

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, 2000

<i>Amounts in crores of Rupees</i>						
	Quarter ended March 31,		Half-year ended March 31,		Year ended March 31,	
	2000	1999	2000	1999	2000	1999
Income from software						
- Exports	271.60	147.95	496.00	285.78	869.70	500.25
- Domestic	5.75	3.97	7.75	5.59	12.63	8.64
Other income						
- Interest and others	7.88	1.78	15.61	2.51	29.20	3.85
- Exchange differences	0.77	-	0.16	-	9.93	-
Total income	286.00	153.70	519.52	293.88	921.46	512.74
Staff cost	107.86	47.80	194.06	90.70	334.56	166.06
Foreign tour and travel	26.54	16.41	46.73	33.44	84.09	58.11
Other expenditure	35.04	22.74	63.71	41.46	117.10	83.10
Provision for contingencies	-	3.33	-	6.66	3.33	6.66
Provision for e-inventing the company	-	-	-	-	3.50	-
Provision for investment in subsidiary	-	-	-	3.53	-	7.06

Total expenses	169.44	90.28	304.50	175.79	542.58	320.99
Operating profits (PBIDT)	116.56	63.42	215.02	118.09	378.88	191.75
Interest	-	-	-	-	-	-
Depreciation	18.71	14.42	33.19	23.55	53.23	35.89
Profit before tax and extraordinary items	97.85	49.00	181.83	94.54	325.65	155.86
Provision for tax	12.00	5.90	22.20	13.69	39.70	22.94
Profit after tax before extraordinary items	85.85	43.10	159.63	80.85	285.95	132.92
Effect of extraordinary item - provision no longer required	7.57	-	7.57	-	7.57	-
Extraordinary income (net of tax)	-	-	-	2.35	-	2.35
Net profit after tax and extraordinary items	93.42	43.10	167.20	83.20	293.52	135.27
Paid up equity share capital	33.08	33.07	33.08	33.07	33.08	33.07
Reserves	NA	NA	NA	NA	800.23	541.36
Dividend amount						
- Interim	-	-	-	-	9.92	4.00
- Final	-	-	-	-	19.84	8.10
- Total	-	-	-	-	29.76	12.10
Amounts in Rupees						
Dividend per share on par value of Rs. 5/-						
- Interim	-	-	-	-	1.50	1.25
- Final	-	-	-	-	3.00	2.50

- Total	-	-	-	-	4.50	3.75
Earnings per share (EPS)						
- Basic	12.98	6.52	24.13	12.22	43.23	20.10
- Diluted	12.65	6.46	23.53	12.13	42.15	19.93

Notes:

