

INFOSYS TECHNOLOGIES LIMITED

Report for the first quarter ended June 30, 2000



At a glance – Indian GAAP

Rs. in crores, except per equity share data

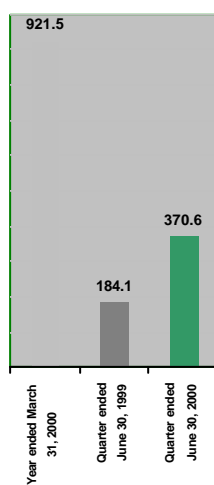
	Quarter ended June 30, 2000	June 30, 1999	Year ended March 31, 2000
For the period			
Total revenue	370.64	184.06	921.46
Export revenue	351.06	168.62	869.70
Operating profit (PBIDT)	152.75	77.93	378.88
Profit after tax (PAT) from ordinary activities	121.30	60.61	285.95
PBIDT as a percentage of total revenue	41.21%	42.34%	41.12%
PAT (from ordinary activities) as a percentage of total revenue	32.73%	32.93%	31.03%
Earnings per share (from ordinary activities)*	18.34	9.16	43.23
Dividend per share	NA	NA	4.50
Dividend amount	NA	NA	29.76
Capital investment	85.84	21.21	159.87
At the end of the period			
Total assets	960.20	633.02	833.30
Fixed assets – net	275.43	112.59	207.34
Cash and equivalents	471.94	444.72	508.37
Working capital	648.60	519.68	612.13
Total debt	?	?	?
Net worth	960.20	633.02	833.30
Equity	33.08	33.07	33.08
Market capitalization	54,974.43	12,040.57	59,338.17

Note:

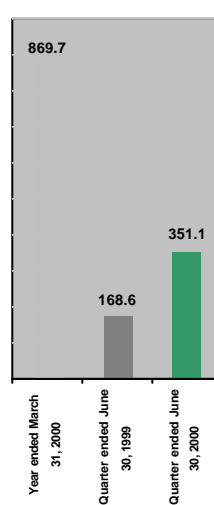
Market capitalization is calculated by considering the Indian market price for shares outstanding at the period/ year end.

*EPS figures have been calculated for the period and have not been annualized.

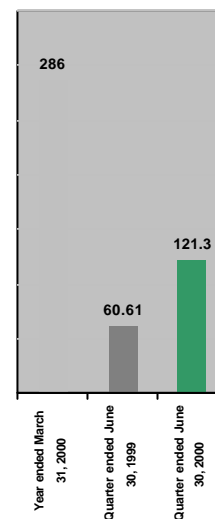
TOTAL REVENUE
(Rs. in crores)



EXPORTS
(Rs. in crores)



NET PROFIT
(Rs. in crores)



Letter to the shareholders

Dear shareholders:

It is our pleasure to report on another satisfactory quarter. Under Indian GAAP, revenues grew by 101.4% over Q1 FY1999 while net profits witnessed an increase of 109.2%. For the first time, quarterly addition in employees, net of separations, surpassed 1000 – pointing to continuing vigorous growth in our business. We added 32 new customers during the quarter while maintaining an unwavering focus on long term relationships -- reflected in our repeat business rate of 91.6%.

As expected, we reaped the benefits of our early investments in building up e-business capabilities; e-business revenues surged to 28.7% – up from 18.8% last quarter.

Of the 28.7% of e-business revenues, 10.9% was from start-ups. Working with these ventures has enabled us to keep abreast of the latest developments in technology and management. We continue to rely on strong credit risk assessment mechanisms and ensure a front-loaded payment structure when working with early-stage startup clients. We believe that working with high-quality pre-IPO ventures offers us attractive opportunities to work on cutting technologies.

The rest of our e-business revenues came from e-transforming established traditional economy companies. From the outset, we have had strong relationships with this segment and continue to work with Fortune 1000 corporations on a wide range of IT initiatives. We believe that our relationships with this segment, our track record of client satisfaction, and our expertise in traditional platforms are all significant competitive advantages and will help us play a key role in implementing digital strategies for large corporations across the globe.

While continuing to attract high-quality people in large numbers, we continue to streamline internal processes -- this resulted in utilization levels (excluding trainees) jumping to 85.6% for this quarter from 81.5% in the quarter ended March 31, 2000.

This quarter, we brought on board marquee clients such as New York Life International, Hollywood Entertainment Corporation and Evolving Systems. Further, our banking division signed on several new clients and launched FINACLE™, a core banking e-platform.

The quarter also saw significant activity on the investments and incubation front. We invested \$ 3 million in CiDRA Corporation, a US-based developer of agile photonic devices for high precision wavelength management and control for next-generation optical networks. Earlier this year, CiDRA and Infosys launched a partnership to develop bandwidth management products to address the exploding optical networking equipment market. We continue to believe that making select strategic investments will yield significant business benefits for the company.

Further, Onscan, a venture launched by Infosys and incubated by Infosys, successfully closed their first round of funding bringing in Argo Global Capital, H&Q Asia Pacific@India and Satwik Fund as investors. We expect that Infosys and Onscan will continue to have a symbiotic business relationship in the future.

We believe scalability, execution and customer focus to be key strengths of Infosys. Apart from the sizeable additions to our workforce this quarter, we also focussed on creating physical infrastructure with the intention of gearing up to meet our growth plans. We operationalized a training center that can train 1000+ employees at a time. We also operationalized two software development blocks and a food court at our campus in Bangalore – other amenities like a gymnasium, a company store, etc. are in progress.

As in the past, our success was due to the commitment of our fellow Infosysians. This quarter, we inducted three senior executives, Phaneesh Murthy (earlier Senior Vice President - Sales & Marketing and Communication & Product Services), T. V. Mohandas Pai (earlier Senior Vice President - Finance and Administration and Chief Financial Officer) and Srinath Batni (earlier Senior Vice President - Delivery - West North America) to the board of directors – all long-standing employees of Infosys with excellent track records. On your behalf, we welcome them on board and also extend our appreciation to our other colleagues who have contributed to yet another successful quarter in our history.

Bangalore
July 11, 2000

Nandan M. Nilekani
*Managing Director, President
and Chief Operating Officer*

N. R. Narayana Murthy
*Chairman
and Chief Executive Officer*

Auditor's report to the members of Infosys Technologies Limited

We have audited the attached Balance Sheet of Infosys Technologies Limited (the Company) as at June 30, 2000 and Profit and Loss Account of the Company for the quarter ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are prepared in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2000; and
 - ii. in the case of the Profit and Loss Account, of the profit for the quarter ended on that date.
3. We have also examined the attached Cash Flow Statement of the Company for the quarter ended June 30, 2000. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreements entered into with the Stock Exchanges.

for Bharat S Raut & Co.
Chartered Accountants

Bangalore
July 11, 2000

Balaji Swaminathan
Partner

Balance Sheet as at

	<i>in Rs.</i>		
	June 30, 2000	June 30, 1999	March 31, 2000
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	33,07,58,335	33,06,95,500	33,07,55,000
Reserves and surplus	927,12,34,168	599,94,93,896	800,22,73,248
	960,19,92,503	633,01,89,396	833,30,28,248
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	373,65,25,244	190,40,05,553	284,03,05,143
Less : Depreciation	151,26,93,565	92,02,83,178	133,65,20,594
Net block	222,38,31,679	98,37,22,375	150,37,84,549
Add : Capital work-in-progress	53,04,58,784	14,21,61,438	56,96,03,505
	275,42,90,463	112,58,83,813	207,33,88,054
INVESTMENTS	36,16,97,129	75,48,469	13,83,48,469
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	228,39,91,832	106,75,75,082	136,17,81,253
Cash and bank balances	426,00,41,918	389,99,38,741	431,79,35,730
Loans and advances	196,24,84,174	123,67,02,392	210,12,77,161
	850,65,17,924	620,42,16,215	778,09,94,144
Less : Current liabilities	116,79,86,403	55,69,78,559	67,15,06,459
Provisions	85,25,26,610	45,04,80,542	98,81,95,960
	648,60,04,911	519,67,57,114	612,12,91,725
	960,19,92,503	633,01,89,396	833,30,28,248

