

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

Consolidated Balance Sheet as at	Schedules	June 30, 2003	June 30, 2002	<i>in Rs. crore</i> March 31, 2003
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share capital	1	33.12	33.09	33.12
Reserves and surplus	2	3,104.35	2,263.25	2,824.37
Preference shares issued by subsidiary	3	49.00	49.00	49.00
		3,186.47	2,345.34	2,906.49
APPLICATION OF FUNDS				
FIXED ASSETS				
Original cost	4	1,371.49	1,098.94	1,279.04
Less: Depreciation and amortization		623.30	431.75	578.54
Net book value		748.19	667.19	700.50
Add: Capital work-in-progress		45.45	89.14	77.39
		793.64	756.33	777.89
INVESTMENTS	5	115.13	44.71	20.95
DEFERRED TAX ASSETS	6	38.34	24.84	36.81
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry debtors	7	565.50	413.89	518.65
Cash and bank balances	8	1,385.42	892.60	1,346.54
Loans and advances	9	977.52	723.17	913.46
		2,928.44	2,029.66	2,778.65
Less: Current liabilities	10	357.06	214.53	319.60
Provisions	11	332.02	295.67	388.21
NET CURRENT ASSETS		2,239.36	1,519.46	2,070.84
		3,186.47	2,345.34	2,906.49
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS				
	17			

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	Philip Yeo Director	Omkar Goswami Director	Larry Pressler Director	Rama Bijapurkar Director
Claude Smadja Director	Sridar A. Iyengar 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
July 10, 2003

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

Consolidated Profit and Loss Account for the	Schedules	Quarter ended		Year ended
		June 30, 2003	June 30, 2002	March 31, 2003
INCOME – Software services, products and business process management				
Overseas		1,071.38	750.62	3,564.36
Domestic		23.32	14.10	75.62
		1,094.70	764.72	3,639.98
Software development and business process management expenses	12	579.60	377.74	1,822.96
GROSS PROFIT		515.10	386.98	1,817.02
SELLING AND MARKETING EXPENSES	13	81.64	55.27	271.73
GENERAL AND ADMINISTRATION EXPENSES	14	82.98	58.03	275.67
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTIZATION		350.48	273.68	1,269.62
Interest		-	-	-
Depreciation and amortization		45.14	40.49	190.34
OPERATING PROFIT AFTER INTEREST AND DEPRECIATION AND AMORTIZATION		305.34	233.19	1,079.28
Other income	15	31.94	24.94	100.26
Provision for investments		6.36	-	23.77
NET PROFIT BEFORE TAX		330.92	258.13	1,155.77
Provision for taxation	16	52.00	42.50	201.00
NET PROFIT AFTER TAX		278.92	215.63	954.77
AMOUNT AVAILABLE FOR APPROPRIATION		278.92	215.63	954.77
DIVIDEND				
Interim		-	-	82.76
Final (subject to deduction of tax if any)		-	-	96.05
Dividend Tax		-	-	12.30
Amount transferred - general reserve		-	-	763.66
Balance in Profit and Loss Account		278.92	215.63	954.77
EARNINGS PER SHARE <i>(Equity shares, par value Rs. 5/- each)</i>				
Basic		42.10	32.58	144.20
Diluted		41.96	32.28	142.89
Number of shares used in computing earnings per share				
Basic		66,245,174	66,188,530	66,211,068
Diluted		66,479,367	66,795,945	66,816,821

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

17

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 <i>Partner</i>	N. R. Narayana Murthy <i>Chairman and Chief Mentor</i>	Nandan M. Nilekani <i>Chief Executive Officer, President and Managing Director</i>	S. Gopalakrishnan <i>Chief Operating Officer and Deputy Managing Director</i>	Deepak M. Satwalekar <i>Director</i>
Marti G. Subrahmanyam <i>Director</i>	Philip Yeo <i>Director</i>	Omkar Goswami <i>Director</i>	Larry Pressler <i>Director</i>	Rama Bijapurkar <i>Director</i>
Claude Smadja <i>Director</i>	Sridar A. Iyengar <i>Director</i>	K. Dinesh <i>Director</i>	S. D. Shibulal <i>Director</i>	T. V. Mohandas Pai <i>Director and Chief Financial Officer</i>
Srinath Batni <i>Director</i>	V. Balakrishnan <i>Company Secretary and Vice President – Finance</i>			

