

## Infosys reports a comfortable quarter amidst challenging conditions

Bangalore, India – January 10, 2002

### Highlights

#### *Results for the quarter ended December 31, 2001*

- Income from software development services and products was Rs. 660.81 crore for the third quarter ended December 31, 2001, an increase of 23.04% over income from software development services and products of Rs. 537.07 crore for the corresponding quarter in the previous year
- Earnings per share from ordinary activities increased to Rs. 31.14 from Rs. 25.14 for the corresponding quarter in the previous year, an increase of 23.87%
- Gross addition in employees at 219 for the quarter, including 151 lateral hires – net addition in employees at 109 for the quarter
- Record free cash flows of Rs. 151.51 crore after capital expenditure of Rs. 53.05 crore during the quarter
- 33 new customers added during the quarter, including marquee names such as SunAmerica Inc., Aizawa Koatzu Concrete, and Target Corporation

#### *Senior management changes (effective March 31, 2002)*

- Mr. Nandan M. Nilekani assumes the role of Chief Executive Officer, President and Managing Director of the company
- Mr. S. Gopalakrishnan (“Kris”) assumes the role of Chief Operating Officer and Deputy Managing Director of the company
- Mr. N. R. Narayana Murthy continues to be the Chairman of the Board and will be designated as Chairman and Chief Mentor

#### *Outlook for the quarter ending March 31, 2002*

- Income from software development services and products expected to be between Rs. 636 crore and Rs. 660 crore
- Earnings per share expected to be between Rs. 30 and Rs. 32

#### *Outlook for the fiscal year ending March 31, 2002*

- Income from software development services and products expected to be between Rs. 2,560 crore and Rs. 2,584 crore
- Earnings per share expected to be between Rs. 120 and Rs. 122

## Results for the quarter ended December 31, 2001

The audited financial results, according to Indian GAAP, for the quarter ended December 31, 2001 were taken on record by the Board at its meeting held on January 10, 2002.

The profit and loss account is summarised below:

(in Rs. crore except per share data)

Particulars	Quarter ended December 31,		Growth %	Quarter ended September 30, 2001	Growth % in Q3 over Q2 FY 2002	Year ended March 31, 2001
	2001	2000				
<b>INCOME</b>						
Software development services and products						
Overseas	<b>648.35</b>	529.24	22.51	638.27	1.58	1874.03
Domestic	<b>12.46</b>	7.83	59.13	11.86	5.06	26.54
<b>TOTAL INCOME</b>	<b>660.81</b>	537.07	23.04	650.13	1.64	<b>1900.57</b>
<b>SOFTWARE DEVELOPMENT EXPENSES</b>	<b>309.50</b>	250.14	23.73	306.95	0.83	870.84
<b>GROSS PROFIT</b>	<b>351.31</b>	<b>286.93</b>	<b>22.44</b>	<b>343.18</b>	<b>2.37</b>	<b>1029.73</b>
Selling and marketing expenses	<b>32.85</b>	21.55	52.44	33.46	(1.82)	92.07
General and administrative expenses	<b>51.01</b>	47.92	6.45	50.80	0.41	172.82
<b>OPERATING PROFIT (PBITD)</b>	<b>267.45</b>	<b>217.46</b>	<b>22.99</b>	<b>258.92</b>	<b>3.29</b>	<b>764.84</b>
Interest	-	-	-	-	-	-
Depreciation	<b>41.34</b>	33.02	25.20	39.02	5.95	112.89
<b>OPERATING PROFIT AFTER DEPRECIATION AND INTEREST</b>	<b>226.11</b>	<b>184.44</b>	<b>22.59</b>	<b>219.90</b>	<b>2.82</b>	<b>651.95</b>
Other income	<b>14.93</b>	14.47	3.18	14.66	1.84	59.37
Provision for investments	-	-13.08	-100.00	-	-	-15.29
<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEM</b>	<b>241.04</b>	<b>185.83</b>	<b>29.71</b>	<b>234.56</b>	<b>2.76</b>	<b>696.03</b>
Provision for taxation	<b>35.00</b>	19.50	79.49	33.00	6.06	72.71
<b>PROFIT AFTER TAX BEFORE EXTRAORDINARY ITEM</b>	<b>206.04</b>	<b>166.33</b>	<b>23.87</b>	<b>201.56</b>	<b>2.22</b>	<b>623.32</b>
Extraordinary item – transfer of intellectual property rights (net of tax)	-	-	-	-	-	5.49
<b>NET PROFIT AFTER TAX AND EXTRAORDINARY ITEM</b>	<b>206.04</b>	<b>166.33</b>	<b>23.87</b>	<b>201.56</b>	<b>2.22</b>	<b>628.81</b>
<b>EARNINGS PER SHARE</b> (par value Rs. 5 each)						
Basic	<b>31.14</b>	25.14	23.87	30.47	2.20	95.06
Diluted	<b>31.02</b>	24.86	24.78	30.39	2.07	94.76