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

for Bharat S Raut & Co.
Chartered Accountants

Balaji Swaminathan <i>Partner</i>	N. R. Narayana Murthy <i>Chairman and Chief Executive Officer</i>	Nandan M. Nilekani <i>Managing Director, President and Chief Operating Officer</i>	Prof. Marti G. Subrahmanyam <i>Director</i>
S. Gopalakrishnan <i>Dy. Managing Director</i>	K. Dinesh <i>Director</i>	S. D. Shibulal <i>Director</i>	T. V. Mohandas Pai <i>Director and Chief Financial Officer (Finance & Administration)</i>
Phaneesh Murthy <i>Director</i>	Srinath Batni <i>Director</i>	V. Viswanathan <i>Company Secretary</i>	

Bangalore
July 11, 2000

Profit and Loss Account

	Quarter ended		Year ended
	June 30, 2000	June 30, 1999	March 31, 2000
<i>in Rs.</i>			
INCOME			
Software development services and products			
Overseas	351,05,78,423	168,62,11,001	869,69,80,931
Domestic	4,47,21,726	1,64,95,994	12,62,56,042
Other income	15,11,07,532	13,79,13,245	39,14,11,095
	370,64,07,681	184,06,20,240	921,46,48,068
EXPENDITURE			
Software development expenses	189,39,05,266	89,18,81,292	466,26,84,578
Administration and other expenses	28,50,11,949	13,61,38,961	69,48,50,282
Provision for contingencies	-	3,33,00,000	3,33,00,000
Provision for e-inventing the Company	-	-	3,50,00,000
	217,89,17,215	106,13,20,253	542,58,34,860
Operating profit (PBIDT)	152,74,90,466	77,92,99,987	378,88,13,208
Interest	-	-	-
Depreciation	17,73,71,717	9,32,18,149	53,23,27,389
Profit before tax	135,01,18,749	68,60,81,838	325,64,85,819
Provision for tax - earlier years	1,40,00,000	-	24,00,000
- current period	12,31,00,000	8,00,00,000	39,46,00,000
Profit after tax before extraordinary item	121,30,18,749	60,60,81,838	285,94,85,819
Extraordinary item – transfer of intellectual property right (net of tax)	5,49,44,000	-	-
- provision no longer required	-	-	7,56,70,846
Net profit after tax and extraordinary item	126,79,62,749	60,60,81,838	293,51,56,665
AMOUNT AVAILABLE FOR APPROPRIATION	126,79,62,749	60,60,81,838	293,51,56,665
Dividend			
Interim	-	-	9,92,08,200
Final (proposed)	-	-	19,84,18,210
Dividend Tax	-	-	3,27,38,905
Amount transferred - general reserve	-	-	260,47,91,350
Balance in the Profit and Loss Account	126,79,62,749	60,60,81,838	-
	126,79,62,749	60,60,81,838	293,51,56,665

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

for Bharat S Raut & Co.
Chartered Accountants

Balaji Swaminathan <i>Partner</i>	N. R. Narayana Murthy <i>Chairman and Chief Executive Officer</i>	Nandan M. Nilekani <i>Managing Director, President and Chief Operating Officer</i>	Prof. Marti G. Subrahmanyam <i>Director</i>
S. Gopalakrishnan <i>Dy. Managing Director</i>	K. Dinesh <i>Director</i>	S. D. Shibulal <i>Director</i>	T. V. Mohandas Pai <i>Director and Chief Financial Officer (Finance & Administration)</i>

Phaneesh Murthy
Director

Srinath Batni
Director

V. Viswanathan
Company Secretary

Bangalore
July 11, 2000

Schedules to the Profit and Loss Account

	Quarter ended		Year ended
	June 30, 2000	June 30, 1999	March 31, 2000
<i>in Rs.</i>			
OTHER INCOME			
Interest received on deposits with banks and others (Tax deducted at source Rs. 69,02,206 , Rs.14,86,424 , Rs. 1,67,51,195 respectively)	7,45,64,700	5,57,81,765	26,68,79,106
Sale of special import licenses	-	-	2,02,31,549
Profit on sale of assets	-	47,547	8,73,015
Miscellaneous income	23,66,852	7,81,555	41,00,350
Exchange differences *	7,41,75,980	8,13,02,378	9,93,27,075
	15,11,07,532	13,79,13,245	39,14,11,095

*arising on translation of foreign currency deposits maintained abroad

SOFTWARE DEVELOPMENT EXPENSES

Salaries and bonus including overseas staff expenses	131,59,03,108	58,72,39,063	307,54,46,295
Staff welfare	1,51,05,488	96,00,224	4,93,07,308
Contribution to provident and other funds	9,49,72,021	2,05,62,775	22,08,36,923
Foreign travel expenses	30,21,47,079	17,91,35,095	84,09,02,293
Consumables	90,94,196	58,68,491	2,70,06,251
Cost of software packages			
for own use	7,54,06,306	3,27,92,026	16,53,57,382
for software development	83,50,829	16,12,057	2,84,48,397
Provision for post-sales client support	(1,80,160)	66,72,756	2,09,62,627
Computer maintenance	1,48,09,400	39,33,051	3,27,43,350
Communication expenses	4,70,05,737	3,83,31,714	17,31,23,718
Consultancy charges	1,12,91,262	61,34,040	2,85,50,034
	189,39,05,266	89,18,81,292	466,26,84,578

ADMINISTRATION AND OTHER EXPENSES

Travelling and conveyance	2,72,52,199	1,07,78,342	7,68,26,394
Rent	3,26,94,228	2,05,30,401	10,34,93,593
Telephone charges	2,91,31,034	1,38,05,537	5,93,95,252
Legal and professional charges	2,55,65,071	1,25,27,056	7,55,68,079
Printing and stationery	2,50,66,901	82,91,883	2,76,70,902
Advertisements	1,13,04,298	43,68,253	2,12,41,343
Brand building	1,09,58,146	-	99,17,816
Office maintenance	2,73,12,516	84,08,885	5,81,01,381
Repairs to building	82,54,771	26,16,995	1,13,44,232
Repairs to plant and machinery	33,86,262	14,09,481	84,12,905
Power and fuel	2,06,50,482	1,00,17,440	5,01,41,466
Insurance charges	52,89,398	40,57,836	2,41,35,289
Rates and taxes	35,64,331	20,18,759	1,03,80,848
Donations	1,58,07,369	40,00,000	3,49,27,871
Auditor's remuneration - audit fees	4,46,250	4,25,000	17,85,000
- certification charges	-	-	2,00,000
- other services	-	-	4,50,000
- out-of-pocket expenses	50,000	50,000	2,00,000
Bad loans and advances written off	-	-	3,13,050
Bad debts written off	-	-	1,59,20,938
Provision for bad and doubtful debts	40,87,456	1,20,19,784	94,03,099

Provision for doubtful loans and advances	(1,412)	-	-
Bank charges and commission	5,30,303	9,54,847	42,21,668
Commission charges	22,64,589	34,84,800	64,70,454
Other miscellaneous expenses	1,48,35,302	37,29,270	2,10,64,341
Marketing expenses	53,30,276	76,59,732	3,14,93,837
Postage and courier	48,77,958	36,69,936	1,37,56,638
Books and periodicals	38,54,221	13,14,724	77,13,886
Research grants	25,00,000	-	1,03,00,000
	<u>28,50,11,949</u>	<u>13,61,38,961</u>	<u>69,48,50,282</u>

Statement of Cash Flows

in Rs.

