

**INFOSYS TECHNOLOGIES LIMITED (NASDAQ: INFY)
ANNOUNCES STRONG REVENUE GROWTH FOR FIRST QUARTER**

E-transformation of Fortune 1000 Companies Drives Growth

Bangalore, India - July 11, 2000 - Infosys Technologies Limited ("Infosys" or "the company") today announced a total income of Rs. 370.64 crore for the first quarter ended June 30, 2000, a 101.4% increase over total income of Rs. 184.06 crore for the quarter ended June 30, 1999. Net profit from ordinary activities for the quarter was Rs. 121.30 crore, a 100.1% increase over the corresponding amount of Rs. 60.61 crore for the quarter ended June 30, 1999. The audited financial results according to Indian GAAP were taken on record by the Board of Directors at their meeting held on July 11, 2000.

The profit and loss account is summarized below:

Particulars	<i>in Rs. crore</i>					
	Quarter ended June 30,		Growth	Quarter ended March 31,	Growth in Q1 FY 2001 over Q4 FY 2000	Year ended March 31,
	2000	1999				
Income from software products and services						
Exports	351.06	168.62	108.2%	271.60	29.3%	869.70
Domestic	4.47	1.65	170.9%	5.75	(22.3%)	12.63
Other income						
Interest and others	7.69	5.66	35.9%	7.88	(2.41%)	29.20
Exchange differences	7.42	8.13	(8.7%)	0.77	863.6%	9.94
Total income	370.64	184.06	101.4%	286.00	29.6%	921.47
Staff cost	142.60	61.74	131.0%	107.86	32.2%	334.56
Foreign tour and travel	30.21	17.91	68.7%	26.54	13.8%	84.09
Other expenditure	45.08	23.15	94.7%	35.04	28.7%	117.10
Provision for contingencies	-	3.33	-	-	-	3.33
Provision for e-inventing the company	-	-	-	-	-	3.50
Total expenses	217.89	106.13	105.3%	169.44	28.6%	542.58
Operating profits (PBIDT)	152.75	77.93	96.0%	116.56	31.0%	378.88
Depreciation	17.74	9.32	90.3%	18.71	(5.2%)	53.23
Provision for tax	13.71	8.00	71.4%	12.00	14.3%	39.70
Profit after tax before extraordinary item	121.30	60.61	100.1%	85.85	41.3%	285.95
Effect of extraordinary item - provision no longer required	-	-	-	7.57	-	7.57

Extraordinary income (net of tax)	5.49	-	-	-	-	-
Net profit after tax and extraordinary item	126.79	60.61	109.2%	93.42	35.7%	293.52
Earnings per share (of Rs. 5) from ordinary activities						
Basic	18.34	9.16	100.2%	12.98	41.3%	43.23
Diluted	17.70	9.09	94.7%	12.65	39.9%	42.15

Fluctuations in exchange rate(s) during the quarter, with reference to the exchange rate(s) as on March 31, 2000 (March 31, 1999), led to an increase in income from software development of Rs. 4.98 crore (Rs. 3.62 crore for the quarter ended June 30, 1999) and profit before tax of Rs. 2.67 crore (Rs. 2.03 crore) for the quarter ended June 30, 1999).

Other income of Rs. 15.11 crore (Rs. 13.79 crore) for the quarter includes Rs. 7.42 crore (Rs. 8.13 crore) arising from exchange differences on the translation of foreign currency deposits maintained abroad, which may be non-recurring. Excluding such exchange differences, the net profit after tax before extraordinary item was Rs. 113.88 crore, a 117.0% increase over the net profit of Rs. 52.48 crore for the quarter ended June 30, 1999.

"This industry is all about innovation and change. We believe that our ability to innovate constantly and to keep pace with technological changes globally has made us a trusted partner for Fortune 1000 companies", said Mr. N. R. Narayana Murthy, Chairman and CEO.

E-business projects drive growth

E-business engagements contributed 28.7% of revenues during the quarter, as against 18.8% in the quarter ended March 31, 2000. Revenues from start-up companies accounted for 10.9% of the total during the quarter as against 8.0% in the quarter ended March 31, 2000.