1. The above audited results for the quarter, half-year and year ended March 31, 2000 have been taken on record by the Board at its meeting held on April 11, 2000.
2. The Board of Directors have proposed a final dividend of Rs. 3/- per share (60% on par value of Rs. 5/- per share). Including the interim dividend of Rs. 1.50 per share (restated as 30% on par value of Rs. 5/- per share), the total dividend proposed for the year is Rs. 4.50/- per share (90%). During the quarter ended March 31, 2000, 9,250 shares were allotted on March 13, 2000 and 2,650 shares were allotted on March 15, 2000, consequent to the exercise of stock options under the ADS Scheme. These shares will be eligible for the proposed final dividend pro rata.
3. Basic and Diluted EPS are calculated on profit after tax before considering extraordinary income and provision no longer required. The Basic and Diluted EPS for the quarter, half-year and year ended March 31, 1999 has been restated on par value of Rs. 5/- per share.
4. The shareholders of Infosys approved a 2-for-1 split of its equity shares, i.e., a sub-division of every equity share from the par value of Rs. 10 into 2 equity shares of par value of Rs. 5 each, at the Extraordinary General Meeting held on December 29, 1999. The Board of Directors of the company had fixed February 11, 2000 as the Record Date for determining the shareholders entitled to the split. As the split has been given effect to, the same is reflected in the financial statements as per Indian GAAP for the quarter and year ended March 31, 2000.
5. The increase in paid-up capital of Rs. 0.01 crore during the financial year ended March 31, 2000 was due to issue of underlying equity shares consequent to the exercise of ADS stock options. The increase in paid-up capital of Rs. 17.05 crore during the year ended March 31, 1999 was due to the issue of bonus shares in the ratio of 1:1, amounting to Rs. 16.02 crore (1,60,17,200 equity shares of par value Rs. 10 each allotted on March 29, 1999), and Rs. 1.03 crore (10,35,000 equity shares of par value Rs. 10 each allotted on March 11, 1999 and March 16, 1999) issued under the ADS program. Each equity share of the Company is represented by two American Depository Shares (ADS) and the total amount raised under the ADS program, including the premium, was Rs. 296.86 crore (US\$ 70.38 million).
6. The register of members and share transfer books will remain closed from May 16, 2000 to May 27, 2000, both days inclusive. The Annual General Meeting of the company has been scheduled for May 27, 2000.
7. Fluctuations in exchange rate(s) during the quarter, with reference to the exchange rate(s) as on March 31, 1999, led to an increase in income from software development of Rs. 8.13 crore (for the quarter ended March 31, 1999, Rs. 9.36 crore) and in profit before tax of Rs. 4.90 crore (for the quarter ended March 31, 1999, Rs. 4.40 crore). For the year ended March 31, 2000, such fluctuations led to an increase in income from software development of Rs. 22.58 crore (for the year ended March 31, 1999, Rs. 31.73 crore) and profit before tax of Rs. 11.63 crore (for the year ended March 31, 1999, Rs. 13.72 crore).

8. Other income of Rs. 8.65 crore for the quarter includes Rs. 4.52 crore of interest on deployment of funds raised through the issue of American Depositary Shares (ADS) and Rs. 0.77 crore arising from exchange differences on translation of foreign currency deposits kept abroad, which may be non-recurring. The company had instituted a contingency plan effective October 1, 1998 to meet any possible disruption in client support due to the Year 2000 impact on the technology and communication infrastructure provided to the company by its vendors. The company had made a total provision of Rs. 9.99 crore upto the quarter ended June 30, 1999. Upto March 31, 2000, Rs. 2.42 crore was spent towards support for the Year 2000 transition (including Rs. 1.37 crore for the quarter ended March 31, 2000) and the same was set-off against the provision made earlier. After such set-off, the balance of Rs. 7.57 crore was written back to the P & L Account which is non-recurring. Excluding the above, the net profit for the current quarter was Rs. 80.56 crore, an 89.29% increase over the comparable net profit of Rs. 42.56 crore for the quarter ended March 31, 1999.
9. During the quarter the company invested Rs. 13.08 crore (Series D Convertible Preferred stock of 13,00,108 at US\$ 2.3075 each fully paid up, par value US\$ 0.0001 each) in Delaware-based EC Cubed, Inc. EC Cubed is a leading provider of software components and services for enabling business-to-business e-commerce. Infosys' investment in EC Cubed is in line with its intention to make selective strategic investments in leading-edge companies that have the potential to yield substantial business benefits.
10. Three new Software Development Centers at Mohali, Hyderabad and Mysore commenced operations during the quarter. The company's first Global Development Center was inaugurated in Toronto, Canada, during the quarter. Two more software development blocks with a total capacity to accommodate 1,200 personnel were completed at *Infosys Park, Phase II* in Electronics City, Bangalore.
11. During the quarter ended September 30, 1999, the company had announced that it may be required to incur business restructuring costs for creating knowledge infrastructure, acquiring people with technical skills in the e-commerce area and for e-inventing the company. This was a result of the rapid shift in business towards e-commerce related work. Accordingly, the company made a provision of Rs. 3.50 crore during the quarter ended September 30, 1999. During the quarter ended December 31, 1999, the company made an appraisal of the restructuring and was of the opinion that the provision created was adequate for the purpose. Upto March 31, 2000, Rs. 3.11 crore was incurred towards e-inventing the company (including Rs. 1.03 crore for the quarter ended March 31, 2000) and was set-off against the provision made earlier. After this set-off, a balance of Rs. 0.39 crore remains as provision for e-inventing the company as on March 31, 2000.
12. During the year ended March 31, 1999, the company sold a part of its holding of convertible preferred stock in Yantra Corporation, its subsidiary, resulting in an extraordinary income of Rs. 2.35 crore, net of tax (gross - Rs. 2.63 crore). During the year ended March 31, 1999, the company also made a provision for its investment in Yantra Corporation of Rs. 7.06 crore as the losses of Yantra Corporation exceeded the company's contribution to the capital of Yantra Corporation.