	Quarter ended		Year ended
	June 30, 2000	June 30, 1999	March 31, 2000
Cash flows from operations			
Profit before tax	135,01,18,749	68,60,81,838	325,64,85,819
Other Income	(14,87,40,680)	(13,71,31,690)	(36,70,79,196)
Loss on sale of fixed assets	45,109	-	-
Increase (decrease) in provision for contingencies	-	3,33,00,000	(6,66,00,000)
Increase (decrease) in provision for e-inventing the company	(39,00,977)	-	39,00,977
Depreciation, depletion and amortization	17,73,71,717	9,32,18,149	53,23,27,389
Decrease (increase) in sundry debtors	(92,22,10,579)	(22,23,86,657)	(51,65,92,828)
Decrease (increase) in loans and advances	(8,10,46,519)	(9,43,88,854)	(41,49,70,588)
Increase (decrease) in current liabilities and provisions	41,34,59,784	13,53,08,834	42,26,37,450
Income taxes paid	(8,66,32,475)	(2,92,11,001)	(35,53,53,877)
Net cash from operations	69,84,64,129	46,47,90,619	249,47,55,146
Cash flows from financing			
Proceeds from conversion of options	10,01,506	-	1,76,25,277
Expenses relating to issue of American Depository Shares	-	(2,02,03,690)	(2,35,06,514)
Expenses relating to issue of ADS linked stock options	-	-	(1,01,93,113)
Dividends paid (including dividend tax)	(22,02,44,213)	(8,91,36,007)	(19,92,57,109)
Net cash from (used for) financing	(21,92,42,707)	(10,93,39,697)	(21,53,31,459)
Cash flows from investing			
Income from investments	7,45,64,700	5,57,81,765	26,68,79,106
Proceeds of sale of fixed assets	50,738	1,51,261	10,20,400
Purchase of fixed assets	(85,83,69,973)	(21,20,46,465)	(159,87,03,617)
Other long-term investments	(13,40,08,660)	-	(13,08,00,000)
Net cash used for investing	(91,77,63,195)	(15,61,13,439)	(146,16,04,111)
Effect of exchange differences on translation of foreign currency deposits maintained abroad	7,41,75,980	8,13,02,378	9,93,27,075
Total increase (decrease) in cash and cash equivalents during the period	(36,43,65,793)	28,06,39,861	91,71,46,651
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	508,37,37,595	416,65,90,944	416,65,90,944
Cash and cash equivalents at the end of the period	471,93,71,802	444,72,30,805	508,37,37,595

Note: During the quarter ended June 30, 2000, the company transferred intellectual property rights in Onscan – a web focussed wireless-enabled notification product, to Onscan Inc., USA, a company incubated by Infosys as part of its ongoing effort to encourage and promote entrepreneurs amongst its employees. The product was transferred for a gross consideration of Rs.8.93 crore (US\$ 2 million) received as equity, preferred voting and preferred non-voting securities in Onscan Inc. and accordingly, is not considered in this statement of cash flows.

This is the Cash Flow Statement referred to in our report of even date.

for Bharat S Raut & Co.

Chartered Accountants

Balaji Swaminathan
Partner

N. R. Narayana Murthy
Chairman and
Chief Executive Officer

Nandan M. Nilekani
Managing Director, President
and Chief Operating Officer

Prof. Marti G. Subrahmanyam
Director

S. Gopalakrishnan
Dy. Managing Director

K. Dinesh
Director

S. D. Shibulal
Director

T. V. Mohandas Pai
Director and
Chief Financial Officer (Finance & Administration)

Phaneesh Murthy
Director

Srinath Batni
Director

V. Viswanathan
Company Secretary

Bangalore
July 11, 2000

Statement of Cash Flows

in Rs.

	Quarter ended		Year ended
	June 30, 2000	June 30, 1999	March 31, 2000
Reconciliation of Balance Sheet items with cash flow items			
1. Loans and advances			
As per Balance sheet	196,24,84,174	123,67,02,392	210,12,77,161
Less: Deposits with financial institutions/body corporate, included in cash equivalents	(45,93,29,884)	(54,72,92,064)	(76,58,01,865)
Advance income taxes considered separately	(63,07,28,828)	(21,86,13,119)	(54,40,96,353)
Balance considered for preparing the cash flow statement	87,24,25,462	47,07,97,209	79,13,78,943
2. Additions to fixed assets			
As per Balance sheet	89,75,14,694	21,87,20,827	117,79,35,912
Add: Closing capital work-in-progress	53,04,58,784	14,21,61,438	56,96,03,505
Less: Opening capital work-in-progress	(56,96,03,505)	(14,88,35,800)	(14,88,35,800)
Balance considered for preparing the cash flow statement	85,83,69,973	21,20,46,465	159,87,03,617
3. Cash and cash equivalents			
As per Balance sheet	426,00,41,918	389,99,38,741	431,79,35,730
Add: Deposits with financial institutions/body corporate (as per 1 above)	45,93,29,884	54,72,92,064	76,58,01,865
Balance considered for preparing the cash flow statement	471,93,71,802	444,72,30,805	508,37,37,595
4. Income taxes paid			
As per Profit and Loss account	13,71,00,000	8,00,00,000	39,70,00,000
Add: Provision for tax on sale of intellectual property rights	3,43,96,000	-	-
Decrease(increase) in balance in provision for taxes account	(17,14,96,000)	(7,83,21,896)	(39,46,62,254)
Increase(decrease) in balance in advance income tax account	8,66,32,475	2,75,32,897	35,30,16,131
Balance considered for preparing the cash flow statement	8,66,32,475	2,92,11,001	35,53,53,877
5. Other income			
As per Profit and Loss account	15,11,07,532	13,79,13,245	39,14,11,095
Less: Income from operating activities	(23,66,852)	(7,81,555)	(2,43,31,899)
Balance considered for preparing the cash flow statement	14,87,40,680	13,71,31,690	36,70,79,196
6. Current liabilities and provisions			
As per Balance sheet	202,05,13,013	100,74,59,101	165,97,02,419
Less: Provision for taxation considered separately	(79,75,15,742)	(30,96,79,384)	(62,60,19,742)
Provision for dividend considered separately	-	-	(19,84,18,210)
Provision for dividend tax considered separately	-	-	(2,18,26,003)
Provision for contingencies	-	(9,99,00,000)	-
Provision for e-inventing the company	-	-	(39,00,977)
Balance considered for preparing the cash flow statement	122,29,97,271	59,78,79,717	80,95,37,487

This is the Cash Flow Statement referred to in our report of even date.

for Bharat S Raut & Co.

Chartered Accountants

Balaji Swaminathan <i>Partner</i>	N. R. Narayana Murthy <i>Chairman and Chief Executive Officer</i>	Nandan M. Nilekani <i>Managing Director, President and Chief Operating Officer</i>	Prof. Marti G. Subrahmanyam <i>Director</i>
S. Gopalakrishnan <i>Dy. Managing Director</i>	K. Dinesh <i>Director</i>	S. D. Shibulal <i>Director</i>	T. V. Mohandas Pai <i>Director and Chief Financial Officer (Finance & Administration)</i>
Phaneesh Murthy <i>Director</i>	Srinath Batni <i>Director</i>	V. Viswanathan <i>Company Secretary</i>	

Bangalore
July 11, 2000

Schedules to the balance sheet and profit and loss account

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1.1 Significant accounting policies

1.1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (“GAAP”), the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

The preparation of the financial statements in conformity with GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include expected contract costs to be incurred to complete software development, provision for doubtful debts, future obligations under employee retirement benefit plans and the useful lives of fixed assets. Actual results could differ from those estimates.

1.1.2 Revenue recognition

Revenue from software development on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on milestones achieved as specified in the contracts, on the percentage of completion basis. Revenue from the sale of software products is recognized with the passing of title of the user license. Revenue from Annual Technical Services (“ATS”) is recognized on a pro-rata basis over the period in which such services are rendered. Interest on deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transactions. Dividend income is recognized when the right to receive dividend is established. Revenue from the sale of special import licences is recognized when the licences are actually sold.

1.1.3 Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities. The cost of software purchased for use in software development and services is charged to revenue in the same year. Costs in the nature of salaries, travel and other project related expenses, where milestones are yet to be reached, incurred on contracts are carried in the balance sheet as “Costs in excess of billings”. Provisions are made for future unforeseeable factors that may affect the profit on fixed-price software development contracts. The leave encashment liability of the company is provided on the basis of an actuarial valuation. Provisions are made towards likely expenses on providing post-sales client support for fixed-price contracts.