Bangalore
July 10, 2003

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

Schedules to the Consolidated Balance Sheet as at

June 30, 2003

June 30, 2002

March 31, 2003

1. SHARE CAPITAL**AUTHORIZED**Equity shares, Rs. 5/- (Rs. 5/-; Rs. 5/-) par value*
10,00,00,000 (10,00,00,000; 10,00,00,000) equity shares

50.00

50.00

50.00

ISSUED, SUBSCRIBED AND PAID UPEquity shares, Rs. 5/- (Rs. 5/-; Rs. 5/-) par value
6,62,49,366 (6,61,88,530; 6,62,43,078) equity shares fully paid up
[Of the above, 5,78,88,200 (5,78,88,200; 5,78,88,200) equity shares,
fully paid up have been issued as bonus shares by capitalization of
the general reserve]

33.12

33.09

33.12

33.12

33.09

33.12

Forfeited shares amounted to Rs. 1,500/- (Rs. 1,500/-; 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

5.94

5.94

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

338.83

325.34

325.34

1.06

0.40

13.49

339.89

325.74

338.83

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

2,479.60

1,715.94

1,715.94

2,479.60

1,715.94

763.66

2,479.60

Balance in profit and Loss Account

278.92

215.63

-

3,104.35

2,263.25

2,824.37

3. PREFERENCE SHARES ISSUED BY SUB SIDIARY**AUTHORIZED, 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

43.75

43.75

Premium received on issue of preference shares

5.25

5.25

5.25

49.00

49.00

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
Schedules to the Consolidated Balance Sheet

4. FIXED ASSETS

in Rs. crore

Particulars	Original cost			Depreciation and amortization					Net book value		
	Cost as at April 1, 2003	Additions during the period	Deletions during the period	Cost as at June 30, 2003	As at April 1, 2003	For the period	Deductions during the period	As at June 30, 2003	As at June 30, 2003	As at June 30, 2002	As at March 31, 2003
Land – free-hold	15.87	-	-	15.87	-	-	-	-	15.87	15.86	15.87
Land - lease-hold	31.41	-	-	31.41	-	-	-	-	31.41	28.32	31.41
Buildings	385.53	31.99	-	417.52	51.11	6.86	-	57.97	359.55	301.92	334.42
Plant and machinery	227.36	25.03	0.02	252.37	113.68	10.39	0.02	124.05	128.32	116.52	113.68
Computer equipment	367.40	21.54	0.58	388.36	299.88	15.40	0.35	314.93	73.43	66.53	67.52
Furniture and fixtures	208.99	14.50	0.02	223.47	102.27	8.96	0.01	111.22	112.25	100.24	106.72
Vehicles	0.35	-	-	0.35	0.22	0.01	-	0.23	0.12	0.18	0.13
Intangible assets											
Intellectual property rights	42.13	0.01	-	42.14	11.38	3.52	-	14.90	27.24	37.62	30.75
	1,279.04	93.07	0.62	1,371.49	578.54	45.14	0.38	623.30	748.19	667.19	700.50
Previous period	960.59	140.23	1.88	1,098.94	393.03	40.49	1.77	431.75			
Previous year	960.59	323.60	5.15	1,279.04	393.03	190.34	4.83	578.54			