## Results for the nine months ended December 31, 2001

The audited financial results, according to Indian GAAP, for the nine months ended December 31, 2001 were taken on record by the Board at its meeting held on January 10, 2002.

The profit and loss account is summarised below:

*(in Rs. crore except per share data)*

Particulars	Nine months ended December 31,		Growth %	Year ended March 31, 2001
	2001	2000		
<b>INCOME</b>				
Software development services and products				
Overseas	<b>1882.93</b>	1321.56	42.48	1874.03
Domestic	<b>40.53</b>	17.14	136.46	26.54
<b>TOTAL INCOME</b>	<b>1923.46</b>	1338.70	43.68	<b>1900.57</b>
<b>SOFTWARE DEVELOPMENT EXPENSES</b>	<b>902.01</b>	625.57	44.19	870.84
<b>GROSS PROFIT</b>	<b>1021.45</b>	<b>713.13</b>	<b>43.23</b>	<b>1029.73</b>
Selling and marketing expenses	<b>93.97</b>	62.09	51.34	92.07
General and administrative expenses	<b>160.60</b>	119.52	34.37	172.82
<b>OPERATING PROFIT (PBIDT)</b>	<b>766.88</b>	<b>531.52</b>	<b>44.28</b>	<b>764.84</b>
Interest	-	-	-	-
Depreciation	<b>115.83</b>	74.99	54.46	112.89
<b>OPERATING PROFIT AFTER DEPRECIATION AND INTEREST</b>	<b>651.05</b>	<b>456.53</b>	42.61	<b>651.95</b>
Other income	<b>43.08</b>	49.16	-12.37	59.37
Provision for investments	-	-13.08	-100.00	-15.29
<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEM</b>	<b>694.13</b>	<b>492.61</b>	<b>40.91</b>	<b>696.03</b>
Provision for taxation	<b>96.50</b>	50.96	89.36	72.71
<b>PROFIT AFTER TAX BEFORE EXTRAORDINARY ITEM</b>	<b>597.63</b>	<b>441.65</b>	<b>35.32</b>	<b>623.32</b>
Extraordinary item – transfer of intellectual property rights (net of tax)	-	5.49	-100.00	5.49
<b>NET PROFIT AFTER TAX AND EXTRAORDINARY ITEM</b>	<b>597.63</b>	<b>447.14</b>	<b>33.66</b>	<b>628.81</b>
<b>EARNINGS PER SHARE</b> (par value Rs. 5 each)				
Basic	<b>90.33</b>	67.59	33.64	95.06
Diluted	<b>89.86</b>	66.79	34.54	94.76

## Business outlook

**"This quarter was one of the most challenging, both for Infosys and the Indian software industry",** said N. R. Narayana Murthy, Chairman and CEO. **"Software spending continued to weaken globally and the events of September 11 created a lot of uncertainty in the external environment. Short-term uncertainties continue to remain and we are cautious about long-term opportunities."**

The company's outlook for the quarter ending March 31, 2002 and the fiscal year ending March 31, 2002, under Indian GAAP and US GAAP, is as follows:

### ***Under Indian GAAP***

#### *Quarter ending March 31, 2002*

- Income from software development services and products expected to be between Rs. 636 crore and Rs. 660 crore
- Earnings per share expected to be between Rs. 30 and Rs. 32