The company's e-business strategy focusses on e-enabling traditional economy Fortune 1000 companies across the globe. **"E-transforming Fortune 1000 companies has significantly contributed to our revenue growth"**, said Mr. Nandan M. Nilekani, Managing Director, President and COO, **"Web-enabling traditional economy players is an unprecedented market opportunity - our expertise in legacy platforms and our ability to rapidly assimilate new technologies enable us to offer a highly compelling value proposition to this segment."**

The following table provides the percentage of income from e-business engagements over the last nine quarters.

	Fiscal 1999				Fiscal 2000				Fiscal 2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
E-commerce revenue	1.3	3.6	4.3	5.0	6.4	10.3	15.6	18.8	28.7

Utilization rates

The utilization rate including trainees was at 74.9% during the quarter as compared to 76.6% in the quarter ended March 31, 2000. The utilization rate excluding trainees stood at 85.6% during the quarter as compared to 81.5% in the quarter ended March 31, 2000.

Expansion of services and significant projects completed

Infosys continues to expand its client base across the world and has added 32 new clients this quarter. New clients have been added in many countries including Korea, Japan and Germany. In Australia, the company secured its first client during this quarter. In keeping with its aim to be a complete end-to-end IT solutions provider, Infosys has entered into diverse engagements ranging from consulting to implementation with clients across industries. Some of the significant wins are in the areas of communications, financial services, e-business and consulting.

E-business: Infosys is partnering with **Educationworld** (www.educationworld.com) the educator's complete resource guide to the internet. Educationworld's goal is to make it easy for educators to integrate the internet with the classroom. The site includes a search engine exclusively for educational websites. In the area of e-security, the company is partnering with **Arcot Systems** (www.arcot.com). Arcot Systems is a leading provider of secure digital identity solutions to ensure privacy and reduce fraud in enterprise and internet transactions.

Fishround.com is a B2B marketplace initiative of **Samsung** for trading in fish. The first fisheries consortium, Fishround is dedicated to providing buyers and sellers an economical and efficient way to search, communicate, offer, trade and auction using the most advanced transaction platform available. Infosys is involved in the design

and development of this B2B market place. **Gateway Computers** is yet another leading company that Infosys is working with in the Asia Pacific region. The company is also partnering with **Tradeweave** (www.tradeweave.com), which is building an electronic market for retail trade.

Infosys is involved in developing a web solution with multilingual capabilities for a leading insurance firm. The company also teamed up with a global mutual fund company to develop a web-based application that provides online account access to the latter's shareholders. Infosys has recently developed and implemented an internet-based online shopping application for a UK-based consulting and professional services firm that focuses on construction and engineering-related industries. The application was developed using Microsoft web technologies.

Consulting: Infosys is developing an IT strategy and an implementation roadmap for the global operations of **ISPAT International N.V.**, the world's 8th largest steel company.

Communications: Infosys has begun working with **Evolving Systems, Inc.** (NASDAQ: EVOL). Evolving Systems provides solutions that enable the next generation of telecom and Internet services. Another new client in the communications space is **Syndesis** (www.syndesis.com). Syndesis Ltd., with headquarters near Toronto, Canada, is a leader in the field of service provisioning and interfacing to element management systems for New World IP and DSL networks. In Australia, Infosys entered into a partnership with **Bullant**, a privately held software company that has pioneered breakthrough software technology for internet and wireless applications. Infosys assists Bullant in the creation of an Interactive Development Environment. Its association with Bullant is in the role of development and system integration partner.

Financial services: In the financial services space, Infosys has commenced work for **New York Life International** - a leading global life insurance firm. Infosys' banking products gained new customers across the globe. **Delphis Bank**, Mauritius, will revamp its existing IT infrastructure with Infosys' next generation enterprise banking solution. Presently three banks in Mauritius - South East Asian Bank, Indian Ocean International Bank and Bank of Baroda - use Infosys' enterprise banking solutions. In the United Arab Emirates ("UAE"), the strategic e-commerce partnership with **National Bank of Abu Dhabi ("NBAD")** will enable the bank to provide e-commerce and internet banking services to the NBAD's customers. BankAway deployment at NBAD will create the most comprehensive e-commerce and internet banking service offering in the UAE. **Abu Dhabi Commercial Bank** has also selected BankAway for its Indian operations. BankAway is the leading e-commerce solution in India with 7 leading banks committed to offering internet banking services using BankAway.

