



Infosys Technologies Limited

Regd. office: Electronics City, Hosur Road, Bangalore – 561 229, India

Audited financial results for the quarter ended June 30, 2001

in Rs. crore, except per share data

	Quarter ended June 30,		Year ended
	2001	2000	March 31, 2001
Income from software services and products			
Exports	596.30	351.06	1,874.02
Domestic	16.22	4.47	26.54
Other income			
Interest and others	12.23	7.69	39.20
Exchange differences	1.26	7.42	20.17
Total income	626.01	370.64	1,959.93
Staff costs	260.16	142.60	717.78
Foreign travel expenses	32.24	30.21	147.22
Other expenditure	79.60	45.08	270.72
Provision for investment	-	-	15.29
Total expenses	372.00	217.89	1,151.01
Operating profits (PBIDT)	254.01	152.75	808.92
Interest	-	-	-
Depreciation	35.48	17.74	112.89
Profit before tax and extraordinary item	218.53	135.01	696.03
Provision for tax	28.50	13.71	72.71
Profit after tax before extraordinary item	190.03	121.30	623.32
Effect of extraordinary item (net of tax)	-	5.49	5.49
Net profit after tax and extraordinary item	190.03	126.79	628.81
Paid-up equity capital (nominal value Rs. 5 each, fully paid-up)	33.08	33.08	33.08
Reserves	1,562.53	927.12	1,356.56
Earnings per equity share (par value Rs. 5 each)			
Basic	28.72	19.17	95.06
Diluted	28.59	18.93	94.76
Dividend per equity share (par value Rs. 5 each)	NA	NA	10.00
Aggregate of non-promoter shareholding			
Number of shares	4,69,85,607	4,67,70,807	4,68,70,557
Percentage of holding (to total shareholding)	71.02	70.70	70.85

Notes:

1. The above audited quarterly results have been taken on record by the Board at its meeting held on July 10, 2001. There are no qualifications in the auditors' reports issued for these periods.

2. During the quarter ended June 30, 2001, the company made a strategic investment of Rs. 10.33 crore (US\$ 2.2 million) for 4,40,000 fully paid Series B convertible preferred stock (par value US\$ 0.001), issued at US\$ 5.00 per share, in Workadia Inc., USA ('Workadia'). Workadia will provide companies with comprehensive, customizable business intranets through browser-accessed hosted portals.
3. During the year ended March 31, 2001, the company made strategic investments aggregating Rs. 26.64 crore in Alpha Thinx Mobile Phone Services AG, Austria ('Alpha Thinx'), Asia Net Media BVI Ltd, British Virgin Islands; CiDRA Corporation, USA; M-Commerce Ventures Pte. Ltd., Singapore; and PurpleYogi Inc., USA.
4. An amount of Rs. 15.29 crore was provided for investments in Alpha Thinx and EC Cubed Inc., USA, during the year ended March 31, 2001, when the investee companies filed for liquidation.
5. During the year ended March 31, 2001, the company transferred its intellectual property rights in Onscan, a web-focused wireless-enabled notification product, to OnMobile Systems Inc. (formerly Onscan Inc.), USA, a company incubated by Infosys. The rights were transferred for Rs. 8.93 crore (US\$ 2 million), received as common, preferred voting and preferred non-voting securities in OnMobile Systems Inc. The income of Rs. 5.49 crore (net of tax) arising on the transfer is disclosed above as an extraordinary item.
6. Accounting standards on segment reporting, related party disclosures and earnings per share became mandatory effective accounting periods commencing on or after April 1, 2001. The company adopted these standards from the year ended March 31, 2001.
7. Consequent to the standard on accounting for taxes on income becoming mandatory effective April 1, 2001, the company recorded the cumulative net deferred tax credit of Rs. 15.53 crore until April 1, 2001, as an addition to the general reserves. Deferred tax credit of Rs. 1.06 crore for the quarter ended June 30, 2001 is included in the provision for taxation.
8. The accounting standard on consolidated financial statements becomes effective from April 1, 2001 should a company consolidate its financial statements. Although Yantra Corporation, USA, is a subsidiary of Infosys as per the Companies Act, 1956, the financial statements have not been consolidated since the company does not have control as envisaged by the accounting standard on consolidated financial statements issued by the Institute of Chartered Accountants of India.
9. During the quarters ended June 30, 2001 and June 30, 2000, and the year ended March 31, 2001 the company issued 2,600, 667 and 7,417 equity shares respectively, pursuant to the exercise of stock options by certain employees.

Bangalore, India
July 10, 2001

**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 quarter ended June 30, 2001, prepared as per US GAAP. The summary of the above financial statements is as follows:

in US\$

Particulars	Quarters ended June 30, (Unaudited)		Year ended March 31, (Audited)
	2001	2000	2001
Revenues	130,532,758	80,257,833	413,850,510
Gross profit	62,117,790	38,295,672	200,236,766
Amortization of stock compensation expense	1,259,755	1,275,796	5,081,795
Net income	39,241,359	26,831,673	131,948,104
Earnings per American Depositary Share (ADS)			
Basic	0.30	0.20	1.00
Diluted	0.30	0.20	0.99
Total assets	372,384,571	247,028,054	342,347,819
Cash and cash equivalents	134,180,176	105,756,757	124,084,245

Note: Two ADSs are equivalent to one equity share.

The reconciliation of net income as per Indian GAAP and US GAAP for the quarters ended June 30, 2001 and June 30, 2000, and the year ended March 31, 2001 is as follows:

in US\$

Particulars	Quarter ended June 30, (Unaudited)		Year ended March 31, (Audited)
	2001	2000	2001
Net profit as per Indian GAAP	40,501,114	28,565,885	136,837,807
Amortization of deferred stock compensation expense	(1,259,755)	(1,275,796)	(5,081,795)
Provision for retirement benefits to employees	-	741,000	741,000
Deferred taxes	-	118,795	769,303
Provision for contingency / e-inventing the company	-	(87,387)	(87,387)
Transfer of intellectual property rights (net of tax)	-	(1,230,824)	(1,230,824)
Net income as per US GAAP	39,241,359	26,831,673	131,948,104

Safe Harbor provision

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2001. This filing is available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.