1.1.4 Fixed assets

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing(s) attributable to fixed assets.

1.1.5 Capital work-in-progress

Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the period-end, are disclosed under capital work-in-progress.

1.1.6 Depreciation

Depreciation on fixed assets is provided using the straight-line method, based on useful lives of assets as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased / sold during the period. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of purchase. The management’s estimate of useful lives for the various fixed assets is given below.

Buildings	15 years
Plant and machinery	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

1.1.7 Retirement benefits to employees

1.1.7a Gratuity

In accordance with Indian law, the company provides for gratuity, a defined benefit retirement plan (the “Gratuity Plan”) covering all employees. The plan provides a lump sum payment to vested employees at retirement, death or termination of employment, based on the respective employee’s salary and the years of employment with the company.

The company has established the Infosys Technologies Limited Employees’ Gratuity Fund Trust (the “Trust”). Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, based upon which, the company makes contributions to the Trust. Trustees administer the contributions made to the Trust. The funds contributed to the Trust are invested in specific designated securities as mandated by law and generally comprise central and state government bonds, and debt instruments of government-owned corporations.

1.1.7b Superannuation

Apart from being covered under the Gratuity Plan described above, the senior officers of the company are also participants of a defined contribution plan. The plan is termed the superannuation plan (the “plan”) to which the company makes monthly contributions, based on a specified percentage of each covered employee’s salary. The company has no further obligations under the plan beyond its monthly contributions.

1.1.7c Provident fund

In addition to the above benefits, all employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to this provident fund plan equal to 12% of the covered employee’s salary.

The company has established a Provident Fund Trust to which a part of the contributions are made each month. The remainders of the contributions are made to the Government’s provident fund. The company has no further obligations under the provident fund plan beyond its monthly contributions.

1.1.8 Research and development

Revenue expenditure incurred on research and development are charged off in the same year in which such expenditure is incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

1.1.9 Foreign currency transactions

Sales made to clients outside India and realizations deposited into foreign currency bank accounts are accounted for on the basis of the exchange rate as on the date of the transaction. Adjustments are made for any variations in the sale proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of foreign currency bank accounts are reported at a rate that approximates the actual monthly rate. Fixed assets purchased at overseas offices are accounted for on the basis of the actual cost incurred at the exchange rate prevalent at the time of purchase. Depreciation is charged as per company policy. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is accounted for in the profit and loss account. In the case of forward contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognized as income or expense over the life of the contract.

1.1.10 Investments

Investments are classified into current investments and long-term investments. Current investments are carried at the lower of the cost and the fair value, and provision is made to recognize any decline in the carrying value. Long-term investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment. Overseas investments are carried at their original rupee cost less provision as described above.

1.1.11 Investment in subsidiary

The investment in the subsidiary is accounted on the cost method, whereby, the company recognizes only dividends received from the subsidiary as income. In case of losses made by the subsidiary, other than temporary, adequate provision is made to recognize any decline in the value of the investment.

1.1.12 Income tax

Provision is made for income tax on an annual basis, under the tax-payable method, based on the tax liability as computed after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowances or otherwise, full provision is made when the said liabilities are accepted by the company.

1.2 Notes on accounts

The previous period's figures have been recast / restated, wherever necessary, to conform to the current period's classification.

1.2.1 Contingent liabilities

- a The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advance) is Rs. 118,86,56,390 as at June 30, 2000. The amount of such contracts as at June 30, 1999 was Rs. 34,26,03,611 and as at March 31, 2000 was Rs. 80,31,29,007.
- b The company has outstanding counter guarantees of Rs. 5,71,30,000 as at June 30, 2000, to various banks, in respect of guarantees given by the banks in favour of various government authorities. The counter guarantees outstanding, as at June 30, 1999 were Rs. 2,82,65,263 and as at March 31, 2000 were Rs. 5,26,30,000.
- c Claims against the company, not acknowledged as debts, amounted to Rs. 73,78,977 as at June 30, 2000. Such claims, as at June 30, 1999 were Rs. 17,91,814 and as at March 31, 2000 were Rs.32,89,661.

1.2.2 Quantitative details

The company is engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

1.2.3 Managerial remuneration paid to the chairman, managing director and whole-time directors

	in Rs.		
	Quarter ended June 30, 2000*	Quarter ended June 30, 1999	Year ended March 31, 2000
Salary	22,64,968	9,73,800	38,00,059
Contribution to provident fund and other funds	3,83,405	3,09,780	12,08,855
Perquisites	7,39,873	9,45,399	37,32,482

*includes the remuneration paid to three new directors who were co-opted into the board on May 27, 2000

1.2.4 Managerial remuneration paid to non-whole-time directors

	in Rs.		
	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Salary	-	-	48,17,800
Sitting fees	1,12,000	40,000	92,000
Reimbursement of expenses	2,04,161	2,30,714	10,13,703

1.2.5 Imports on CIF basis

	in Rs.		
	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Capital goods	16,76,46,420	7,63,84,991	37,47,31,691
Software packages	61,84,284	40,96,977	2,54,95,652

1.2.6 Expenditure in foreign currency

	in Rs.		
	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Travel expenses	17,70,40,100	17,17,34,260	70,29,13,532
Professional charges	72,06,920	61,83,106	4,51,95,637
Other expenditure incurred overseas for software development	80,78,78,995	34,15,81,916	221,74,57,133

1.2.7 Earnings in foreign exchange

	in Rs.		
	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Income from software development services and products on a receipt basis	304,28,30,950	166,29,87,194	833,29,73,465
Interest received on deposits with banks	5,49,26,100	4,24,43,966	18,42,65,368

1.2.8 Depreciation on assets costing less than Rs. 5,000 each

During the quarter, the company charged depreciation at 100% in respect of assets costing less than Rs. 5,000 each, amounting to Rs. 3,40,36,128. The corresponding amount for the previous period was Rs. 76,15,031 and the previous year was Rs. 13,21,59,074.

1.2.9 Exchange differences

During the quarter, realised and unrealised exchange gains amounted to Rs. 15,05,47,349 including Rs. 7,41,75,980 arising out of exchange differences on the translation of foreign currency deposits maintained abroad. The corresponding amounts for the same quarter in previous year were Rs. 13,62,59,335 and Rs. 8,13,02,378, respectively and the corresponding amounts for the previous year were Rs. 18,69,58,099 and Rs. 9,93,27,075 respectively. Exchange difference on translation of foreign currency deposits maintained abroad is disclosed separately under "Other income" in the financial statements. The balance of realised and unrealised exchange gains amounting to Rs. 7,63,71,369 (corresponding previous period Rs. 5,49,56,957 and previous year Rs. 8,76,31,024) is included as a component of "Income from software development services and products-overseas" in the financial statements.

1.2.10 Research and development expenditure

Research and development expenses charged to the Profit and Loss Account on both capital and revenue accounts amounts to Rs. 3,35,84,540 (corresponding previous period Rs. 1,62,34,400 and previous year Rs. 8,22,63,440). This includes Rs. 20,02,050 being the depreciation charged at 100% in respect of R & D assets acquired during the quarter (corresponding previous period Rs. Nil and previous year Rs. 15,27,500).

1.2.11 Provision for contingencies

The company had instituted a contingency plan effective October 1, 1998 and made a total provision of Rs. 9,99,00,000 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. For the year ended March 31, 2000, Rs. 2,42,29,154 was spent towards the Year 2000 transition effort, which was set off against the provision and the balance of Rs. 7,56,70,846 was written back to the profit and loss account.

1.2.12 Provision for e-inventing the company

The company made a provision of Rs. 3,50,00,000 for the quarter ended September 30, 1999 towards e-inventing the company. As on March 31, 2000, Rs. 3,10,99,023 was incurred towards e-inventing the company, which was set-off against the provision made earlier. The balance of Rs. 39,00,977 was incurred and set-off against this provision during the quarter ended June 30, 2000.

