

Audited financial results for the quarter and half-year ended September 30, 2001

in Rs. crore, except per share data

	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2001	2000	2001	2000	2001
Income from software services and products					
Overseas	638.27	441.26	1,234.57	792.32	1,874.03
Domestic	11.86	4.84	28.08	9.31	26.54
Total	650.13	446.10	1,262.65	801.63	1,900.57
Software development expenses	306.95	204.58	592.51	375.42	870.84
Gross profit	343.18	241.52	670.14	426.21	1,029.73
Selling and marketing expenses	33.46	22.54	61.11	40.54	92.07
General and administration expenses	50.80	42.56	109.60	71.61	172.82
Operating profit before interest and depreciation	258.92	176.42	499.43	314.06	764.84
Interest	-	-	-	-	-
Depreciation	39.02	24.24	74.49	41.97	112.89
Operating profit after interest and depreciation	219.90	152.18	424.94	272.09	651.95
Other income	14.66	19.58	28.15	34.69	59.37
Provision for investments	-	-	-	-	(15.29)
Profit before tax and extraordinary item	234.56	171.76	453.09	306.78	696.03
Provision for taxation	33.00	17.75	61.50	31.46	72.71
Profit after tax before extraordinary item	201.56	154.01	391.59	275.32	623.32
Extraordinary item -- transfer of intellectual property rights (net of taxes)	-	-	-	5.49	5.49
Net profit after tax and extraordinary item	201.56	154.01	391.59	280.81	628.81
Paid-up equity share capital (par value Rs 5/- each, fully paid)	33.08	33.08	33.08	33.08	33.08
Reserves	1,709.41	1,060.96	1,709.41	1,060.96	1,356.56
Earnings per share (par value Rs 5/- each)					
Basic	30.47	23.28	59.19	42.45	95.06
Diluted	30.39	22.99	59.05	41.95	94.76
Dividend per share (par value Rs 5/- each)	7.50	2.50	7.50	2.50	10.00
Dividend declared as a percentage of par value	150	50	150	50	200
Aggregate of non-promoters shareholding					
Number of shares	470,27,257	468,05,407	470,27,257	468,05,407	468,70,557
Percentage of shareholding	71.08	70.76	71.08	70.76	70.85

Segment reporting

in Rs. crore, except per share data

	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2001	2000	2001	2000	2001
Revenue by industry segment					
Financial services	248.44	151.23	474.02	255.75	640.78
Manufacturing	111.84	78.07	224.24	148.82	338.84
Telecom	99.40	86.54	201.67	152.32	350.11
Retail	74.74	31.67	142.79	63.67	172.87
Others	115.71	98.59	219.93	181.07	397.97
Total	650.13	446.10	1,262.65	801.63	1,900.57
Less: Inter-segment revenue	-	-	-	-	-
Net revenue from operations	650.13	446.10	1,262.65	801.63	1,900.57
Segment profit/(loss) before tax and interest:					
Financial services	95.09	57.19	177.89	90.21	237.21
Manufacturing	37.17	27.99	74.76	55.40	117.49
Telecom	47.81	40.74	96.67	71.91	167.82
Retail	35.64	9.26	67.24	21.23	71.81
Others	43.21	41.24	82.87	75.31	170.51
Total	258.92	176.42	499.43	314.06	764.84
Less: Interest	-	-	-	-	-
Less: Other un-allocable expenditure (excluding un-allocable income)	39.02	24.24	74.49	41.97	112.89
Operating profit before tax	219.90	152.18	424.94	272.09	651.95

Notes on segment information

Principal segments

The company's operations predominantly relate to providing Information Technology ("IT") services to customers operating in various industry segments. Accordingly, IT service revenues represented along industry classes comprise the primary basis of segmental information set out above.