Bangalore, India
April 11, 2000

**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 three months ended March 31, 2000 and the audited results for the year ended March 31, 2000, prepared as per US GAAP. The statements for the year ended March 31, 1999 have been prepared by consolidating the financial statements of Infosys and Yantra Corporation upto October 1998 after which period the economic interest of Infosys in Yantra Corporation represented by voting rights fell below 51%. The summary of the above financial statements is as follows:

Amounts in US\$

	Three months ended March 31, (Unaudited)		Year ended March 31, (Audited)	
	2000	1999	2000	1999
Revenues	63,615,115	36,011,705	203,443,754	120,955,226
Gross profit	27,783,255	16,704,060	92,363,208	55,624,220
Amortization of deferred stock compensation expense	1,281,531	1,241,519	5,117,635	3,645,576
Compensation arising from stock split	-	12,906,962	-	12,906,962
Net income	17,896,210	(3,070,739)	61,344,528	17,446,088
Earnings per American Depository shares				
- Basic	0.14	(0.03)	0.47	0.14
- Diluted	0.14	(0.03)	0.47	0.14
Total assets	219,282,870	153,657,596	219,282,870	153,657,596
Cash and cash equivalents	116,599,486	98,874,963	116,599,486	98,874,963

Note: Two American Depository Shares (ADSs) are equal to one Equity Share.

The reconciliation between net income as per Indian GAAP and US GAAP for the three months and year ended March 31, 2000 and March 31, 1999 is as follows:

Amounts in US\$

	Three months ended March 31, (Unaudited)		Year ended March 31, (Audited)	
	2000	1999	2000	1999
Net profit as per Indian GAAP accounts	21,423,184	10,257,594	67,775,087	32,207,070
Loss from Yantra Corporation accounted on consolidation	-	(42,264)	-	(2,085,887)

Amortization of deferred stock compensation expense	(1,281,531)	(1,241,520)	(5,117,635)	(3,645,576)
Compensation arising from stock split	-	(12,906,962)	-	(12,906,962)
Provision for retirement benefits to employees	(741,000)	-	(741,000)	-
Deferred taxes	778,086	73,064	850,891	625,427
Provision for loss - Yantra corporation	-	-	-	1,675,060
Provision for contingency/e-inventing the company	(2,282,529)	789,349	(1,422,815)	1,576,956
Net income as per US GAAP	17,896,210	(3,070,739)	61,344,528	17,446,088

Notes:

1. Net income for the three months ended March 31, 2000 includes interest earned on deployment of funds raised through the issue of American Depository Shares (\$ 1.0 million) and gains arising due to exchange differences on translation of foreign currency deposits (\$ 0.2 million), which may be non-recurring. Excluding these, the net income for the three months ended March 31, 2000 was \$ 16.7 million and the earnings per diluted ADS was \$ 0.13
2. The basic and the diluted earnings per American Depository Shares have been retroactively restated to reflect the increased number of ADS outstanding resulting from the stock split of 2-for-1 announced during the three months ended December 31, 1999 and the issue of ADS consequent to the exercise of ADS stock options.
3. There was a stock dividend of 2-for-1 during the three months ended March 31, 1999. Due to this, there was an acceleration of the deferred stock compensation of US\$ 12.91 million as a charge to the income statement in the three months ended March 31, 1999.