

**CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY***in Rs. crore*

Consolidated Balance Sheet as at	Schedules	March 31, 2003
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share capital	1	33.12
Reserves and surplus	2	2,824.37
Preference shares issued by subsidiary	3	49.00
		<u><u>2,906.49</u></u>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Original cost	4	1,279.04
Less: Depreciation and amortization		578.54
Net book value		<u>700.50</u>
Add: Capital work-in-progress		<u>77.39</u>
		<u>777.89</u>
<b>INVESTMENTS</b>	5	20.95
<b>DEFERRED TAX ASSETS</b>	6	36.81
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Sundry debtors	7	518.65
Cash and bank balances	8	1,346.54
Loans and advances	9	913.46
		<u>2,778.65</u>
Less: Current liabilities	10	319.60
Provisions	11	388.21
<b>NET CURRENT ASSETS</b>		<u>2,070.84</u>
		<u><u>2,906.49</u></u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

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The schedules referred to above and the notes thereon form an integral part of the consolidated balance sheet.

This is the consolidated balance sheet referred to in our report of even date.

for Bharat S Raut & Co.  
*Chartered Accountants*S. Balasubrahmanyam  
*Partner*N. R. Narayana Murthy  
*Chairman and Chief Mentor*Nandan M. Nilekani  
*Chief Executive Officer,  
President and  
Managing Director*S. Gopalakrishnan  
*Chief Operating Officer  
and Deputy Managing Director*Deepak M. Satwalekar  
*Director*Marti G. Subrahmanyam  
*Director*Omkar Goswami  
*Director*Rama Bijapurkar  
*Director*K. Dinesh  
*Director*S. D. Shibulal  
*Director*T. V. Mohandas Pai  
*Director and  
Chief Financial Officer*Srinath Batni  
*Director*V. Balakrishnan  
*Company Secretary and  
Vice President – Finance*Bangalore  
April 10, 2003

**CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY**

Consolidated Profit and Loss Account for the		<i>in Rs. crore, except per share data</i>	
		Quarter ended	Half year ended
		March 31, 2003	
		Schedules	
<b>INCOME – Software services, products and business process management</b>			
Overseas		1,001.00	1,954.39
Domestic		28.67	40.30
		<u>1,029.67</u>	<u>1,994.69</u>
Software development and business process management expenses	12	534.27	1,019.80
<b>GROSS PROFIT</b>		<u>495.40</u>	<u>974.89</u>
Selling and marketing expenses	13	71.12	146.21
General and administration expenses	14	82.30	154.02
		<u>153.42</u>	<u>300.23</u>
<b>OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTIZATION</b>		341.98	674.66
Interest		-	-
Depreciation and amortization		<u>53.40</u>	<u>103.46</u>
<b>OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION</b>		<u>288.58</u>	<u>571.20</u>
Other income	15	27.16	56.94
Provision for investments		-	-
<b>NET PROFIT BEFORE TAX</b>		<u>315.74</u>	<u>628.14</u>
Provision for taxation	16	56.00	113.50
<b>NET PROFIT AFTER TAX</b>		<u>259.74</u>	<u>514.64</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
Dividend			
Interim		-	-
Final (Proposed)		96.05	96.05
Dividend Tax		12.30	12.30
Balance in Profit and Loss Account at the end of the period		<u>151.39</u>	<u>406.29</u>
		<u><u>259.74</u></u>	<u><u>514.64</u></u>
<b>EARNINGS PER SHARE</b>			
<i>(Equity shares, par value Rs. 5/- each)</i>			
Basic		39.21	77.71
Diluted		38.70	76.71
Number of shares used in computing earnings per share			
Basic		66,235,431	66,228,504
Diluted		67,113,225	67,086,367

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

17

The schedules referred to above and the notes thereon form an integral part of the consolidated profit and loss account.

This is the consolidated profit and loss account referred to in our report of even date.

for Bharat S Raut & Co.  
Chartered Accountants

S. Balasubrahmanyam  
Partner

N. R. Narayana Murthy  
Chairman and Chief Mentor

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Chief Executive Officer,  
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Chief Operating Officer  
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Director

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Company Secretary and  
Vice President – Finance

Bangalore  
April 10, 2003

**CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY**

*in Rs. crore*

Schedules to the Consolidated Balance Sheet as at

**March 31, 2003**

**1. SHARE CAPITAL**

AUTHORIZED

Equity shares, Rs. 5/- par value\*  
10,00,00,000 equity shares

50.00

ISSUED, SUBSCRIBED AND PAID UP

Equity shares, Rs. 5/- par value  
6,62,43,078 equity shares fully paid up

33.12

**33.12**

Forfeited shares amounted to Rs. 1,500/-

\* for details of options in respect of the above shares, refer to note 17.2.9

**2. RESERVES AND SURPLUS**

Capital reserve

5.94

Share premium account as at April 1,  
Add : Received during the period  
on conversion of stock options issued to employees