#### *Fiscal year ending March 31, 2002*

- Income from software development services and products expected to be between Rs. 2,560 crore and Rs. 2,584 crore
- Earnings per share expected to be between Rs. 120 and Rs. 122

### ***Under US GAAP***

#### *Quarter ending March 31, 2002*

- Net revenues expected to be in the range of \$ 133 million to \$ 138 million
- Earnings per American Depositary Share expected to be in the range of \$ 0.31 to \$ 0.33

#### *Fiscal year ending March 31, 2002*

- Net revenues expected to be in the range of \$ 538 million to \$ 543 million
- Earnings per American Depositary Share expected to be in the range of \$ 1.24 to \$ 1.26

**"Infosys continued its broad-based growth this quarter",** said Nandan M. Nilekani, Managing Director, President and COO. **"However, the situation continues to be challenging. We are stepping up our efforts in the market, which could benefit us in the long term."**

## Utilization rates

The utilization rate including trainees was 69.6% for the quarter as compared to 68.8% for the quarter ended September 30, 2001 and 66.7% for the quarter ended December 31, 2000. The utilization rate excluding trainees was 72.7% for the quarter as compared to 72.7% for the quarter ended September 30, 2001 and 77.6% for the quarter ended December 31, 2000.

## Billing rates

Software revenues in US dollar terms grew by 0.2% for the quarter as compared to the quarter ended September 30, 2001. Revenue growth comprised volume growth of 3.4% offset by a price decline of 3.2%, as compared to the quarter ended September 30, 2001.

**"We experienced an increase in business volumes"**, said S. Gopalakrishnan, Deputy Managing Director and Head – Customer Service and Technology. **"However, our quarterly revenue growth was impacted due to continued pricing pressures."**

## Expansion of services and significant projects

Infosys continued to grow with the acquisition of 33 new clients this quarter as compared to 28 clients in the previous quarter. While strengthening its relationships with existing customers, and expanding its operations geographically, Infosys also established new alliances with world leaders in various domains including manufacturing, retail and financial services.

Contribution from Infosys' top 5 customers accounted for 24.1% of revenues as compared to 25.3% for the quarter ended September 30, 2001 and 28.1% for the quarter ended December 31, 2000. Contribution from Infosys' top 10 customers accounted for 38.3% of revenues as compared to 39.7% for the quarter ended September 30, 2001 and 42.5% for the quarter ended December 31, 2000.

**"We have added 33 new customers during the current quarter"**, said Phaneesh Murthy, Director and Head – Sales & Marketing and Communications & Product Services. **"By adding more mainstream customers, we continue to further consolidate our expanding customer base. Although we observed that new client ramp-up is slow, we believe that the new client addition would be an important asset for Infosys in the future."**

As the financial sector continued to move towards web-enabled systems and integrated applications, Infosys was chosen by several corporations to provide them with strategic services. Significant among them was **SunAmerica Inc.**, a leading financial services company and part of the American International Group Inc. (NYSE: AIG). Infosys will help SunAmerica transform its legacy Policy Administration System to a new web-based thin client J2EE compliant architecture. Another win was a one-stop shop for financial services for the commercial mortgage banking industry based in the Asia-Pacific region.

Infosys was engaged by a **leading e-payment processing company** to study its portfolio of applications and infrastructure, and recommend appropriate management and deployment options after analyzing the total cost of ownership. Continuing an earlier relationship, Infosys is creating a predictive roadmap and implementation plan for an Enterprise Portal for a **banking, insurance and asset management leader in Europe** that is one of the largest global financial conglomerates. The objective of this engagement is to significantly enhance employee productivity and knowledge capabilities by providing a single point access to personalised information and self-service applications.

Infosys began working with a *Global 500* company that offers a broad portfolio of asset management and insurance products and services. Infosys also successfully designed, developed and deployed an online insurance loyalty portal for a **large Fortune 100 insurance company in Japan**. This portal is a critical delivery vehicle for the company's e-business marketing strategy. Infosys also successfully implemented a web-based online funds transfer application for an **insurance industry major**, enabling policy owners to modify their current portfolio allocation and to change future allocations of dividends and premiums on variable products via the Internet.

