

Infosys announces results for the fourth quarter and year ended March 31, 2000
Robust demand for e-commerce services drive growth and profitability

Bangalore, India – April 11, 2000 – Infosys Technologies Limited ("Infosys" or "the company") today announced a total income of Rs. 921.46 crore for fiscal 2000, an 80% increase over Rs. 512.74 crore in fiscal 1999. Net profit from ordinary activities for fiscal 2000 was Rs. 285.95 crore, a 115% increase over Rs. 132.92 crore for fiscal 1999. During the quarter, the company wrote back a net provision of Rs. 7.57 crore made towards contingencies to meet Year 2000 transition, after charging Rs. 2.42 crore as the full cost of transition support. The net profit for the year after such write-back is Rs. 293.52 crore.

The Board of Directors recommended a final dividend of Rs. 3.00 per share (60% on par value of Rs. 5 per share) for fiscal 2000. Including the interim dividend of Rs. 1.50 per share (restated on par value of Rs. 5 per share), the total dividend recommended for the year is Rs. 4.50 per share (90% on par value of Rs. 5 per share). The dividend payable will be tax-free in the hands of the shareholders. The dividend tax to be paid by the company for fiscal 2000 will be Rs. 3.27 crore as compared to Rs. 1.21 crore for fiscal 1999. The dividend for fiscal years 1999 and 1998 respectively were Rs. 3.75 per share (restated as 75% on par value of Rs. 5 per share) and Rs. 3.00 per share (restated as 60% on par value of Rs. 5 per share).

The total income for the fourth quarter ended March 31, 2000 was Rs. 286 crore, an 86% increase over Rs. 153.70 crore for the corresponding quarter in the previous year. Profit after tax before extraordinary items for the quarter was Rs. 85.85 crore, a 99% increase over the corresponding amount of Rs. 43.10 crore for the quarter ended March 31, 1999.

The audited financial results according to Indian and US GAAPs were taken on record at the Board meeting held on April 11, 2000.

Particulars	<i>Rs. in crore</i>			
	Quarter ended March 31,		Year ended March 31,	
	2000	1999	2000	1999
Income from software				
- Exports	271.60	147.95	869.70	500.25
- Domestic	5.75	3.97	12.63	8.64
Other income				
- Interest and others	7.88	1.78	29.20	3.85
- Exchange differences	0.77	-	9.93	-
Total income	286.00	153.70	921.46	512.74
Staff cost	107.86	47.80	334.56	166.06
Foreign tour and travel	26.54	16.41	84.09	58.11
Other expenditure	35.04	22.74	117.10	83.10
Provision for contingencies	-	3.33	3.33	6.66
Provision for e-inventing the company	-	-	3.50	-
Provision for investment in subsidiary	-	-	-	7.06

Total expenses	169.44	90.28	542.58	320.99
Operating profits (PBIDT)	116.56	63.42	378.88	191.75
Depreciation	18.71	14.42	53.23	35.89
Provision for tax	12.00	5.90	39.70	22.94
Profit after tax before extraordinary items	85.85	43.10	285.95	132.92
Effect of extraordinary item – provision no longer required	7.57	-	7.57	-
Extraordinary income (net of tax)	-	-	-	2.35
Net profit after tax and extraordinary items	93.42	43.10	293.52	135.27

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 (Rs. 4.40 crore).

Other income of Rs. 8.65 crore for the quarter (Rs. 1.78 crore) includes Rs. 4.52 crore (Rs.0.54 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. Excluding the above, the net profit for the current quarter was Rs. 80.56 crore, an 89% increase over the comparable net profit of Rs. 42.56 crore for the quarter ended March 31, 1999. During the quarter, the company wrote back a net provision of Rs. 7.57 crore made towards contingencies to meet the Year 2000 transition, being an extraordinary item.

"Demand for e-commerce services, an area where the company has a proven track record, continues to drive our revenue growth. New opportunities in the form of m-commerce are fast emerging and we are well positioned to take advantage of them," said Mr. N. R. Narayana Murthy, Chairman and Chief Executive Officer.