325.34

13.49

**338.83**

General reserve as at April 1, 2002  
Add: Transfers from the Profit and Loss Account

1,715.94

763.66

**2,479.60**

**2,824.37**

**3. PREFERENCE SHARES ISSUED BY SUBSIDIARY**

AUTHORIZED

0.0005% Cumulative convertible preference shares, Rs. 100/- par value  
43,75,000 preference shares

43.75

ISSUED, SUBSCRIBED AND PAID UP

0.0005% Cumulative convertible preference shares, Rs. 100/- par value  
43,75,000 preference shares fully paid up\*

43.75

Premium received on issue of preference shares

5.25

**49.00**

\* for details of the terms relating to the preference shares, refer to note 17.2.17

## CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

*in Rs. crore*

Schedules to the Consolidated Balance Sheet

**4. FIXED ASSETS**

Particulars	Original cost				Depreciation and amortization				Net book value
	Cost as at April 1, 2002	Additions during the period	Deletions during the period	Cost as at March 31, 2003	As at April 1, 2002	For the period	Deductions during the Period	As at March 31, 2003	As at March 31, 2003
Land – free-hold	15.85	0.02	-	15.87	-	-	-	-	15.87
Land - lease-hold	27.84	3.57	-	31.41	-	-	-	-	31.41
Buildings	285.33	100.20	-	385.53	27.89	23.22	-	51.11	334.42
Plant and machinery	183.87	44.44	0.95	227.36	77.84	36.61	0.77	113.68	113.68
Computer equipment	287.89	81.78	2.27	367.40	216.63	85.50	2.25	299.88	67.52
Furniture and fixtures	159.46	51.46	1.93	208.99	70.51	33.57	1.81	102.27	106.72
Vehicles	0.35	-	-	0.35	0.16	0.06	-	0.22	0.13
Intangible assets									
Intellectual property rights	-	42.13	-	42.13	-	11.38	-	11.38	30.75
	<b>960.59</b>	<b>323.60</b>	<b>5.15</b>	<b>1,279.04</b>	<b>393.03</b>	<b>190.34</b>	<b>4.83</b>	<b>578.54</b>	<b>700.50</b>

Note: Buildings include Rs. 250/- being the value of 5 shares of Rs. 50/- each in Mittal Towers Premises Co-operative Society Limited.

## CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

in Rs. Crore

Schedules to the Consolidated Balance Sheet as at		March 31, 2003
<b>5. INVESTMENTS</b>		
Trade (unquoted) - at cost		
Long- term investments		53.98
Less: Provision for investments		33.03
		<u>20.95</u>
Aggregate of unquoted investments - carrying value / cost		<u>20.95</u>
<b>6. DEFERRED TAX ASSETS</b>		
Fixed assets		22.43
Investments		12.10
Sundry debtors		2.28
		<u>36.81</u>
<b>7. SUNDRY DEBTORS</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured		
considered doubtful		14.09
<b>Other debts</b>		
Unsecured		
considered good		518.65
considered doubtful		0.22
		<u>532.96</u>
Less: Provision for doubtful debts		14.31
		<u>518.65</u>
<b>8 CASH AND BANK BALANCES</b>		
Cash on hand		0.01
Balances with scheduled banks		
In current accounts *		55.96
In deposit accounts in Indian rupees		1,134.58
In deposit accounts in foreign currency		-
Balances with non-scheduled banks		
In current accounts		155.99
		<u>1,346.54</u>
		<u>1.60</u>
*includes balance in unclaimed dividend account		

## CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

in Rs. Crore

Schedules to the Consolidated Balance Sheet as at

March 31, 2003

## 9. LOANS AND ADVANCES

**Unsecured, considered good**

## Advances

Prepaid expenses	19.71
Advances paid for supply of goods and rendering of services	1.77
Others	4.45
	<u>25.93</u>

Unbilled revenues	93.64
Advance income tax	290.44
Loans and advances to employees	
Housing and other loans	102.51
Salary advances	33.93
Electricity and other deposits	13.37
Rental deposits	13.57
Deposits with financial institutions and body corporate	337.76
Other assets	2.31
	<u>887.53</u>

**Unsecured, considered doubtful**

Loans and advances to employees	0.41
	<u>913.87</u>

Less: Provision for doubtful loans and advances to employees	0.41
	<u><u>913.46</u></u>