Infosys enabled several manufacturing companies to improve their processes through innovative application of technology. Infosys has partnered with Japan's largest concrete manufacturer, **Aizawa Koatsu Concrete KK**, to develop new applications including logistics management and sales and purchase systems. In the US, Infosys was chosen to work with **Texas Instruments**, the world leader in real-time technologies. In addition, Infosys was also selected by the world's largest producer of powered appliances to provide services.

Infosys also won an engagement with the largest independent supplier of heating, ventilating, air conditioning and refrigeration equipment in the United States. In another interesting project won during the quarter, Infosys is assisting the European operations of a leading **Fortune 500 electronics and hi-technology products manufacturer** in developing an end-to-end solution for its executive level reporting.

Some mission critical initiatives in the telecom sector were also picked up during the quarter. One significant win was **Spatial Wireless**, a US major that builds switching network elements for packet based wireless networks. During the quarter, **IPDR.org**, an open consortium of leading service providers, equipment and billing vendors and system integrators signed up with Infosys to design and develop libraries which implement the XML and XDR encoding formats, as well as file-based transfer protocols. Infosys was also engaged by a hi-technology company in the storage systems space in defining its business policy, process design and CRM solution implementation.

Infosys public sector practice continued to grow this quarter with an engagement to redesign the IT infrastructure of various departments of the National Health Service ("NHS"), UK. The **Hertsmere Borough Council** of NHS was added to the client portfolio with a business consulting engagement. The **Office of Government Commerce** is entrusted with the responsibility of creating the UK Government's single-window Services Catalogue (S-Cat) aimed at government departments who wish to purchase IT services. Infosys is the only Indian company to be included in the S-Cat.

Customer acquisitions in the retail segment include **Target Corporation**, America's fourth largest general merchandise retailer. Infosys is assisting Target Technology Services with the development of a custom web application. In another significant business consulting engagement for the retail sector, Infosys signed up with a **Fortune 500 retail company** to streamline their purchase order agreement system. Infosys successfully delivered workload characterization based on the POM Interaction System and designed and developed an infrastructure capacity plan.

Making inroads into the transportation sector, Infosys signed up with a **Fortune 500 company that is a world leader among air express delivery carriers**.

## Banking

Infosys' core banking solution, *Finacle*<sup>™</sup>, was implemented for a number of new and existing clients this quarter. These include **Cosmos Cooperative Bank**, one of India's oldest banks, and **ABN India**. Infosys entered into an agreement with **ICICI** to offer **India's first end-to-end financial fulfillment product**, enabling online financial transactions between enterprises. Infosys' Banking Business Unit ("BBU") has also formed a strategic partnership with **Accenture**, Nigeria, for delivery of services and solutions. The BBU's Technical Consulting Group ("TCG") provided services to a **large public sector bank in India** to support the latter's requirement of automating 500 branches, around 5,000 core banking users and multiple delivery channels. The TCG also worked with a **large Kenyan bank** for setting up a 115 branch Wide Area Network.

## Liquidity and capital expenditure

Cash and cash equivalents increased by Rs. 151.51 crore during the quarter, from Rs. 714.84 crore to Rs. 866.35 crore, after incurring capital expenditure of Rs. 53.05 crore.

Operating cash flows for the quarter ended December 31, 2001 were Rs. 244.52 crore (Rs. 115.69 crore for the quarter ended December 31, 2000). The company spent Rs. 53.05 crore on capital expenditure during the quarter as compared to Rs. 125.16 crore and Rs. 463.35 crore during the quarter ended December 31, 2000 and the year ended March 31, 2001. Despite this, the free cash flows for the quarter ended December 31, 2001 were Rs. 151.51 crore (Rs. (18.15) crore for the quarter ended December 31, 2000).