1.2.13 Unearned revenue

Unearned revenue as of June 30, 2000 amounting to Rs. 64,25,65,243 (corresponding previous period Rs. 22,54,44,217 and previous year Rs. 17,56,71,963) primarily consists of client billings on fixed-price, fixed-time-frame contracts for which the related costs have not yet been incurred.

1.2.14 Dues to Small-Scale Industrial undertakings

As of June 30, 2000, the company had no outstanding dues to small-scale industrial undertakings.

1.2.15 Balance of unutilized money raised by issue of ADS

During the year ended March 31, 1999, the company made an Initial Public Offering (“IPO”) of American Depository Shares (“ADS”), of USD 70,380,000 equivalent to Rs. 296,86,00,000. The issue expenses amounted to Rs. 19,68,00,000 and the amount utilised for capital investment is Rs. 211,05,00,000. The balance of unutilised money as on June 30, 2000 amounting to Rs. 66,13,00,000 (corresponding previous period Rs. 289,56,00,000 and previous year Rs. 140,99,00,000) is maintained in foreign currency deposit accounts with various banks outside India.

1.2.16 Stock options

The company currently has three stock option plans. These are summarized below.

1994 Stock Option Plan (“the 1994 Plan”)

As of June 30, 2000, 3,36,000 options to acquire 3,36,000 shares were outstanding with the employees under the 1994 Plan. These options were granted at an exercise price of Rs. 100 per option. In addition to the above shares earlier issued to employees subject to lock-in is 17,32,600 shares.

1998 Stock Option Plan (“the 1998 Plan”)

The company’s 1998 Stock Option Plan (“the 1998 Plan”) provides for the grant of non-statutory stock options and incentive stock options to employees. The establishment of the 1998 Plan was approved by the Board of Directors in December 1997 and by the company’s shareholders in January 1998. The Government of India approved the 1998 Plan, subject to a limit of 14,70,000 equity shares representing 29,40,000 ADSs to be issued under the plan. A total of 16,00,000 equity shares corresponding to 32,00,000 ADSs are currently reserved for issuance pursuant to the 1998 Plan. These options may be issued at an exercise price that is not less than 90% of the fair market value of the underlying equity share on the date of the grant. The 1998 Plan will terminate in January 2008, unless terminated earlier. All options under the 1998 Plan are exercisable for ADSs representing equity shares. A committee of the Board of Directors administers the 1998 Plan.

Number of options granted, exercised and forfeited	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Options outstanding, beginning of period/year	6,89,500	4,19,000	4,19,000
Granted	1,46,700	-	2,94,300
Exercised	1,334	-	23,800
Forfeited	11,500	-	-
Options outstanding, end of period/year	8,23,366	4,19,000	6,89,500
Weighted average exercise price	US\$ 77.06 (Rs. 3,440)	US\$ 17.00 (Rs. 737)	US\$ 58.53 (Rs. 2,552)

1999 Stock Option Plan (“the 1999 Plan”)

In fiscal 2000, the company instituted the 1999 Plan. The 1999 Plan was approved by the shareholders and the Board of Directors in June 1999. The 1999 Plan provides for the issue of 66,00,000 equity shares to the employees. The 1999 Plan is administered by a Compensation Committee comprising a maximum of seven members, the majority of whom are independent directors on the Board of Directors. Under the 1999 Plan, options will be issued to employees at an exercise price, which shall not be less than the Fair Market Value. Fair Market Value is the closing price of the company’s shares in the stock exchange where there is the highest trading volume on a given date and if the shares are not traded on that day, the closing price on the next trading day. Under the 1999 Plan, options may be issued to employees at exercise prices that are less than Fair Market Value only if specifically approved by the members of the company in a general meeting.

Number of options granted, exercised and forfeited	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Options outstanding, beginning of period/year	10,06,800	-	-
Granted	6,58,650	-	10,14,500
Exercised	-	-	-
Forfeited	23,600	-	7,700
Options outstanding, end of period/year	16,41,850	-	10,06,800
Weighted average exercise price	Rs. 4.931		Rs. 4.268

1.2.17 Employee Stock Option Plan (“ESOP”)

The Securities and Exchange Board of India (SEBI) recently issued the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which is effective for all stock option schemes established

after June 19, 1999. In accordance with these guidelines, the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the options, including up-front payments, if any is to be recognized and amortized on a straight line basis over the vesting period.

The company's 1994 stock option plan was established prior to the SEBI guidelines on stock options.

Had the stock compensation costs for this stock option plan been determined as per the guidelines issued by SEBI, the company's reported net profit would have been reduced to the proforma amounts indicated below.

	in Rs.		
	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Year ended March 31, 2000
Net profit :			
- As reported	126,79,62,749	60,60,81,838	293,51,56,665
- Adjusted pro forma	121,14,70,502	55,19,02,504	271,34,60,717

1.2.18 Provision for taxation

The company's profits from export activities are deductible from taxable income. Further, most of the company's operations are conducted through 100% Export Oriented Units, which are entitled to a tax holiday for a period of ten years from the date of commencement of operations. The provision for taxation includes taxes payable in respect of domestic income and income arising from the company's overseas operations, primarily in the United States, Europe, Far East and South East Asia.

1.2.19 Cash and bank balances

The cash and bank balances include interest accrued but not due on fixed deposits amounting to Rs. 27,33,684 for the quarter ended June 30, 2000 (corresponding previous period Rs. 5,99,173 and previous year Rs. 94,92,514).

1.2.20 Loans and advances

Advances recoverable in cash or kind or for value to be received mainly comprise of prepaid travel and per-diem expenses and advance paid to vendors towards current assets.

Deposits with financial institutions consist of Rs. 10,41,44,577 (corresponding previous period Rs. 25,44,80,556 and previous year Rs. 25,50,19,994) and Rs. 10,20,30,140 (corresponding previous period Rs. 4,00,21,918 and previous year Rs. 25,75,52,742) deposited with Housing Development Finance Corporation Limited, and ICICI Limited, respectively. Mr. Deepak M Satwalekar, director of the company, is also the Managing Director in Housing Development Finance Corporation Limited. Mr. N R Narayana Murthy, Chairman and CEO of the company and Prof. Marti G. Subrahmanyam, director of the company are also directors in ICICI Limited. Except as directors in these financial institutions, they have no direct interest in these transactions. "Deposit with a body corporate" consists of Rs. 25,31,55,167 (corresponding previous period Rs. 25,27,89,590 and previous year Rs. 25,32,29,129) deposited with GE Capital Services India Limited. All these financial institutions and the body corporate have AAA rating from Credit Rating and Information Services of India Limited (CRISIL). These amounts include interest accrued but not due amounting to Rs. 92,97,693 (corresponding previous period Rs. 72,83,022 and previous year Rs. 1,58,01,863).

1.2.21 Current liabilities

Sundry creditors for other liabilities represent mainly the retention amount payable to the vendors, and amounts accrued for various other operational expenses.

1.2.22 Fixed assets

The company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of these agreements, the company has the option to purchase the properties outright at the expiry of the lease period. The company has already paid 99% of the value of the properties at the time of entering into the lease-cum-sale agreements. These amounts are disclosed as "Land - leasehold" under "Fixed assets" in the financial statements.

1.2.23 Transfer of Intellectual Property Rights

During the quarter ended June 30, 2000, the company transferred its intellectual property rights in Onscan – a web-focussed wireless-enabled notification product, to Onscan Inc., USA, a company incubated by Infosys as part of its ongoing effort to encourage and promote budding entrepreneurs among its employees. The product was transferred for a gross consideration of Rs. 8,93,40,000 (US\$ 2 million), received as equity, preferred voting and preferred non-voting securities in Onscan Inc. The income arising out of the transfer of Rs. 5,49,44,000 (net of tax) is disclosed as an extraordinary item.