Infosys is currently working with a leading international investment banking and securities firm, developing an application for withholding tax on client accounts as per new United States Internal Revenue Service regulations. Called Tax Workstation, the application also provides web-based query and reporting for legal compliance. The development of this project at Infosys involved all stages of a project development life cycle.

Retail: In working with a leading apparel retailer, Infosys is providing offshore maintenance and support of point-of-sale systems. Infosys also performed an architectural assessment and recommendation for an online order fulfillment infrastructure for this client. This involved an assessing the existing system, bringing in industry best practices, suggesting possible solutions, and drafting an implementation approach.

Infosys is also pleased to announce that **Hollywood Entertainment Corporation** (www.hollywoodvideo.com) has selected Infosys as a strategic technology solutions provider to build its next generation business systems and information infrastructure. Hollywood Entertainment operates the second largest video rental chain, Hollywood Video, with over 1800 stores across 47 states in the US.

Mr. S. Gopalakrishnan, Deputy Managing Director, said, "**Clients continue to reward us for our execution and management skills. In a resource constrained environment, our ability to scale up quickly to meet critical "time to market" needs of our clients enables rapid revenue growth**".

Strategic investment

Infosys plans strategic investments in leading-edge technology companies and to support their future technology initiatives. During the quarter the company invested Rs. 13.40 crore in CiDRA Corporation. CiDRA Corporation is a developer of photonic devices for high-precision wavelength management and control for next-generation optical networks.

Incubation of Onscan Inc.

Infosys announced an incubation scheme for its employees to launch their own ventures while continuing to derive benefits from a close association with the company. Having launched Yantra in 1996, it recently piloted Onscan - a web-focussed wireless-enabled notification product and hived it off as a separate company. Onscan Inc. received US\$ 12 million of funding from reputed venture capital firms including Argo Global Capital, H&Q Asia Pacific and Satwik Fund.

Launch of FINACLE™ - the e-age banking technology solution

On July 5, 2000, Infosys launched its new product FINACLE™, an integrated core banking solution, which is centralized, multi-currency and multi-lingual enabled, and functionally rich, addressing both retail and corporate banking requirements. Positioned as a core banking e-platform that brings about a paradigm shift in the way banking is conducted, FINACLE™ leverages internet technology to drive the operations of a bank. FINACLE™ is

a completely web-enabled solution. This new generation enterprise banking system brings the advantages of internet technology to work for banks and seamlessly integrates with surround web applications. Its open architecture allows easy integration with multiple delivery channels. It enables banks to offer products and services through ATMs, call centres, telephones, and the internet, ensuring 24x7 service levels across all the channels.

Liquidity and capital expenditure

Cash and cash equivalents as on June 30, 2000 were Rs. 471.93 crore (Rs. 444.72 crore), which formed 49.1% (70.3%) of total assets. Excluding ADS proceeds, cash and cash equivalents formed 15.6% (23.7%) of total assets as on June 30, 2000. Operating cash flows for the quarter ended June 30, 2000 were Rs. 69.85 crore (Rs. 46.47 crore) and capital expenditure was Rs. 85.84 crore (Rs. 21.20 crore).

Unearned revenue as of June 30, 2000 amounted to Rs. 64.26 crore (Rs. 22.54 crore), primarily arising out of billings for fixed-price, fixed-time-frame contracts for which related costs were not incurred during the quarter.

"Our global delivery model allows us to be highly competitive, while providing quality services to our clients. The company maintained its margins despite annual increase in salary effective this quarter and higher training costs for a record 1000+ new recruits", said Mr. T. V. Mohandas Pai, Director - Finance and Administration, and Chief Financial Officer.

Directorship

The Board of Directors, at their meeting held on May 27, 2000, co-opted Mr. Phaneesh Murthy, Mr. T. V. Mohandas Pai and Mr. Srinath Batni as additional directors of the company with effect from May 27, 2000. Messrs. Murthy, Pai and Batni will hold office up to the date of the next Annual General Meeting, when their appointment as whole-time directors will be placed for the approval of the members in general meeting.

Mr. Susim M. Dutta retired as a director of the company on May 27, 2000. Mr. Dutta will turn 65, the age for superannuation, in the coming year, and consequently decided to not seek reelection.