**“We achieved record cash flows during this quarter”**, said T. V. Mohandas Pai, Director - Finance and Administration, and Chief Financial Officer. **“The cost control measures we undertook are beginning to have a positive impact. We were able to maintain our operating margins despite flat utilization levels and continued pricing pressures.”**

## Senior management changes

The Board of Directors has named Nandan M. Nilekani, Managing Director, President and COO as its Chief Executive Officer, effective March 31, 2002. He would be re-designated as **CEO, President and Managing Director**. He succeeds N. R. Narayana Murthy, Chairman and CEO, as the CEO of Infosys. N. R. Narayana Murthy, Chairman and CEO, would continue to be the Chairman of the Board and would be re-designated as **Chairman and Chief Mentor**. Kris Gopalakrishnan, Deputy Managing Director and Head - Customer Service and Technology, would be the Chief Operating Officer effective March 31, 2002. He would be re-designated as **COO and Deputy Managing Director**.

In his new role, Nandan M. Nilekani would assume full management responsibility for Infosys. **“I am very excited and honoured about my new role”**, said Nandan M. Nilekani. **“The present business environment is very challenging globally. While there are many obstacles in the near-term, the future looks promising. Infosys is fully prepared to take advantage of those opportunities.”**

In his new role, N. R. Narayana Murthy would mentor the Infosys core management team in transforming Infosys into a world-class, next-generation corporation providing technology-leveraged business solutions to corporations across the world. He would also work with thought leaders across the world in enhancing the leadership position of Infosys. In addition, he would interact with various institutions across the world in bringing the benefits of IT to every section of the society, an objective dear to every Infoscion.

In his new role, Kris Gopalakrishnan would be Head - Customer Service and Technology and would also be in charge of acquisitions and investments. Kris Gopalakrishnan said, **“Infosys has all the right attributes including a great management team, excellent people, processes and technology. Our vision is to build a world-class corporation that takes a leadership position in all the areas we operate in.”**

N. R. Narayana Murthy said, **“The past year has been very challenging for business and as COO, Nandan demonstrated his talent and ability in leading Infosys to be a global corporation. He is a natural leader and brings a unique set of team building skills, which are very essential in these challenging times. Kris has strong leadership qualities and also brings a cutting edge technological background. We now need to look beyond the current challenges and build an enduring corporation. I am confident that Nandan and Kris and other members of the Board of Directors will take the company to greater heights.”**

Nandan M. Nilekani was appointed as President, Managing Director and Chief Operating Officer of Infosys on February 11, 1999. During his tenure as President, Managing Director and COO, Infosys' revenues grew from US\$ 121 million for the year ended March 31, 1999 to US\$ 414 million for the year ended March 31, 2001, and are expected to be between US\$ 538 million and US\$ 543 million for the fiscal year ending March 31, 2002.

## **Board appointments**

The Board of Directors, co-opted Mr. Claude Smadja, Principal Advisor, World Economic Forum, as an Additional Director of the company with effect from October 25, 2001. Mr. Claude Smadja 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.

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

## **Human resources**

Infosys increased its total employee strength to 10,663 as on December 31, 2001, up from 9,831 as on March 31, 2001 and 8,910 as on December 31, 2000. The number of software professionals as on December 31, 2001 increased to 9,361 from 8,656 as on March 31, 2001 and 7,824 as on December 31, 2000. Of these 9,361 software professionals, 183 belong to the Banking Business Unit.

The net addition to employees during the quarter was 109 as compared to 607 during the quarter ended September 30, 2001. Gross addition to employees during the quarter was 219, of which 151 were lateral employees.

## **Infrastructure development**

### *Bangalore*

The Management Development Center is in an advanced stage of completion. The construction of three software development blocks to accommodate 1,750 professionals is proceeding as per plan. As of December 31, 2001, Infosys City had a built up area of 9,46,700 square feet ("sq. ft.") capable of accommodating 4,410 professionals.

### *Pune*

The construction on the balance of Phase II of the Hinjewadi campus is proceeding as per schedule.

### *Chennai*

The construction of Phase II of the software development center comprising 2,23,000 sq. ft. to accommodate 1,300 professionals is on schedule. The existing premises comprise 1,98,000 sq. ft. capable of accommodating 1,300 personnel.