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	June 30, 2003	June 30, 2002	March 31, 2003
5. INVESTMENTS			
Trade (unquoted) - at cost			
Long-term investments	53.77	67.06	53.98
Less: Provision for investments	38.63	22.35	33.03
	15.14	44.71	20.95
Non-trade (unquoted) at lower of cost and fair value			
Current investment	99.99	-	-
	115.13	44.71	20.95
Aggregate of unquoted investments - carrying value / cost	115.13	44.71	20.95
6. DEFERRED TAX ASSETS			
Fixed assets	23.30	16.36	22.43
Investments	11.81	5.84	12.10
Sundry debtors	3.23	2.64	2.28
	38.34	24.84	36.81
7. SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months			
Unsecured			
considered doubtful*	16.22	6.56	14.09
Other debts			
Unsecured			
considered good	565.50	413.89	518.65
considered doubtful	1.94	8.84	0.22
	583.66	429.29	532.96
Less: Provision for doubtful debts	18.16	15.40	14.31
	565.50	413.89	518.65
* includes dues from companies in which directors are interested	0.03	0.03	0.03
8. CASH AND BANK BALANCES			
Cash on hand	0.17	0.02	0.01
Balances with scheduled banks			
in current accounts *	51.42	13.32	55.96
in deposit accounts in Indian rupees	1,127.67	656.27	1,134.58
in deposit accounts in foreign currency	-	148.17	-
Balances with non-scheduled banks			
in current accounts	206.16	74.82	155.99
	1,385.42	892.60	1,346.54
*includes balance in unclaimed dividend account	2.66	8.18	1.60
9. LOANS AND ADVANCES			
Unsecured, considered good			
Advances			
prepaid expenses	28.25	13.77	19.71
advances paid for supply of goods and rendering of services	2.14	2.78	1.77
Others	6.72	4.57	4.45
	37.11	21.12	25.93
Unbilled revenues	99.01	46.58	93.64
Advance income tax	299.81	262.21	290.44
Loans and advances to employees *			
housing and other loans	105.20	88.32	102.51
salary advances	27.27	25.63	33.93
Electricity and other deposits	10.99	9.25	13.37
Rental deposits	13.91	11.09	13.57
Deposits with financial institutions / body corporate	382.98	256.94	337.76
Deposits with government authorities	-	0.01	-
Other assets	1.24	2.02	2.31
	977.52	723.17	913.46
Unsecured, considered doubtful			
Loans and advances to employees	0.42	0.44	0.41
	977.94	723.61	913.87
Less: Provision for doubtful loans and advances to employees	0.42	0.44	0.41
	977.52	723.17	913.46
* includes dues by non-director officers of the company	-	-	-
Maximum amounts due			
by non-director officers at any time during the year	-	-	-

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

Schedules to the Consolidated Balance Sheet as at

June 30, 2003	June 30, 2002	March 31, 2003
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10. CURRENT LIABILITIES

Sundry creditors			
for capital goods	0.28	0.16	0.85
for goods	0.39	0.44	1.17
for accrued salaries and benefits			
salaries	20.70	3.08	15.82
bonus and incentives	88.86	47.24	77.13
leave provisions	27.58	23.12	27.47
for other liabilities			
provision for expenses	70.24	25.66	57.97
retention monies	5.85	9.21	5.33
withholding and other taxes payable	22.48	15.37	23.60
For purchase of intellectual property rights	24.50	27.16	24.80
others	6.22	1.97	5.86
	<u>267.10</u>	<u>153.41</u>	<u>240.00</u>
Advances received from clients	13.47	7.79	15.25
Unearned revenue	73.83	45.15	62.75
Unclaimed dividend	2.66	8.18	1.60
	<u>357.06</u>	<u>214.53</u>	<u>319.60</u>

11. PROVISIONS

Dividends	-	-	96.05
Provision for			
tax on dividend	-	-	12.30
income taxes	326.53	282.69	274.81
post-sales client support	4.99	12.98	4.82
gratuity and retirement benefits	0.50	-	0.23
	<u>332.02</u>	<u>295.67</u>	<u>388.21</u>