Segmental capital employed

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Notes:

- The above audited quarterly and half-yearly results have been taken on record by the Board at its meeting held on October 10, 2001. There are no qualifications in the auditors' reports issued for these periods.
- An interim dividend of Rs. 7.50 per share (150% on an equity share of par value of Rs. 5/-) has been declared at the above Board meeting for the half-year ended September 30, 2001. The record date for payment of dividend will be November 2, 2001. The interim dividend for the half-year ended September 30, 2000 was Rs. 2.50 per share (50% on an equity share of par value of Rs. 5/-).
- Details of expenses:

Particulars	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2001	2000	2001	2000	2001
Staff costs	277.99	167.60	538.15	310.19	717.78
Items exceeding 10% of aggregate expenditure					
Foreign Travel	34.23	35.90	66.47	66.12	147.22

- Particulars of other income are as follows:

Particulars	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2001	2000	2001	2000	2001
Interest on deposits	11.79	9.64	23.59	17.20	38.47
Exchange difference	2.56	9.68	3.82	17.10	20.17
Miscellaneous income	0.31	0.26	0.74	0.39	0.73
Total	14.66	19.58	28.15	34.69	59.37

- There were no investments during the quarter ended September 30, 2001. During the half-year ended September 30, 2001, the company invested Rs. 10.33 crore in Workadia, Inc., USA ("Workadia") purchasing 4,40,000 fully paid Series "B" convertible preferred stock, par value of US\$ 0.001, at US\$ 5.00 each. Workadia will provide companies with comprehensive, customizable business intranets through browser accessed hosted portals and also offer consulting services to help customers select and deploy their intranet applications, content and services.
- An amount of Rs. 15.29 crore was provided for investments in Alpha Think, Austria, and EC Cubed, Inc., USA, during the latter half of the year ended March 31, 2001, when the investee companies filed for liquidation.
- 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.
- Certain accounting standards became mandatory for accounting periods commencing on or after April 1, 2001. The company adopted the accounting standards on segment reporting, related party disclosures and earnings per share effective the year ended March 31, 2001 and adopted the standards on accounting for leases and income taxes effective from April 1, 2001.
- 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 credits of Rs. 2.05 crore and Rs. 3.11 crore for the quarter and half-year ended September 30, 2001 respectively, are included in the provisions for taxation of the referred periods.
- The accounting standard on consolidated financial statements became effective from April 1, 2001. 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 ICAI. The company does not have any investments in associates and accordingly the related accounting standard, mandatory effective April 1, 2002, does not affect the financials statements.
- During the quarter ended September 30, 2001, half-year ended September 30, 2001 and year ended March 31, 2001 the Company issued nil, 2,600 and 7,417 equity shares respectively pursuant to the exercise of stock options by certain employees.

By order of the Board
for Infosys Technologies Ltd.
N. R. Narayana Murthy
Chairman and Chief Executive Officer

Bangalore, India
October 10, 2001

The Board has also taken on record the unaudited results for the quarter and half-year ended September 30, 2001, prepared as per US GAAP. The summary of the above financial statements is as follows:

Particulars	Quarter ended September 30, (Unaudited)		Half-year ended September 30, (Unaudited)		Year ended March 31, 2001 (Audited)
	2001	2000	2001	2000	
Revenues	137,258,134	97,939,050	267,790,892	178,196,883	413,850,510
Gross profit	64,206,745	47,740,735	126,324,535	86,036,407	200,236,766
Amortization of deferred stock compensation expense	1,251,327	1,275,796	2,511,082	2,551,592	5,081,795
Net income	41,292,419	32,781,886	80,533,778	59,613,559	131,948,104
Earnings per American Depositary Share					
Basic	0.31	0.25	0.61	0.45	1.00
Diluted	0.31	0.25	0.61	0.45	0.99
Total assets	413,396,290	279,885,881	413,396,290	279,885,881	342,347,819
Cash and cash equivalents	149,392,226	116,475,448	149,392,226	116,475,448	124,084,245

Note: Two American Depositary Shares (ADS) are equivalent to one Equity Share.

The reconciliation of net incomes as per Indian GAAP and US GAAP is as follows:

Particulars	Quarter ended September 30, (Unaudited)		Half-year ended September 30, (Unaudited)		Year ended March 31, 2001 (Audited)
	2001	2000	2001	2000	
Net profit as per Indian GAAP	42,543,746	33,865,614	83,044,860	62,431,499	136,837,807
Amortization of deferred stock compensation expense	(1,251,327)	(1,275,796)	(2,511,082)	(2,551,592)	(5,081,795)
Provision for retirement benefits to employees	-	-	-	741,000	741,000
Deferred taxes	-	192,068	-	310,863	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	41,292,419	32,781,886	80,533,778	59,613,559	131,948,104

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 OnMobile Systems, Inc., the success of the companies in which the company has made strategic investments, the company's incubation and investment 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.