### *Hyderabad*

One software development block with a current useable capacity of 325 seats was completed during the quarter. The balance construction is progressing as per plan.

### *Mysore*

One software development block with a current useable capacity of 200 professionals was completed during the quarter. The Infosys Leadership Institute ("ILI") is in an advanced stage of completion and is progressing as per plan.

As of December 31, 2001, the company had 22,39,500 sq. ft. of space capable of accommodating 11,350 professionals and 13,00,000 sq. ft. under construction including the ILI.



## About the company

Infosys, a world leader in consulting and information technology services, partners with *Global 2000* companies to provide business consulting, systems integration, application development and product engineering services. Through these services, Infosys enables its clients to fully exploit technology for business transformation. Clients leverage Infosys' Global Delivery Model to achieve higher quality, rapid time-to-market and cost-effective solutions. For more information, contact Sumanth Cidambi at +91 (80) 852 2380 in India or visit us on the World Wide Web at [www.infy.com](http://www.infy.com).

## Safe Harbor

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 quarterly report on Form 6-K for the quarters ended June 30 and September 30, 2001. These filings are available at [www.sec.gov](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.

**INFOSYS TECHNOLOGIES LIMITED***(in Rs.)*

Balance Sheet as at	December 31, 2001	December 31, 2000	March 31, 2001
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	33,08,47,735	33,07,64,335	33,07,92,085
Reserves and surplus	1916,84,14,713	1228,01,09,686	1356,55,99,903
	1949,92,62,448	1261,08,74,021	1389,63,91,988
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Original cost	849,44,50,085	504,18,02,852	631,14,44,025
Less: Depreciation	350,60,89,223	207,06,98,673	244,13,15,982
Net book value	498,83,60,862	297,11,04,179	387,01,28,043
Add: Capital work-in-progress	226,44,82,864	160,11,55,758	170,65,04,250
	725,28,43,726	457,22,59,937	557,66,32,293
INVESTMENTS	44,44,22,821	36,32,53,429	34,11,54,821
DEFERRED TAX ASSETS	22,33,00,000	-	-
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry debtors	310,53,09,864	303,96,24,611	302,37,02,417
Cash and bank balances	609,55,24,216	365,07,68,672	385,06,10,285
Loans and advances	634,58,66,530	355,39,12,507	430,27,93,623
	1554,67,00,610	1024,43,05,790	1117,71,06,325
Less: Current liabilities	163,55,77,178	148,35,86,795	134,91,81,176
Provisions	233,24,27,531	108,53,58,340	184,93,20,275
NET CURRENT ASSETS	1157,86,95,901	767,53,60,655	797,86,04,874
	1949,92,62,448	1261,08,74,021	1389,63,91,988

Note: The audited Balance Sheet as at December 31, 2001 has been taken on record at the Board meeting held on January 10, 2002.

