

Infosys Technologies (NASDAQ: INFY) Announces Third Quarter Results E-commerce revenue continues to drive growth

Fremont, California

Highlights

- Third Quarter Revenue Tops \$ 52.2 Million, Up 57.9% from the Same Quarter last Fiscal
- Net Earnings per American Depositary Share (ADS) Increases to \$0.12 from \$0.08 in the Same Quarter last Fiscal
- E-commerce Revenue Contributes 15.6% to Revenue and Continues to Drive Growth

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its third quarter ended December 31, 1999, under US GAAP. Revenue for the quarter increased 57.9% to \$ 52.2 million from \$ 33.0 million in the quarter ended December 31, 1998.

Net Income was \$15.4 million (\$ 9.6 million for the quarter ended December 31, 1998), \$ 0.12 per diluted ADS (\$ 0.08). Net Income includes income from the sale of Special Import Licenses (\$ 0.1 million), interest earned on deployment of funds raised through the issue of American Depositary Shares (\$ 1.0 million) and loss arising due to exchange differences on translation of foreign currency deposits (\$ 0.1 million), which may be non-recurring. Excluding these, the Net Income for the quarter ended December 31, 1999 was \$ 14.4 million and the earnings per diluted ADS was \$ 0.11.

The shareholders of Infosys approved the 2-for-1 split of its equity shares at the Extraordinary General Meeting held on December 29, 1999. The shareholders also approved the 2-for-1 split of the American Depositary Shares (ADS), listed on the Nasdaq National Market. The ratio of two ADSs to one underlying equity share remains unchanged. The effect of the split is reflected in the financial statements for the quarter and nine month period ended December 31, 1999.

E-commerce engagements contributed 15.6% of the Revenue during the quarter, as against 10.3% in the quarter ended September 30, 1999. **"E-commerce initiatives have become an integral part of every business around the world,"** said Mr. N. R. Narayana Murthy, Chairman and CEO. **"Infosys has the experience, people and ability to support its customers in this new paradigm."**

Revenue from Year 2000 business declined to 5.8% in the quarter, as against 9.4% in the quarter ended September 30, 1999. **"Infosys has managed the transition from Y2K opportunities to e-commerce seamlessly,"** said Mr. Nandan M. Nilekani, Managing Director, President and Chief Operating Officer. **"While Y2K revenue has dropped significantly, new business opportunities in e-commerce have helped the company achieve a reasonable top and bottom line growth."**

"The company has been able to maintain its margins and growth despite having a higher bench, which is strategic for its transition towards e-commerce initiatives," said Mr. T. V. Mohandas Pai, Senior Vice President - Finance and Administration, and Chief Financial Officer. **"The operating cash flows have remained positive despite significant capital expenditure during this quarter."**

About Infosys Technologies Ltd.

Infosys Technologies Ltd. is a world leader in providing IT consulting to Fortune 1000 and growing dot-com companies. Infosys offers services including consulting, architecture, application development (on a fixed time and fixed fee basis), e-Commerce and Internet consulting and software maintenance. The company employs close to 5,000 people worldwide and is ISO 9001 and SEI CMM Level 5 certified.

By using a Global Delivery Model, the company leverages talent and infrastructure in different parts of the world to provide high quality, rapid time-to-market solutions. Infosys' US headquarters is located in Fremont, California; the company also maintains offices throughout the US, Europe and Asia. For more information, contact P. R. Ganapathy, Investor Relations Officer, at +1 (510) 742-3030, e-mail him at guns@itlinfosys.com or visit Infosys on the World Wide Web at www.itlinfosys.com.

Safe Harbor Provision

Except for the historical information and discussions contained herein, statements included in this release may constitute "forward-looking statements". 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, technology, law and

regulatory policy, market perception of the performance of the company 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, U.S.A. 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, Statements of Income and related statements are available at <http://www.itinfosys.com>.