Managing the Year 2000 Transition

The Year 2000 transition has been smooth for Infosys and its clients. The preparatory work done ahead of the transition enabled a smooth rollover. Infosys provided 24x7 transition support to its internal users and clients through a Year 2000 War Room. Very few clients logged calls and all of them were attended to immediately. The transition has also been smooth for all the company's clients in the Banking Business Unit. The full cost of the Year 2000 transition support was Rs. 2.42 crore and was charged to the provision made earlier. The company believes that the Year 2000 transition is complete and that there will be no more expenditure in the future towards the transition. Consequently, the company wrote back a net provision of Rs. 7.57 crore made towards contingencies to meet Year 2000 transition, after charging Rs. 2.42 crore as the full cost of transition support.

The information above contains forward-looking statements which reflect the current views of the company with respect to Year 2000 compliance of the company's internal systems and third party suppliers, and the related costs and potential impact on the company's financial performance. As indicated above, these assessments may ultimately prove to be inaccurate.

The company's early initiatives to actively e-enable its clients continue to bear positive results. The following table provides the percentage of income from e-commerce and Year 2000 conversion opportunities to total income over the past eight quarters.

	Fiscal 1999				Fiscal 2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

E-commerce revenue	1.3	3.6	4.3	5.0	6.4	10.3	15.6	18.8
Y2K revenue	24.0	22.9	19.0	15.2	12.1	9.4	5.8	0.9

Expansion of Services and Significant Projects Completed

Product Competency Centers

As part of its "Product Co-development Service", Infosys sets up a dedicated Product Competency Center which becomes a virtual extension of the client's software engineering team, ensuring faster time-to-market and better quality. An increasing number of product companies are availing of this service for their development requirements. New clients added in this area include Corio, Captura, Blue Martini Software and Cephren.

Corio (www.corio.com) is the leading enterprise Application Service Provider (ASP) for high-growth companies. For a low monthly fee, Corio enables Fortune 500 e-business capability by giving companies immediate access to the world's leading business and e-commerce applications. **Captura** (www.captura.com) delivers Internet-based e-Finance expense management application services tailored to meet the needs of companies worldwide. **Blue Martini Software** (www.bluemartini.com) provides enterprise-scale e-business applications that build brands everywhere. With comprehensive packaged solutions for e-merchandising, e-marketing, and e-service, Blue Martini enables companies to engage their customers on the Web, through call centers, via e-mail, and over wireless devices. **Cephren** (www.cephren.com) is a key provider of online collaboration and e-Commerce services for the global construction industry.

Proximity Development Centers

Infosys continues to expand in Europe. Consequent to the recent 5-year £28 million contract signed with **Sainsbury's Supermarkets**, one of the UK's largest supermarket chains, the company plans to set up a Proximity Development Center in the UK. Infosys also opened Proximity Development Centers at Fremont and Boston to help in rapid deployment of software for its key clients.

Significant new clients in e-commerce

The company added 35 new clients this quarter (99, during the year) of which 11 (25, during the year) are in the area of e-commerce and web technologies.

Capital One Services, Inc. (www.capitalone.com), one of the world's largest issuers of credit cards, is a new addition to the company's client list this quarter.

Infosys is also partnering with **SAP AG** (www.sap.com), the leading provider of inter-enterprise software solutions, to assist in developing and co-sourcing the mySAP.com™ Marketplace.

Other clients

In Asia, Infosys has been partnering **Toshiba Corporation** of Japan in one of its key ERP initiatives. The company is involved in identifying all the interfaces and customization required to tailor the ERP solution to Toshiba's business processes.

Several leading Indian banks have opted for Infosys' banking solutions. Infosys' *Bancs2000* Trade Finance solution is being deployed at all branches of **IDBI Bank** (www.idbibank.com). **Bank of Punjab** has signed an agreement to implement *Bancs2000* at its 100 branches. Infosys is providing the entire end-to-end software infrastructure to enable the subsidiary of a leading industrial finance institution to become a Bill Aggregator/ Consolidator. **Federal Bank** chose Infosys' *BankAway* as its Internet banking platform. **Karnataka Bank** is revamping its existing automation system with Infosys' new generation core banking solution.