Human resources

Infosys increased its total employee strength to 6,445 as on June 30, 2000, up from 5,389 as on March 31, 2000. The strength of software personnel as on June 30, 2000 increased to 5,594 from 4,623 as on March 31, 2000. Of these 5,594 software professionals, 662 are still undergoing training and 112 belong to the Banking product group, as against 331 and 96 respectively on March 31, 2000. The company added 1,056 employees this quarter surpassing the 1000 mark, first time in a quarter.

Infrastructure development

During the quarter ended June 30, 2000, the company purchased 100 acres of land in Mysore for a proposed software development centre and to create training facilities. Additionally, a building with a capacity of 170,000 square feet was purchased at Mangalore on 2.75 acres of land to build a software development facility.

The company also substantially completed its Education and Research ("E&R") facility, as a part of its Park II expansion project during the quarter. This E&R facility is capable of training 1,000 trainees at one time. As part of Park II, a new food court of 40,000 square feet with a seating facility of 950 persons, a kitchen, a large gymnasium, aerobics centre, a company shop and other recreational facilities is getting ready for use. Work also commenced in the Electronics City campus of the company, on an additional 140,000 square feet software development facility at Park III. The construction of the customer care centre at Electronics City and the software campuses at Chennai and Bhubaneswar is progressing as per schedule.

As of June 30, 2000 the company had software development space of 1,201,500 square feet in India, 38,100 square feet of software development space outside India and 742,900 square feet of space under construction.

About the company

Infosys Technologies Ltd. (NASDAQ: INFY) is a publicly held company and a world leader in providing IT solutions to Fortune 1000 and emerging new economy companies. Infosys' range of services includes IT consulting, IT architecture, application development, ecommerce and internet consulting, and software maintenance. The company is ISO 9001 and SEI CMM Level 5 certified.

Using its proprietary Global Delivery Model, the company leverages talent and infrastructure in different parts of the world to provide high-quality and rapid time-to-market solutions to its clients. The US headquarters of Infosys is located in Fremont, California. The company also maintains offices throughout the US, Europe and Asia. For more information, contact V. Balakrishnan, Associate Vice President - Finance, at 080-8520440 (e-mail: balakv@infy.com) or visit Infosys on the World Wide Web at <http://www.infy.com/>.

Safe Harbor

Other than the historical information and discussions contained in this earnings release, certain statements may be forward-looking. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be projected by these forward looking statements. These risks and uncertainties include, but are not limited to competition, acquisitions, attracting,

recruiting and retaining highly skilled employees, the success of Onscan Inc., the success of the companies in which the company has made strategic investments, the company's incubation and investments policy, technology, law and regulatory policy and managing risks associated with customer projects as well as other risks detailed in the reports filed by Infosys Technologies Limited with the Securities and Exchange Commission. Infosys undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

The full financial statements including the Balance Sheet, Profit and Loss Account and the schedules to the Balance Sheet and Profit and Loss Account are available at <http://www.infy.com/>. 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/>.

Infosys Technologies Limited

Balance Sheet as at

	<i>in Rs.</i>	
	June 30, 2000	June 30, 1999
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	33,07,58,335	33,06,95,500
Reserves and surplus	927,12,34,168	599,94,93,896
	960,19,92,503	633,01,89,396
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross block	373,65,25,244	190,40,05,553
Less : Depreciation	151,26,93,565	92,02,83,178
Net block	222,38,31,679	98,37,22,375
Add : Capital work-in-progress	53,04,58,784	14,21,61,438
Net block	275,42,90,463	112,58,83,813
INVESTMENTS	36,16,97,129	75,48,469
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	228,39,91,832	106,75,75,082
Cash and bank balances	426,00,41,918	389,99,38,741
Loans and advances	196,24,84,174	123,67,02,392
	850,65,17,924	620,42,16,215
Less : Current liabilities	116,79,86,403	55,69,78,559
Provisions	85,25,26,610	45,04,80,542
NET CURRENT ASSETS	648,60,04,911	519,67,57,114
	960,19,92,503	633,01,89,396

Note: The audited Balance Sheet as at June 30, 2000 has been taken on record at the Board meeting held on July 11, 2000.