1.2.24 Investment in CiDRA Corporation

During the quarter the company made a strategic investment of Rs. 13,40,08,660, (33,333 Series D Convertible Preferred Stock, par value of US\$ 0.01 each, at US\$ 90 each fully paid up) in CiDRA Corporation, USA. CiDRA

Corporation is a developer of photonic devices for high-precision wavelength management and control for next generation optical networks.

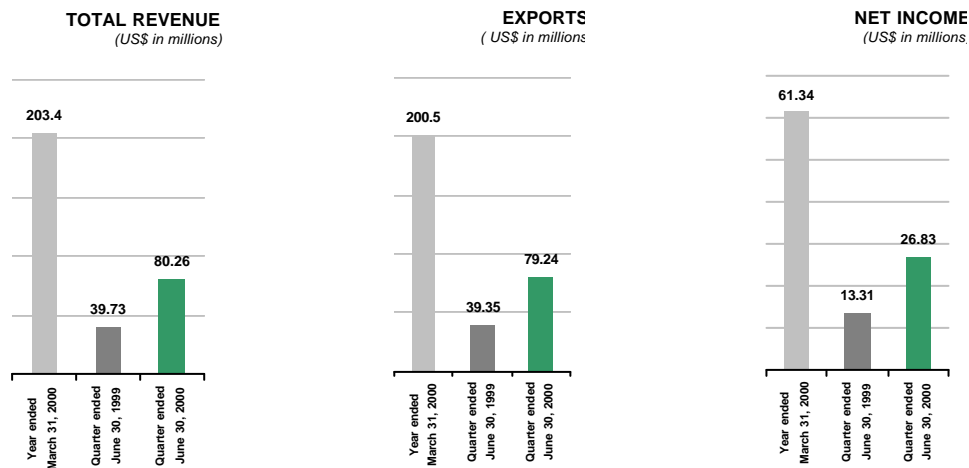
At a glance – US GAAP

US\$ in millions, except as otherwise stated

	Three months ended		Year ended
	June 30, 2000	June 30, 1999	March 31, 2000
For the period			
Total revenues	80.26	39.73	203.44
Export revenues	79.24	39.35	200.54
Operating income	26.41	12.31	60.50
Net income	26.83	13.31	61.34
Operating income as a percentage of total revenues	32.90%	30.98%	29.74%
Net income as a percentage of total revenues	31.35%	28.73%	28.74%
Basic earnings per share	\$ 0.41	\$ 0.20	\$ 0.93
Cash dividend per equity share	\$ 0.07	NA	\$ 0.04
Dividend amount	4.73	NA	2.53
Capital investments	18.15	4.25	35.93
At the end of the period			
Total assets	247.03	165.64	219.28
Property, plant and equipment – net	61.70	25.98	47.55
Cash and cash equivalents	105.76	102.61	116.60
Working capital	139.12	117.99	137.94
Total debt	?	?	?
Stockholders' equity	216.67	149.75	198.14
Common stock	8.59	8.59	8.59
Market capitalization	12,315.06	2,778.17	13,609.67

Note:

All ratios are calculated excluding income from exchange differences on translation of foreign currency deposits kept abroad
Market capitalization is calculated by considering the Indian market price for the shares outstanding at the period / year end.



Form 6-K

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Shareholder information

1. Listing on stock exchanges in India at
 - Bangalore Stock Exchange Ltd.**
Stock Exchange Towers, No. 51, 1st Cross, J.C. Road,
Bangalore – 560 027, India.
Tel.: +91-80-299 5234, Fax: +91-80-299 5242
 - The Stock Exchange, Mumbai**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, India.
Tel.: +91-22-265 5581, Fax: +91-22-265 8121
 - National Stock Exchange of India Ltd.**
Trade World, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, India.
Tel.: +91-22-497 2950, Fax: +91-22-491 4275 / 85
2. Listing fees
Paid for all the above stock exchanges for 2000-2001.
3. Listing on stock exchanges outside India
NASDAQ National Market in the United States
33 Whitehall Street, New York, NY-1004-4087
Tel.: +1-212-709-2400, Fax: +1-212-709-2496
4. Registered office
Electronics City, Hosur Road, Bangalore – 561 229, India.
Tel.: +91-80-852 0261, Fax: +91-80-852 0362
Homepage: www.infy.com
5. Stock market data relating to shares listed in India
 - a. The company's market capitalization is included in the computation of the BSE-30 Sensitive Index (Sensex), the BSE Dollex and S&P CNX NIFTY Index.
 - b. Monthly high and low quotations as well as the volume of shares traded at Mumbai, National and Bangalore Stock Exchanges for the three-month period ended June 30, 2000 are:

	BSE			NSE			BgSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
April, 2000	10,626	6,651	38,63,008	10,601	6,671	38,41,367	10,568	6,541	23,243
May	8,780	5,600	80,35,618	8,740	5,525	1,06,05,877	8,749	5,501	57,567
June	8,938	6,801	75,60,300	8,950	6,833	84,59,664	8,895	6,806	73,934
Total			1,94,58,926			2,29,06,908			1,54,744
% of volume traded to average shares outstanding			30.37% **			35.75% **			0.24% **

** The number of shares outstanding is 6,40,68,800. The equity shares underlying the American Depository Shares (ADSs) have been excluded for the purpose of this calculation.

6. Par value of equity shares
Rs. 5 each fully paid-up
7. Share transfers in physical form and other communication regarding share certificates, dividends, change of address, etc., in India may be addressed to
Karvy Consultants Limited
Registrars and Share Transfer Agents
T.K.N. Complex, No. 51/2, Vanivilas Road,
Opp. National College, Basavanagudi,
Bangalore – 560 004, India.
Tel.: +91-80-662 1184, Fax: +91-80-662 1169
E-mail: bangalore@karvy.com
8. Share transfer system
Shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The share transfer committee of the company meets as often as required.
The total number of shares transferred in physical form during the three-month period ended June 30, 2000 was 6,636 (previous year – 20,900). 78.90% of transfers (previous year – 92.35%) were completed within 15 days.

Three month period ended June 30,								
Transfer period in days	2000				1999			
	No. of transferees (folios)		No. of shares	%	No. of transferees (folios)		No. of shares	%
	New	Existing			New	Existing		
1- 10	7	3	4,836	72.88	16	9	15,600	74.65
11- 15	1	0	400	6.02	8	2	3,700	17.70
16- 20	3	0	1,400	21.10	3	0	1,200	5.74
* 21 and above	0	0	0	0.00	3	0	400	1.91
	11	3	6,636	100.00	30	11	20,900	100.00

* Delays beyond 21 days were due to compliance with legal requirements.

9. Investors' services - Complaints received during the three-month period ended June 30

Nature of complaints	2000		1999	
	Received	Attended to	Received	Attended to
1. Non-receipt of share certificates	0	0	3	3
2. Non-receipt of bonus shares	1	1	38	38
3. Letters from Stock Exchanges, SEBI, etc.	0	0	1	1
4. Non-receipt of dividend warrants	10	10	2	2
	11	11	44	44

The company has attended to most of the investors' grievances/correspondence within a period of 10 days from the date of receipt of the same, during the three-month period ended June 30, 2000 except in cases which are constrained by disputes or legal impediments.

10. Legal proceedings

There are some pending cases relating to disputes over title to shares, in which the company is made a party. These cases are however not material in nature.

11. Distribution of shareholding as on June 30

No. of equity shares held	2000				1999			
	No. of share-holders	% of share-holders	No. of shares	% of share-holding	No. of share-holders	% of share-holders	No. of shares	% of share-holding
1 - 100	52,308	81.51	7,45,648	1.16	5,969	41.02	3,91,946	0.61
101 - 200	2,532	3.94	4,31,292	0.67	2,124	14.60	8,39,238	1.31
201 - 500	2,996	4.67	10,70,430	1.67	2,516	17.29	19,77,116	3.09
501 - 1000	2,718	4.23	20,25,170	3.16	2,172	14.93	33,36,980	5.21
1001 - 5000	2,930	4.57	61,57,016	9.61	1,309	9.00	57,50,942	8.98
5001 - 10000	305	0.48	21,95,063	3.43	189	1.30	28,84,932	4.50
10001 and above	384	0.60	5,07,28,433	79.18	270	1.86	4,88,87,646	76.30
NSDL transit -	-	-	7,15,748	1.12	-	-	-	-
	64,173	100.00	6,40,68,800	100.00	14,549	100.00	6,40,68,800	100.00
Equity shares underlying American Depository Shares	1 *		20,82,567		1*		20,70,000	
Total	64,174		6,61,51,367		14,550		6,61,38,800	

* Held by beneficial owners outside India.