Significant projects completed

The quarter saw the completion of several large projects. In keeping with global trends, many of the projects are web-enabled or make use of web technologies.

> Infosys developed an intranet-based application to automate the > sales order creation process of one of the world's largest office solution companies, using Java on an > Oracle Application server. The client expects to significantly reduce paperwork and improve productivity through this application.

Infosys has developed an Intranet client service portal for a leading US life insurance firm that enables its agents to view customer policies, insurance history and rates, etc., online. The application uses Java, XML and XSL to dynamically generate HTML Pages, and a Netdynamics Application Server, which is based on CORBA and Java for managing interaction between the web server and Java classes.

Speech technology is a key driver for m-commerce. Infosys is associated with leading speech technology companies and is now helping develop applications for voice portals-which enable internet access from a hand-held mobile phone.

A leading OSS solution provider in the US is working with Infosys for the development, testing and support of Telecommerce (E - Commerce solutions for Telecom Utilities) solutions and OSS interconnect Gateways to enable CLECS (Competent Local Exchange Carriers) to conduct electronic transactions with ILECS (Incumbent Local Exchange Carriers) and other trading partners.

Infosys has undertaken a large, full life cycle, fixed price, OOAD project that will involve the complete re-engineering of the profile management system for one of the largest credit card providers in the world. This exercise will make the system more responsive to changes and facilitate the addition of new products. This application is web-enabled and will reduce maintenance costs.

"Clients continue to entrust mission-critical, technology-intensive projects to Infosys. By leveraging new technologies such as broadband and wireless, we will continue to help our clients fulfill their digital ambitions," said Mr. Nandan M. Nilekani, Managing Director, President and Chief Operating Officer.

Mr. S. Gopalakrishnan, Deputy Managing Director, said: *"As architects for the digital era, we provide solutions for mission-critical applications for clients across the globe. Our business is well-diversified and we see major opportunities emerging from Europe and Japan."*

Strategic Investment

Earlier this year, Infosys announced its intention to pursue strategic investments in leading-edge technology companies and to support their future technology initiatives. In keeping with this objective, the company announced its first investment of this kind granting Massachusetts-based EC Cubed, Inc., a dynamic application provider for B2B e-commerce, \$ 3 million in funding.

Liquidity and Capital Expenditure

Cash and cash equivalents as on March 31, 2000 were Rs. 508.37 crore (Rs. 416.66 crore), which formed 61% (73%) of total assets. Operating cash flows for the year ended March 31, 2000 was Rs. 249.48 crore (Rs. 158.87 crore), while the free cash flows was Rs. 81.78 crore (Rs. 86.00 crore excluding net amount raised from the ADS offering).

Capital expenditure of Rs. 53.13 crore (Rs. 18.76 crore) was incurred during the quarter, bringing the capital expenditure incurred year-to-date to Rs. 159.87 crore. Unearned revenue as of March 31, 2000 amounted to Rs. 17.57 crore (Rs. 19.38 crore), primarily arising out of billings for fixed-price, fixed-time-frame contracts for which related costs were not incurred during the quarter.

"The utilization rate increased during the quarter and had a positive impact on our bottomline," said Mr. T. V. Mohandas Pai, Chief Financial Officer. "The margins for the year were maintained despite higher onsite work necessitated by e-commerce related business."

Human Resources

Infosys increased its total employee strength to 5,389 as on March 31, 2000, up from 3,766 as on March 31, 1999. The strength of software personnel as on March 31, 2000 increased to 4,623 from 3,389 as on March 31, 1999. Of the 4,623 software professionals as on March 31, 2000, 331 are still undergoing training and 96 belong to the Banking product group.