Contact

P. R. Ganapathy Investor Relations Officer +1-(510)-742-3030 guns@itinfosys.com	Marti Colwell Creative Marketing Group +1-(858)-458-1818 marticolwell@mindspring.com
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Infosys Technologies Limited Statements of income

	Three months ended December 31,		Nine months ended December 31,		Year ended March 31,
	1999 (Unaudited)	1998 (Unaudited)	1999 (Unaudited)	1998 (Unaudited)	1999 (Audited)
REVENUES					
Revenues	\$ 52,158,059	\$ 33,041,304	\$ 139,828,639	\$ 84,943,521	\$ 120,955,226
Cost of revenues	28,524,750	16,416,373	75,248,686	46,023,361	65,331,006
Gross profit	23,633,309	16,624,931	64,579,953	38,920,160	55,624,220
OPERATING EXPENSES					
Selling, general and administrative expenses	6,647,497	4,333,587	18,129,548	11,474,470	16,199,055
Amortization of deferred stock compensation expense	1,293,002	1,480,903	3,836,104	2,404,057	3,645,576
Compensation arising from stock split	-	-	-	-	12,906,962
Total operating expenses	7,940,499	5,814,490	21,965,652	13,878,527	32,751,593
Operating income	15,692,810	10,810,441	42,614,301	25,041,633	22,872,627
Equity in loss of deconsolidated subsidiary	-	(419,044)	-	(2,085,887)	(2,085,887)
Other income, net	1,636,637	792,084	7,052,919	1,113,647	1,536,998
Income before income taxes	17,329,447	11,183,481	49,667,220	24,069,393	22,323,738

Provisions for income taxes	1,912,519	1,601,802	6,218,902	3,552,566	4,877,650
Net income	\$ 15,416,928	\$ 9,581,679	\$ 43,448,318	\$ 20,516,827	\$ 17,446,088
EARNINGS PER AMERICAN DEPOSITARY SHARE					
Basic	\$ 0.12	\$ 0.08	\$ 0.33	\$ 0.17	\$ 0.14
Diluted	\$ 0.12	\$ 0.08	\$ 0.33	\$ 0.17	\$ 0.14
WEIGHTED AMERICAN DEPOSITARY SHARES USED IN COMPUTING EARNINGS PER ADS *					
Basic	131,286,668	122,160,000	131,335,690	122,160,000	122,757,700
Diluted	131,436,840	122,802,036	131,385,746	122,498,416	123,014,760

* 1 Equity share = 2 American Depositary shares (ADS). After giving effect to 2-for-1 stock split announced during the quarter ending December 31, 1999.

Infosys Technologies Limited Balance Sheets as at

	December 31, 1999 (Unaudited)	December 31, 1998 (Unaudited)	March 31, 1999 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 106,789,758	\$ 22,797,989	\$ 98,874,963
Trade accounts receivable, net of allowances	31,814,100	21,270,407	20,056,678
Prepaid expenses and other current assets	8,661,562	5,302,824	5,735,323
Total current assets	147,265,420	49,371,220	124,666,964
Property, plant and equipment – net	39,761,952	22,795,198	23,900,313
Deferred tax assets	1,788,180	1,642,311	1,715,375
Investments	177,938	177,938	177,938
Other assets	6,191,282	2,595,128	3,197,006
Total assets	\$ 195,184,772	\$ 76,581,795	\$ 153,657,596
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 157,661	\$ 81,400	\$ 75,305
Client deposits	56,323	109,809	18,520
Other accrued liabilities	9,016,543	6,186,528	8,399,800
Income taxes payable	1,423,527	1,582,516	955,797

Unearned revenue	5,314,826	5,356,200	4,598,612
Total current liabilities	15,968,880	13,316,453	14,048,034
STOCKHOLDERS' EQUITY			
Common stock*	8,592,137	4,545,811	8,592,137
Additional paid-in-capital	121,355,706	44,802,455	120,849,511
Accumulated other comprehensive income	(13,728,428)	(9,384,666)	(9,100,662)
Deferred compensation – Employee Stock Offer Plan	(18,880,344)	(25,813,924)	(21,686,799)
Retained earnings	81,876,821	49,942,298	40,955,375
Loan to trust	-	(826,632)	-
Total stockholders' equity	179,215,892	63,265,342	139,609,562
Total liabilities and stockholders' equity	\$ 195,184,772	\$ 76,581,795	\$ 153,657,596

*\$ 0.16 par value; 100,000,000 shares authorized as of December 31, 1999; Issued and outstanding Equity Shares – 66,138,800, 64,068,800 and 66,138,800 as of December 31, 1999, December 31, 1998 and March 31, 1999