)
Transfer of intellectual property rights (net of tax)	-	-	-	(1.23)	(1.23)
<b>Net income as per US GAAP</b>	<b>41.65</b>	<b>34.01</b>	<b>122.18</b>	<b>93.62</b>	<b>131.95</b>

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, 2001 and the Quarterly Reports on Form 6-K for the quarters ended June 30, 2001 and September 30, 2001. These filings are available at <http://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.