Shares have been restated consequent to the 2 for 1 stock-split in February 2000.

12. Categories of shareholders as on June 30,

Category	2000			1999		
	No. of shareholders	Voting strength (%)	No. of shares held	No. of shareholders	Voting strength (%)	No. of shares held #
Individuals	60,592	25.50	1,68,66,371	13,505	26.45	1,74,95,388
Companies	2,653	1.84	12,18,249	713	2.67	17,68,120
FII's	316	25.26	1,67,13,447	151	24.00	1,58,69,678
OCBs and NRIs	426	0.73	4,82,811	76	0.26	1,71,942
Founders and their families	23	29.30	1,93,80,560	18	29.69	1,96,39,200
Mutual Funds, Banks, FIs	163	13.14	86,91,614	86	13.80	91,24,472
NSDL transit	-	1.08	7,15,748	-	-	-
Equity shares underlying American Depository Shares	1*	3.15	20,82,567	1*	3.13	20,70,000
Total	64,174	100.00	6,61,51,367	14,550	100.00	6,61,38,800

* Held by beneficial owners outside India.

Shares have been restated consequent to the 2-for-1 stock-split in February 2000.

13. Shares under lock-in

Employees Stock Offer Plan (ESOP) 1994

Details of shares of par value of Rs. 5 each held by employees under the Employee Stock Offer Plan (ESOP) 1994 subject to lock-in are given below. These shares are also included in the categories of shareholders given in (12) above.

No. of shares subject to lock-in as on June 30,

Period of lock-in	2000		1999	
	No. of shares	No. of employees	No. of shares #	No. of employees
4-5 years	-	-	8,03,000	1,081
3-4 years	7,75,000	1,017	5,09,600	345
2-3 years	5,00,400	340	2,12,400	156
1-2 years	2,00,000	149	2,62,400	107
0-1 years	2,57,200	105	2,22,200	76

Shares have been restated consequent to the 2-for-1 stock-split in February 2000.

As on June 30, 2000, 552 employees hold rights to 3,36,000 shares of par value of Rs. 5 each which are subject to a lock-in of 3-4 years. Currently, 1,590 employees hold shares under the 1994 Stock Offer Plan. Shares subject to lock-in held by the employees will be transferred back to the ITL Employees Welfare Trust if such employees leave the services of the company before the vesting period. As on June 30, 2000, the ITL Employees Welfare Trust holds 1,84,800 shares of par value of Rs. 5 each. The 1994 Stock Offer Plan has since been terminated.

Employees Stock Offer Plan (ESOP) 1998

The company established the 1998 Stock Offer Plan which provides for the grant of non-statutory stock options and incentive stock options to the employees of the company. This plan was approved by the board of directors in December 1997 and by the shareholders in January 1998. The Government of India has approved the 1998 plan, subject to a limit of 14,70,000 equity shares of par value of Rs. 5 each representing 29,40,000 ADSs to be issued under the plan. During the three-month period ended June 30, 2000, options were granted to 48 employees to acquire 1,46,700 ADSs corresponding to 73,350 equity shares of par value of Rs. 5 each. During the three-month period ended June 30, 2000, 5 employees exercised the options to acquire 1,334 ADSs corresponding to 667 equity shares of par value of Rs. 5 each. As on June 30, 2000, 126 employees hold options to acquire 8,23,366 ADSs corresponding to 4,11,683 equity shares of par value of Rs. 5 each. Details of the number of ADSs options granted and exercised are given below.

No. of options granted and exercised

Period	Granted		Exercised		Balance ADSs options
	No. of employees	ADSs Options (Net)	No. of employees	ADSs	
Year ended March 31, 1999	34	4,19,000	20	25,134	3,93,866
Year ended March 31, 2000	71	2,90,300	-	-	2,90,300
Quarter ended June 30, 2000	48	1,39,200	-	-	1,39,200
Total		8,48,500		25,134	8,23,366

Employees Stock Offer Plan (ESOP) 1999

The 1999 plan was approved by the board of directors and the shareholders in June 1999 and was instituted in fiscal 2000. The plan provides for the issue of 66,00,000 equity shares of par value of Rs. 5 each to the employees. During the three-month period ended June 30, 2000, options were granted to 4,227 employees to acquire 6,58,650 equity shares of par value of Rs. 5 each. As on June 30, 2000, 5,122 employees hold options to acquire 16,41,850 shares of par value of Rs. 5 each. Details of options held by employees under the Employee Stock Offer Plan (ESOP) 1999 are given below.

No. of options granted and forfeited

Year ended March 31,	Granted		Forfeited		Balance
	No. of employees	No. of options	No. of employees	No. of options	
Year ended March 31, 2000	1,228	10,14,500	40	18,800	9,95,700
Quarter ended June 30, 2000	4,227	6,58,650	86	12,500	6,46,150
Total		16,73,150		31,300	16,41,850

14. Dematerialization of shares and liquidity

Your company was the first in India to pay a one-time custodial fee of Rs. 44.43 lakh to National Securities Depository Limited (NSDL). Consequently, the company's shareholders do not have to pay depository participants, the custodial fee charged by the NSDL on their holding. Over 97% of the company's shares are now held in electronic form.

15. Financial calendar (tentative and subject to change)

Financial reporting for the second quarter ending September 30, 2000	October 10, 2000
Interim dividend payment (if any)	November 2000
Financial reporting for the third quarter ending December 31, 2000	January 9, 2001
Financial results for the year ending March 31, 2001	April 11, 2001
Annual General Meeting for the year ending March 31, 2001	May 2001

16. Investors' correspondence in India may be addressed to:

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Any queries relating to the financial statements of the company may be addressed to:

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(e-mail address: mdpai@infy.com)

17. Reuters code – INFY.BO (BSE)	Bridge code – IN;INF (BSE)	Bloomberg code – INFO IN (BSE)
– INFY.NS (NSE)	– IN;INFN (NSE)	– NINFO IN (NSE)
– INFY.O (NASDAQ)	– US;INFY (NASDAQ)	

18. Stock market data relating to American Depository Shares (ADSs)

- ADS listed at NASDAQ National Market in the United States
- Ratio of ADS to equity shares 2 ADS for one equity share
- ADS symbol INFY
- The American Depository Shares issued under the ADS program of the company were listed on the NASDAQ National Market in the United States on March 11, 1999. The monthly high and low quotations as well as the volume of ADSs traded at the NASDAQ National Market for the three-month period ended June 30, 2000 are:

	High		Low		Volume Nos.
	\$	Rs.	\$	Rs.	
April, 2000	284.56	24,837	131.13	11,445	59,99,400
May	214.50	19,116	130.75	11,652	36,98,600
June	199.94	17,850	154.38	13,783	18,88,300
Total					1,15,86,300
% of volume traded to total float					278.17%

* 2 ADS = 1 equity share

\$ have been converted into Indian rupees at the monthly closing rates

e. Premium of American Depository Shares over the shares traded on the Indian stock exchanges

The ADS price quoted below is in Indian rupees and has been converted into \$ at the monthly closing rates.