Directorship

Mr. N. S. Raghavan, one of the founders and former Joint Managing Director, retired from the membership of the Board of Directors on February 7, 2000, expressing a desire to pursue charitable activities on a full-time basis.

Mr. Philip Yeo, Executive Chairman of the Singapore Economic Development Board, was inducted into the Board as an external director on October 29, 1999. As chairman of the Economic Development Board, Mr. Yeo redirected its focus from traditional fields to new areas of business such as promoting services, developing high-tech industries like semiconductors, aerospace and specialty chemicals, and nurturing local small and medium enterprises.

Infrastructure Development

During the quarter, work began on a software development campus in Bhubaneswar. Phase I of this project, scheduled for completion by end-2000, will have the capacity to accommodate 1200 personnel.

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.

Three new development centers commenced operations in leased facilities during the quarter at Mohali, Hyderabad and Mysore.

The company's first Global Development Center with a capacity to accommodate 65 personnel was inaugurated in Toronto, Canada, during the quarter. The company's office in Dallas, Texas, was expanded to accommodate the company's growing consulting practice.

Recognition

The company won the first National Award for Excellence in Corporate Governance instituted by the Government of India. Infosys was also given the award of excellence in Corporate Governance by The Stock Exchange, Mumbai and an Award for Excellence in Corporate Governance from Institutional Shareholder Services, Washington D. C. The World Economic Forum honoured Infosys as a leading pioneering technology company at the forefront of the knowledge economy. Infosys was once again voted the best managed company in India in a poll conducted by *Asiamoney* among the international investment community

About the Company

Infosys Technologies Ltd. is a world leader in providing IT consulting services 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 5,400 people worldwide and is ISO 9001 and SEI CMM Level 5 certified.

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 V. Balakrishnan, Associate Vice President (Finance) at +91-80-852-0440 (e-mail: balakv@infy.com) or visit Infosys on the World Wide Web at <http://www.infy.com>.

Safe Harbor

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, 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>	
	March 31, 2000	March 31, 1999
SOURCES OF FUNDS		

SHAREHOLDERS' FUNDS		
Share capital	33,07,55,000	33,06,95,500
Reserves and surplus	800,22,73,248	541,36,15,748
	833,30,28,248	574,43,11,248
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross block	284,03,05,143	168,92,38,345
Less : Depreciation	133,65,20,594	83,09,14,934
Net block	150,37,84,549	85,83,23,411
Add : Capital work-in-progress	56,96,03,505	14,88,35,800
	207,33,88,054	100,71,59,211
INVESTMENTS	13,83,48,469	75,48,469
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	136,17,81,253	84,51,88,425
Cash and bank balances	431,79,35,730	405,04,82,999
Loans and advances	210,12,77,161	68,35,96,522
	778,09,94,144	557,92,67,946
Less : Current liabilities	67,15,06,459	42,83,42,481
Provisions	98,81,95,960	42,13,21,897
NET CURRENT ASSETS	612,12,91,725	472,96,03,568
	833,30,28,248	574,43,11,248

Note: The audited Balance Sheet as at March 31, 2000 has been taken on record at the Board meeting held on April 11, 2000.

