

## De-risked business model enables all-round revenue growth

Fremont, California

### Highlights

- Second quarter revenues top \$ 97.9 million, up 104.3% from the same quarter last fiscal
- Net earnings per American Depositary Share (ADS) increases to \$ 0.25 from \$ 0.11 in the same quarter last fiscal
- E-commerce revenues at 31.4% - up from 28.7% in the quarter ended June 30, 2000
- Revenues from start-up companies at 9.5% in the quarter as against 10.9% in the quarter ended June 30, 2000
- Net addition in employees at 1,480 in the quarter as against 1,056 in the quarter ended June 30, 2000
- 27 new customers added in the quarter

Infosys Technologies Limited ("Infosys" or "the company") today announced financial results for its second quarter and half-year ended September 30, 2000. Revenues for the quarter aggregated \$ 97.9 million, up 104.3% from \$ 47.9 million in the quarter ended September 30, 1999.

Net Income was \$ 32.8 million (\$ 14.7 million for the quarter ended September 30, 1999) and earnings per ADS was \$ 0.25 (\$ 0.11). Included in Net Income was Other Income of \$ 2.1 million (\$ 0.4 million) arising due to exchange differences on translation of foreign currency deposits. Excluding these, the Net Income for the quarter ended September 30, 2000 was \$ 30.7 million (\$ 12.5 million) and the earnings per ADS was \$ 0.23 (\$ 0.11).

Revenues for the half-year ended September 30, 2000 were \$ 178.2 million, a 103.2% increase over \$ 87.7 million for the corresponding period in the previous year. Net Income was \$ 59.6 million (\$ 0.45 per diluted ADS), a 112.9% increase over \$ 28.0 million (\$ 0.21 per diluted ADS) for the corresponding period in the previous year.

**"Fortune 1000 companies continue to focus on e-enabling their businesses, leading to larger market opportunity for IT solutions providers."**, said Mr. N. R. Narayana Murthy, Chairman and CEO. **"Our relationship with companies in this segment and our ability to scale up operations to meet their demands continue to be a key driver of our performance."**

E-commerce engagements comprised 31.4% of revenues in the quarter, as against 28.7% in the quarter ended June 30, 2000. The majority of these engagements involved building robust e-commerce infrastructure for traditional economy companies. Revenues from start-up companies accounted for 9.5% of Revenues in the quarter as against 10.9% in the quarter ended June 30, 2000.

**"The new economy continues to offer unprecedented business opportunities -- in order to tap these, we have proactively started work in the wireless and broadband areas,"** said Mr. Nandan M. Nilekani, Managing Director, President and COO. **"Further, as we continue to grow, we maintain our focus on building the internal processes and systems required to support our operations."**

As on September 30, 2000, Infosys had 240 active clients, of which 27 were new clients added in the quarter. **"Our global delivery model enables us to rapidly deliver high-quality solutions to clients around the world"**, said Mr. S. Gopalakrishnan, Deputy Managing Director. **"The de-risked nature of our business model enables us to successfully meet the challenges of an ever changing, dynamic marketplace"**.

**"We have accelerated our spending on physical infrastructure and training facilities to be adequately prepared to tap market opportunities,"** said Mr. T. V. Mohandas Pai, Director - Finance and Administration and Chief Financial Officer. **"Our continued focus on strict cost control, coupled with prudent risk management, has helped us maintain our margins and demonstrate consistent growth".**

The Board of Directors, at their meeting held on October 10, 2000, co-opted Prof. Jitendra Vir Singh, Vice Dean, International Academic Affairs, Wharton School, University of Pennsylvania as an Additional Director of the Company with effect from October 10, 2000. Prof. Jitendra Vir Singh 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 general meeting.

### **About Infosys Technologies Limited (Nasdaq: INFY)**

Infosys is an IT consulting and service provider, providing end-to-end consulting for global corporations and emerging dotcom companies. The company has partnered with several Fortune 1000 companies in building their next generation information infrastructure for competitive advantage. The Infosys portfolio of services includes e-strategy consulting and solutions, large application development and enterprise integration services. Infosys also has product co-development initiatives with numerous communication and Internet infrastructure companies that are creating the building blocks for the digital economy.

The Global Delivery Model of 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 on this release, please contact P. R. Ganapathy, Investor Relations Officer [Tel: +1 (510) 742-3030, e-mail: [guns@infy.com](mailto:guns@infy.com)].

For more corporate information, contact Infosys at +1(510) 742-3000 in the USA, +91-80-852-0261 in India or visit Infosys on the World Wide Web at [www.infy.com](http://www.infy.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 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.