Infosys Technologies Limited

Profit and Loss Account for the

<i>in Rs.</i>			
	Quarter ended June 30,		Year ended March 31,
	2000	1999	2000
INCOME			
Software development services and products			
Overseas	351,05,78,423	168,62,11,001	869,69,80,931
Domestic	4,47,21,726	1,64,95,994	12,62,56,042
Other income	15,11,07,532	13,79,13,245	39,14,11,095
	370,64,07,681	184,06,20,240	921,46,48,068
EXPENDITURE			
Software development expenses	189,39,05,266	89,18,81,292	466,26,84,578
Administration and other expenses	28,50,11,949	13,61,38,961	69,48,50,282
Provision for Contingencies	-	3,33,00,000	3,33,00,000
Provision towards e-inventing the company	-	-	3,50,00,000
	217,89,17,215	106,13,20,253	542,58,34,860
Operating profit (PBIDT)	152,74,90,466	77,92,99,987	378,88,13,208
Interest	-	-	-
Depreciation	17,73,71,717	9,32,18,149	53,23,27,389
Profit before tax	135,01,18,749	68,60,81,838	325,64,85,819
Provision for tax - earlier periods	1,40,00,000	-	24,00,000
- current period	12,31,00,000	8,00,00,000	39,46,00,000
Profit after tax from ordinary activities	121,30,18,749	60,60,81,838	285,94,85,819
Extraordinary income (net of tax)	5,49,44,000	-	7,56,70,846
Net profit	126,79,62,749	60,60,81,838	293,51,56,665
AMOUNT AVAILABLE FOR APPROPRIATION	126,79,62,749	60,60,81,838	293,51,56,665

Dividend			
Interim	-	-	9,92,08,200
Final	-	-	19,84,18,210
Dividend Tax	-	-	3,27,38,905
Amount transferred - capital reserve	-	-	-
- general reserve	-	-	260,47,91,350
Balance in Profit and Loss Account	126,79,62,749	60,60,81,838	-
	126,79,62,749	60,60,81,838	293,51,56,665

Segmental Analysis - By Geographical Area

<i>in Rs.</i>				
	Quarter ended June 30,			
	2000	%	1999	%
North America	277,13,54,196	74.8	143,64,42,265	78.0
Europe	61,05,80,117	16.5	27,92,18,538	15.2
Rest of the World	25,24,09,144	6.8	8,88,45,570	4.8
India	7,20,64,224	1.9	3,61,13,867	2.0
Total income	370,64,07,681	100.0	184,06,20,240	100.0

Reconciliation of accounts as per Indian GAAP and US GAAP

<i>in Rs. crore</i>	
	Quarter ended June 30, 2000
Net profit as per Indian GAAP	126.79
Amortization of deferred stock compensation expense	(5.65)
Provision for retirement benefits to employees	3.28
Deferred taxes	0.53
Provision for e-inventing the company	(0.39)
Transfer of intellectual property rights (net of tax)	(5.45)
Net income as per US GAAP	119.11

Reasons for differences in net income as per Indian GAAP and US GAAP

Amortization of deferred stock compensation

The Accounting Principles Board Opinion No. 25 of US GAAP 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. 5.65 crore for the quarter ended June 30, 2000 as deferred stock compensation.

Provision for retirement benefits

The provision for gratuity represents the valuation performed in accordance with US GAAP.

Deferred income tax provision

US GAAP mandates that the tax element arising on timing differences in amortizing various Assets and Liabilities as per tax books and financial statements be accounted as deferred taxation and appropriate treatment be made in the income statement. There is no such requirement under Indian GAAP.

Provision for e-inventing the company

The company had made a provision of Rs. 3.50 crore for the quarter ended September 30, 1999 towards e-inventing the company, under Indian GAAP. As of March 31, 2000, Rs. 3.11 crore was incurred towards e-inventing the company, which was set-off against this provision. The balance amount of Rs. 0.39 crore was incurred and set-off against this provision during the quarter ended June 30, 2000. Under US GAAP, this amount was charged to the income statement.

Transfer of intellectual property rights

During the quarter ended June 30, 2000, the company transferred its intellectual property rights in the Onscan product - a web-focussed wireless-enabled notification product, to Onscan Inc., a company incubated by Infosys as part of its ongoing effort to encourage and promote budding 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 equity, preferred voting and preferred non-voting securities of Onscan Inc. The income from the transfer of Rs. 5.49 crore (net of tax) is disclosed as an extraordinary item. Gain recognition is not permitted under US GAAP in respect of this transaction and accordingly no income was recognized.