**INFOSYS TECHNOLOGIES LIMITED***(in Rs. except share data)*

Profit and Loss Account for the	Quarter ended December 31		Nine months ended December 31		Year ended
	2001	2000	2001	2000	March 31, 2001
<b>INCOME</b>					
Software development services and products					
Overseas	648,35,15,437	529,24,01,389	1882,92,66,922	1321,55,65,725	1874,02,66,421
Domestic	12,45,42,488	7,82,82,900	40,53,05,387	17,13,76,490	26,53,92,386
	<b>660,80,57,925</b>	<b>537,06,84,289</b>	<b>1923,45,72,309</b>	<b>1338,69,42,215</b>	<b>1900,56,58,807</b>
SOFTWARE DEVELOPMENT EXPENSES	309,50,06,743	250,14,38,519	902,01,39,078	625,56,50,627	870,83,23,900
<b>GROSS PROFIT</b>	<b>351,30,51,182</b>	<b>286,92,45,770</b>	<b>1021,44,33,231</b>	<b>713,12,91,588</b>	<b>1029,73,34,907</b>
SELLING AND MARKETING EXPENSES	32,85,36,972	21,55,13,629	93,96,28,938	62,09,20,141	92,06,78,511
GENERAL AND ADMINISTRATION EXPENSES	51,00,42,542	47,91,63,936	160,60,31,362	119,52,17,799	172,82,35,210
	83,85,79,514	69,46,77,565	254,56,60,300	181,61,37,940	264,89,13,721
<b>OPERATING PROFIT (PBIDT)</b>	<b>267,44,71,668</b>	<b>217,45,68,205</b>	<b>766,87,72,931</b>	<b>531,51,53,648</b>	<b>764,84,21,186</b>
Interest	-	-	-	-	-
Depreciation	41,33,27,825	33,01,92,680	115,82,69,242	74,99,31,944	112,89,45,152
<b>OPERATING PROFIT AFTER DEPRECIATION AND INTEREST</b>	<b>226,11,43,843</b>	<b>184,43,75,525</b>	<b>651,05,03,689</b>	<b>456,52,21,704</b>	<b>651,94,76,034</b>
<b>Other income</b>	14,92,53,753	14,47,31,965	43,07,77,367	49,16,27,114	59,37,14,915
<b>Provision for investment</b>	-	13,08,00,000	-	13,08,00,000	15,28,98,608
<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEM</b>	<b>241,03,97,596</b>	<b>185,83,07,490</b>	<b>694,12,81,056</b>	<b>492,60,48,818</b>	<b>696,02,92,341</b>
Provision for taxation	35,00,00,000	19,50,00,000	96,50,00,000	50,96,00,000	72,71,00,000
<b>PROFIT AFTER TAX BEFORE EXTRAORDINARY ITEM</b>	<b>206,03,97,596</b>	<b>166,33,07,490</b>	<b>597,62,81,056</b>	<b>441,64,48,818</b>	<b>623,31,92,341</b>
Extraordinary item					
Transfer of intellectual property rights, (net of tax)	-	-	-	5,49,44,000	5,49,44,000
<b>NET PROFIT AFTER TAX AND EXTRAORDINARY ITEM</b>	<b>206,03,97,596</b>	<b>166,33,07,490</b>	<b>597,62,81,056</b>	<b>447,13,92,818</b>	<b>628,81,36,341</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>206,03,97,596</b>	<b>166,33,07,490</b>	<b>597,62,81,056</b>	<b>447,13,92,818</b>	<b>628,81,36,341</b>
<b>DIVIDEND</b>					
Interim	-	-	49,62,05,378	16,53,78,418	16,53,78,418
Final	-	-	-	-	49,61,85,878
Dividend Tax	-	-	5,06,12,949	3,63,83,252	8,69,94,211
Amount transferred - general reserve	-	-	-	-	553,95,77,834
Balance in Profit and Loss Account	<b>206,03,97,596</b>	<b>166,33,07,490</b>	<b>542,94,62,729</b>	<b>426,96,31,148</b>	-
	<b>206,03,97,596</b>	<b>166,33,07,490</b>	<b>597,62,81,056</b>	<b>447,13,92,818</b>	<b>628,81,36,341</b>
<b>EARNINGS PER SHARE</b>					
<b>(equity shares, 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
Number of shares used in computing earnings per share					
Basic	6,61,64,388	6,61,51,724	6,61,61,389	6,61,51,377	6,61,52,131
Diluted	6,64,27,919	6,68,95,876	6,65,03,734	6,69,44,332	6,63,58,311

**Reconciliation of profits as per Indian GAAP and US GAAP***In Rs. crore*

	<b>Three months ended December 31, 2001</b>
<b>Net profit as per Indian GAAP</b>	206.04
Amortization of deferred stock compensation expense	5.93
<b>Net income as per US GAAP</b>	200.11

**Reasons for differences in net income as per Indian GAAP and US GAAP****Amortisation of deferred stock compensation**

Under US GAAP, Accounting Principles Board Opinion No. 25 requires the accounting of deferred stock compensation on issue of stock options to employees, being the difference between the exercise price and the fair value as determined by the quoted market prices of the common stock on the grant date.

In complying with this requirement, Infosys has charged to revenue under US GAAP an amount of Rs. 5.93 crore for the quarter ended December 31, 2001 as deferred stock compensation.