## 10. CURRENT LIABILITIES

## Sundry creditors

For goods	1.17
For capital goods	0.85
For accrued salaries and benefits	
Salaries	15.82
Bonus and incentives	77.13
Leave provisions	27.47
For other liabilities	
Provision for expenses	57.97
Retention monies	5.33
Withholding and other taxes payable	23.60
For purchase of intellectual property rights	24.80
Others	5.86
	<u>240.00</u>

Advances received from clients	15.25
Unearned revenue	62.75
Unclaimed dividend	1.60
	<u><u>319.60</u></u>

## 11. PROVISIONS

Proposed dividend	96.05
Provision for tax on dividend	12.30
Income taxes	274.81
Post-sales client support	4.82
Gratuity and retirement benefits	0.23
	<u><u>388.21</u></u>

## CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

Schedules to the Consolidated Profit and Loss Account for the	<i>in Rs. crore</i>	
	Quarter ended	Half year ended
	March 31, 2003	
<b>12. SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES</b>		
Salaries and bonus including overseas staff expenses	415.52	795.67
Staff welfare	2.56	4.72
Contribution to provident and other funds	10.38	19.23
Foreign travel expenses	44.09	87.15
Traveling and conveyance	0.32	0.51
Consumables	2.06	3.83
Cost of software packages for		
Own use	11.83	34.04
Service delivery to clients	3.10	5.48
Provision for post-sales client support	(2.12)	(5.88)
Computer maintenance	2.37	4.95
Communication expenses	6.46	12.63
Consultancy charges	37.70	57.47
	<b>534.27</b>	<b>1,019.80</b>
<b>13. SELLING AND MARKETING EXPENSES</b>		
Salaries and bonus including overseas staff expenses	39.71	81.41
Staff welfare	0.15	0.31
Contribution to provident and other funds	0.87	1.10
Foreign travel expenses	14.64	26.89
Consumables	0.07	0.14
Cost of software packages for own use	0.18	0.18
Computer maintenance	-	0.01
Communication expenses	0.13	0.27
Traveling and conveyance	0.38	0.75
Rent	1.39	2.68
Telephone charges	1.47	2.87
Professional charges	2.52	5.55
Printing and stationery	0.42	0.67
Advertisements	0.32	0.65
Brand building	4.93	11.97
Office maintenance	0.58	2.24
Repairs to plant and machinery	0.02	0.02
Power and fuel	0.07	0.11
Insurance charges	0.15	0.17
Rates and taxes	0.02	0.04
Bank charges and commission	0.02	0.05
Commission charges	1.08	4.36
Marketing expenses	1.81	3.46
Sales promotion expenses	0.14	0.26
Other miscellaneous expenses	0.05	0.05
	<b>71.12</b>	<b>146.21</b>

## CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

in Rs. Crore

Schedules to the Consolidated Profit and Loss Account for the	Quarter ended	Half year ended
	March 31, 2003	
<b>14. GENERAL AND ADMINISTRATION EXPENSES</b>		
Salaries and bonus including overseas staff expenses	15.25	31.13
Staff welfare	0.01	0.01
Contribution to provident and other funds	1.12	2.05
Foreign travel expenses	2.13	3.83
Traveling and conveyance	5.65	10.14
Cost of software packages for own use	0.03	0.59
Rent	7.01	13.76
Telephone charges	6.53	12.37
Legal and professional charges	14.17	23.86
Printing and stationery	1.12	2.14
Advertisements	2.43	3.48
Office maintenance	7.22	12.28
Repairs to building	2.19	4.25
Repairs to plant and machinery	1.00	2.66
Power and fuel	5.91	11.68
Recruitment and training	0.27	0.35
Insurance charges	3.09	5.50
Rates and taxes	1.54	2.88
Donations	1.53	3.05
Auditor's remuneration		
Audit fees	0.08	0.15
Certification charges	0.03	0.03
Out-of-pocket expenses	-	0.01
Provision for bad and doubtful debts	0.22	0.55
Provision for doubtful loans and advances	-	(0.02)
Bank charges and commission	0.17	0.35
Commission to non-whole time directors	0.40	0.64
Postage and courier	0.99	2.02
Books and periodicals	0.45	0.77
Freight charges	0.15	0.31
Professional membership and seminar participation fees	1.04	1.92
Miscellaneous expenses	0.57	1.28
	<b>82.30</b>	<b>154.02</b>
<b>15. OTHER INCOME</b>		
Interest received on deposits with banks and others*	22.80	43.16
Miscellaneous income	0.49	1.03
Exchange differences	3.87	12.75
	<b>27.16</b>	<b>56.94</b>
<b>16. PROVISION FOR TAXATION</b>		
Current Period		
Income taxes	57.78	116.73
Deferred taxes	(1.78)	(3.23)
	<b>56.00</b>	<b>113.50</b>