[Graph here]

* 2 ADS = 1 equity share

(Source: Bloomberg)

f. Investor correspondence in the US may be addressed to

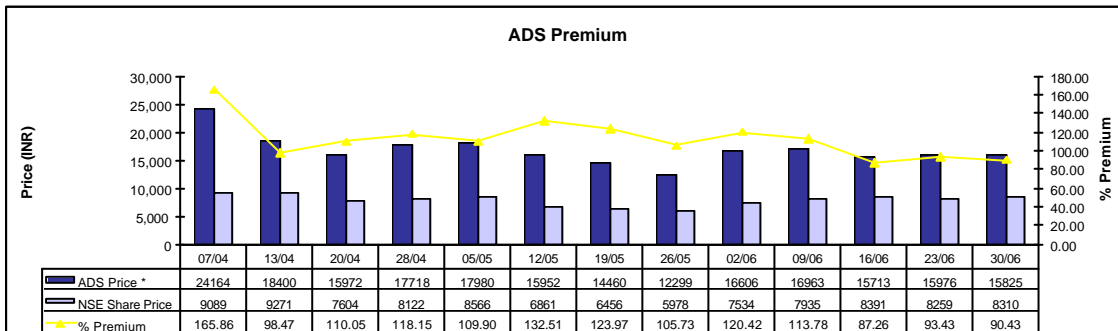
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Investor Relations Officer
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g. Name and address of the depository bank

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Corporate Trust and Agency Services
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i. Name and address of the custodian in India

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Fort, Mumbai – 400 001, India
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ICICI Limited
ICICI Towers
Bandra Kurla Complex
Mumbai – 400 051, India.
Tel.: +91-22-653 1414, Fax: +91-22-653 1164/65.



* 2 ADS = 1 equity share

(Source: Bloomberg)

- f. Investor correspondence in the US may be addressed to
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Investor Relations Officer
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Fax: 1-510-770-9469, E-mail: prganapathy@itlinfosys.com
- g. Name and address of the Depository Bank
- Bankers Trust Company
Corporate Trust and Agency Services
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Tel.: 1-212-250-8500, Fax: 1-212-250-5644.
- Bankers Trust Company
702, Dalamal House
Jamnalal Bajaj Marg, Nariman Point
Mumbai – 400 021, India.
Tel.: 91-22-284 3593, Fax: 91-22-284 3652.
- i. Name and address of the Custodian in India
- ICICI Limited
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Sir Dinshaw Vacha Road
122, Backbay Reclamation
Mumbai – 400 020, India.
Tel.: 91-22-204 4370, Fax: 91-22-204 4237.

Segment information

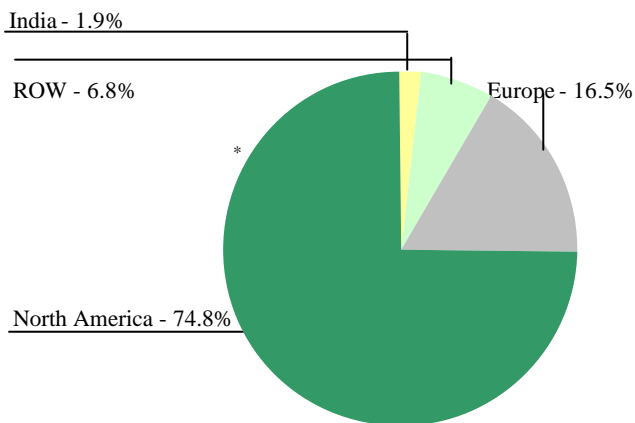
	Quarter ended		Rs. in lakhs
	June 30, 2000	June 30, 1999	Year ended March 31, 2000
Revenue by geographic segments			
North America	27,713.54	14,364.42	71,327.35
Europe	6,105.80	2,792.19	12,909.74
Rest of the World	2,524.09	888.46	5,240.03
India	720.64	361.13	2,669.36
Total	37,064.08	18,406.20	92,146.48

Revenue by Business segment

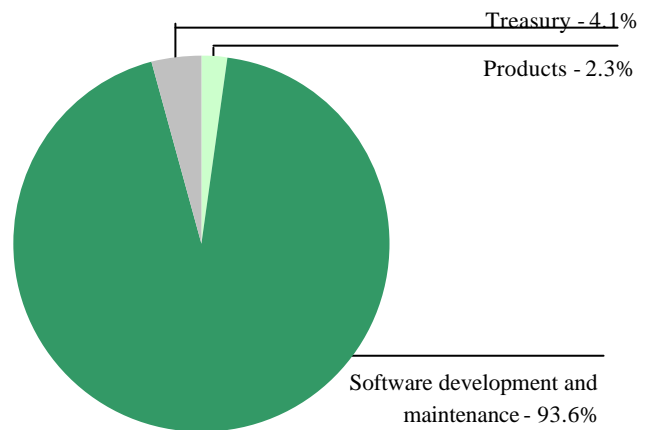
Branded services	-	2,146.27	5,895.00
Products	857.57	256.92	2,290.12
Software development and maintenance	34,695.43	14,623.88	80,047.26
Treasury	1,511.08	1,379.13	3,914.10
Total	37,064.08	18,406.20	92,146.48

Note: Exchange differences arising on translation of foreign currency deposits kept abroad has been included under treasury.

By geographical area - quarter ended June 30, 1999



By business segment - quarter ended June 30, 1999



Ratio analysis

	Quarter ended		Year ended
	June 30, 2000	June 30, 1999	March 31, 2000
Ratios - Financial performance			
Export revenue / total revenue (%)	94.72	91.61	94.38
Domestic revenue / total revenue (%)	1.21	0.90	1.37
Other income / total revenue (%)	4.08	7.49	4.25
Employee costs / total revenue (%)	38.47	33.54	36.31
Administration expenses / total revenue (%)	7.69	7.40	7.54
Operating expenses / total revenue (%)	58.79	57.66	58.88
Depreciation / total revenue (%)	4.79	5.06	5.78
Tax / total revenue (%)	3.70	4.35	4.31
Tax / PBT (%)	10.15	11.66	12.19
EBIDTA / total revenue (%)	41.21	42.34	41.12
PAT from ordinary activities / total revenue (%)	32.73	32.93	31.03
PAT from ordinary activities / average net worth (%) (LTM)	43.51	40.95	40.63
ROCE (PBIT/Average capital employed) (%) (LTM)	49.22	47.68	46.27
Return on invested capital (%) (LTM)	97.28	99.44	111.68
Capital output ratio (LTM)	1.34	1.40	1.31
Invested capital output ratio (LTM)	3.16	3.52	3.82
Ratios - Balance sheet			
Debt -Equity ratio	-	-	-
Debtors turnover (Days) *	59	57	56
Current ratio	4.21	6.16	4.69
Cash and equivalents / total assets (%)	49.15	70.25	61.00
Cash and equivalents / total revenue (%) (LTM)	42.59	74.32	55.17
Depreciation / average gross block (%) (LTM)	21.86	26.80	23.50
Technology investment / total revenue (%) (LTM)	6.44	8.48	5.86
Ratios - Growth**			
Export revenue (%)	108	75	74
Total revenue (%)	101	87	80
Operating expenses (%)	105	59	69
Operating profit (%)	96	147	98
Net profit (from ordinary activities) (%)	100	156	115
Per - share data (for the period)			
Earnings per share from ordinary activities (Rs.)	18.34	9.16	43.23
Earnings per share (including extraordinary items) (Rs.)	19.17	9.16	44.37
Cash earnings per share from ordinary activities (Rs.)	21.02	10.57	51.27
Cash earnings per share(including extraordinary items) (Rs.)	21.85	10.57	52.42
Book value (Rs.)	145.15	95.69	125.97
Price / earning	113.30	99.35	207.50
Price / cash earnings	108.38	99.38	174.96
Price / book value	57.25	38.05	71.21
EPS growth (%)	100.22	155.86	115.07
PE / EPS Growth	1.13	0.64	1.80

* Annualized

** Denotes growth compared with figures of the corresponding period in the previous year.

Note: The ratio calculations are based on Indian GAAP.

LTM - Last twelve months

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Plot No.E/4

Infosys City, Chandaka
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Hongkong and Shanghai
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Bank of America

Company secretary

V. Viswanathan

Auditors

Bharat S Raut and Co.
Chartered Accountants

Independent auditors

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KPMG

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