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## Infosys Announces Second Quarter Results

### Statements of Income

	Three months ended September 30,		Six months ended September 30,		Year ended
	<b>2000</b> <b>(Unaudited)</b>	1999 (Unaudited)	<b>2000</b> <b>(Unaudited)</b>	1999 (Unaudited)	March 31, 2000 (Audited)
<b>REVENUES</b>					
Revenues	<b>\$ 97,939,050</b>	\$ 47,941,680	<b>\$ 178,196,883</b>	\$ 87,670,580	\$ 203,443,754
Cost of revenues	<b>50,198,315</b>	26,103,672	<b>92,160,476</b>	46,723,936	111,080,546
Gross profit	<b>47,740,735</b>	21,838,008	<b>86,036,407</b>	40,946,644	92,363,208
<b>OPERATING EXPENSES</b>					
Selling and marketing expenses	<b>4,994,025</b>	1,665,122	<b>9,191,540</b>	4,154,480	9,643,970
General and administrative expenses	<b>9,274,568</b>	4,264,873	<b>15,691,481</b>	7,327,571	17,102,550
Amortization of stock compensation expense	<b>1,275,796</b>	1,293,002	<b>2,551,592</b>	2,543,102	5,117,635
Total operating expenses	<b>15,544,389</b>	7,222,997	<b>27,434,613</b>	14,025,153	31,864,155
Operating income	<b>32,196,346</b>	14,615,011	<b>58,601,794</b>	26,921,491	60,499,053
Other income, net	<b>4,292,181</b>	2,205,581	<b>7,695,238</b>	5,416,282	9,038,792
Income before income taxes	<b>36,488,527</b>	16,820,592	<b>66,297,032</b>	32,337,773	69,537,845
Provision for income taxes	<b>3,706,641</b>	2,100,081	<b>6,683,473</b>	4,306,383	8,193,317
Net income	<b>32,781,886</b>	\$ 14,720,511	<b>59,613,559</b>	\$ 28,031,390	\$ 61,344,528
<b>EARNINGS PER AMERICAN DEPOSITARY SHARE</b>					
Basic	<b>0.25</b>	\$ 0.11	<b>0.45</b>	\$ 0.21	\$ 0.47
Diluted	<b>0.25</b>	\$ 0.11	<b>0.45</b>	\$ 0.21	\$ 0.47
<b>WEIGHTED AMERICAN DEPOSITARY SHARES USED IN COMPUTING EARNINGS PER AMERICAN DEPOSITARY SHARE</b>					
Basic	<b>131,882,068</b>	131,343,068	<b>131,918,302</b>	131,360,200	131,319,250
Diluted	<b>133,825,444</b>	131,343,068	<b>134,194,642</b>	131,360,200	131,727,980

## Infosys Technologies Limited

Balance Sheets as of

	September 30, 2000 (Unaudited)	September 30, 1999 (Unaudited)	March 31, 2000 (Audited)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 116,475,448	\$ 104,131,114	\$ 116,599,486
Trade accounts receivable, net of allowances	52,826,967	30,626,659	31,233,515
Prepaid expenses and other current assets	13,255,567	7,482,365	11,256,295
Total current assets	182,557,982	142,240,138	159,089,296
Property, plant and equipment – net	79,371,264	32,221,795	47,554,772
Deferred income taxes	2,877,129	1,350,849	2,566,266
Investments	8,270,443	177,938	3,177,938
Other assets	6,809,063	5,225,443	6,894,598
Total assets	<u>\$ 279,885,881</u>	<u>\$ 181,216,163</u>	<u>\$ 219,282,870</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities			
Accounts payable	\$ 44,587	\$ 52,663	\$ 976,840
Client deposits	2,061,910	88,642	425,724
Other accrued liabilities	16,076,816	10,694,035	13,835,635
Income taxes payable	2,355,740	1,763,189	1,878,977
Unearned revenue	15,971,299	6,368,878	4,029,173
Total current liabilities	<u>36,510,352</u>	<u>18,967,407</u>	<u>21,146,349</u>
Stockholders' Equity			
Common stock, \$ 0.16 par value; 100,000,000 equity shares authorized, Issued and outstanding – 66,151,367, 66,138,800 and 66,150,700 as of September 30, 2000, September 30, 1999 and March 31, 2000	8,593,585	8,592,137	8,593,510
Additional paid-in-capital	121,529,268	121,403,339	121,506,726
Accumulated other comprehensive income	(26,112,795)	(14,033,267)	(14,137,933)
Deferred stock compensation	(15,047,221)	(20,173,346)	(17,598,813)
Retained earnings	154,412,692	66,459,893	99,773,031
Total stockholders' equity	<u>243,375,529</u>	<u>162,248,756</u>	<u>198,136,521</u>
Total liabilities and stockholders' equity	<u>\$ 279,885,881</u>	<u>\$ 181,216,163</u>	<u>\$ 219,282,870</u>

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/>