Profit and Loss Account for the

<i>in Rs.</i>				
	Quarter ended March 31,		Year ended March 31,	
	2000	1999	2000	1999
INCOME				
Software development services and products				
Overseas	271,59,54,975	147,94,97,270	869,69,80,931	500,25,40,418
Domestic	5,74,58,216	3,97,47,646	12,62,56,042	8,63,71,250
Other income	8,65,78,596	1,78,49,464	39,14,11,095	3,84,71,833
	285,99,91,787	153,70,94,380	921,46,48,068	512,73,83,501
EXPENDITURE				
Software development expenses	146,21,89,237	73,30,02,994	466,26,84,578	261,51,74,052
Administration and other expenses	23,22,49,774	13,65,06,315	69,48,50,282	45,75,30,137
Provision for Contingencies	-	3,33,00,000	3,33,00,000	6,66,00,000
Provision for e-inventing the company	-	-	3,50,00,000	-
Provision for investment in subsidiary	-	-	-	7,05,95,674
	169,44,39,011	90,28,09,309	542,58,34,860	320,98,99,863
Operating profit (PBIDT)	116,55,52,776	63,42,85,071	378,88,13,208	191,74,83,638
Interest	-	-	-	-
Depreciation	18,70,86,391	14,42,48,807	53,23,27,389	35,89,30,078
Profit before tax and extraordinary items	97,84,66,385	49,00,36,264	325,64,85,819	155,85,53,560
Provision for tax - earlier periods	1,00,000	-	24,00,000	4,32,00,000
- current period	11,99,00,000	5,90,00,000	39,46,00,000	18,62,00,000
Profit after tax before extraordinary items	85,84,66,385	43,10,36,264	285,94,85,819	132,91,53,560

Effect of extraordinary item - provision no longer required	7,56,70,846	-	7,56,70,846	-
Extraordinary income (net of tax)	-	-	-	2,34,54,103
Net profit after tax and extraordinary items	93,41,37,231	43,10,36,264	293,51,56,665	135,26,07,663
AMOUNT AVAILABLE FOR APPROPRIATION	93,41,37,231	43,10,36,264	293,51,56,665	135,26,07,663
Dividend				
- Interim	-	-	9,92,08,200	4,00,43,011
- Final (proposed)	19,84,18,210	8,10,32,734	19,84,18,210	8,10,32,734
Dividend Tax	2,18,26,003	81,03,274	3,27,38,905	1,21,07,574
Amount transferred – capital reserve	-	2,34,54,103	-	2,34,54,103
– general reserve	71,38,93,018	31,84,46,153	260,47,91,350	119,59,70,241
	93,41,37,231	43,10,36,264	293,51,56,665	135,26,07,663

Segmental Analysis – By Geographical Area

Rs.				
	Year ended March 31,			
	1999	%	2000	%
North America	417,39,10,727	81	713,27,33,054	77
Europe	47,53,02,650	9	129,09,73,822	14

Rest of the World	35,33,27,041	7	52,40,04,101	6
India	12,48,43,083	3	26,69,37,091	3
Total income	512,73,83,501	100	921,46,48,068	100

Reconciliation of accounts as per Indian GAAP and US GAAP

<i>Rs. in crore</i>		
	Quarter ended March 31, 2000	Year ended March 31, 2000
Net profit as per Indian GAAP accounts	93.42	293.52
Less:		
Amortization of deferred stock compensation expense	5.59	22.07
Provision for retirement benefits to employees	3.23	3.13
Provision for contingency/e-inventing the company	9.97	6.27
Add:		
Deferred Income taxes	3.40	3.69
Net income as per US GAAP accounts	78.03	265.74

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. 22.07 crore for the year ended March 31, 2000 (Rs. 5.64 crore for the quarter ended March 31, 2000) as deferred stock compensation.

Provision for contingencies

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 March 31, 2000, under Indian GAAP. During the year, Rs. 2.42 crore was spent towards support during the Year 2000 transition (Rs. 1.37 crore during the quarter) and the same was set-off against the provision made earlier, under Indian GAAP. Since no such provision was made under US GAAP in the previous quarters, Rs. 2.42 crore was charged to revenue during the year (Rs. 1.37 crore during the quarter).

Provision for e-inventing the Company

The company had announced in the previous quarter 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. An amount of Rs. 3.11 crore was incurred upto the year ended March 31, 2000 (Rs. 1.03 crore during the quarter ended March 31, 2000) towards e-inventing the company and was set-off against the provision made earlier, under Indian GAAP. Since no such provision was made under US GAAP in the previous quarter, Rs. 3.11 crore was charged to revenue during the year and Rs. 1.03 crore during the quarter.

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 retirement benefits to employees

The provision for retirement benefits to employees represents the gratuity liability as per the actuarial valuation done as per SFAS 87 under US GAAP