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

Schedules to the Consolidated Profit and Loss Account for the	Quarter ended		Year ended
	June 30, 2003	June 30, 2002	March 31, 2003
12. SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES			
Salaries and bonus including overseas staff expenses	457.50	297.72	1,436.82
Staff welfare	3.22	1.69	8.03
Contribution to provident and other funds	10.94	6.48	32.52
Overseas travel expenses	43.22	37.23	166.10
Traveling and conveyance	0.37	-	0.51
Consumables	1.73	1.16	6.30
Cost of software packages for own use	13.60	9.82	55.16
service delivery to clients	9.91	6.89	13.10
Rent	-	0.02	-
Provision for post-sales client support	0.17	1.97	(6.18)
Computer maintenance	2.30	1.86	9.33
Communication expenses	9.50	7.17	25.13
Consultancy charges	27.14	5.73	76.14
	<u>579.60</u>	<u>377.74</u>	<u>1,822.96</u>
13. SELLING AND MARKETING EXPENSES			
Salaries and bonus including overseas staff expenses	51.14	30.22	145.32
Staff welfare	0.08	0.13	0.63
Contribution to provident and other funds	0.43	0.09	1.34
Overseas travel expenses	9.30	8.70	45.48
Consumables	0.06	0.02	0.21
Cost of software packages for own use	0.01	0.01	0.21
Computer maintenance	0.01	-	0.01
Communication expenses	-	0.06	0.50
Traveling and conveyance	0.33	0.15	1.20
Rent	2.96	0.91	4.79
Telephone charges	1.10	1.06	5.39
Professional charges	2.00	2.27	10.79
Printing and stationery	0.27	0.37	1.44
Advertisements	0.12	0.16	1.05
Brand building	5.73	7.99	29.33
Office maintenance	0.04	0.13	2.74
Repairs to plant and machinery	-	-	0.02
Power and fuel	0.02	0.04	0.22
Insurance charges	0.03	0.02	0.20
Rates and taxes	0.03	0.11	0.27
Bank charges and commission	0.01	0.01	0.09
Commission charges	2.27	1.51	10.78
Marketing expenses	0.85	1.11	6.77
Sales promotion expenses	0.11	0.15	0.46
Other miscellaneous expenses	4.74	0.05	2.49
	<u>81.64</u>	<u>55.27</u>	<u>271.73</u>

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

In Rs crore

Schedules to the Consolidated Profit and Loss Account for the

	Quarter ended		Year ended
	June 30, 2003	June 30, 2002	March 31, 2003
14. GENERAL AND ADMINISTRATION EXPENSES			
Salaries and bonus including overseas staff expenses	17.76	12.39	57.98
Staff welfare	0.01	-	0.01
Contribution to provident and other funds	1.20	0.79	3.61
Overseas travel expenses	1.70	1.80	7.78
Traveling and conveyance	4.34	2.98	16.99
Cost of software packages for own use	-	-	0.64
Rent	7.11	5.25	24.51
Telephone charges	7.32	3.65	21.41
Legal and professional charges	6.66	6.60	38.67
Printing and stationery	2.37	1.66	4.80
Advertisements	1.00	0.65	5.15
Office maintenance	6.29	3.95	20.24
Repairs to building	1.90	1.87	7.27
Repairs to plant and machinery	1.09	1.16	4.75
Power and fuel	7.42	5.70	22.77
Recruitment and training	0.03	0.02	0.41
Insurance charges	5.28	1.98	10.01
Rates and taxes	1.21	1.54	5.62
Donations	3.50	1.67	6.09
Auditor's remuneration			
audit fees	0.09	0.07	0.29
certification charges	-	-	0.03
out-of-pocket expenses	0.01	0.01	0.02
Provision for bad and doubtful debts	3.29	0.07	0.73
Provision for doubtful loans and advances	0.01	(0.04)	(0.07)
Bank charges and commission	0.21	0.16	0.67
Commission to non-whole time directors	0.39	0.24	1.12
Postage and courier	1.24	1.25	3.99
Books and periodicals	0.24	0.24	1.42
Research grants	0.06	-	-
Freight charges	0.14	0.11	0.58
Professional membership and seminar participation fees	0.69	0.82	3.57
Foreign currency translation differences	-	0.01	-
Transaction processing fee and filing fees	-	1.25	-
Preliminary expenses on incorporation of subsidiary	-	0.01	-
Miscellaneous expenses	0.42	0.17	4.61
	82.98	58.03	275.67
15. OTHER INCOME			
Interest received on deposits with banks and others*	23.30	17.71	80.67
Exchange differences	7.56	6.50	17.61
Miscellaneous income	1.08	0.73	1.98
	31.94	24.94	100.26
*Tax deducted at source	4.46	3.23	15.14
16. PROVISION FOR TAXATION			
Current year			
Income taxes	52.61	43.12	213.59
Deferred taxes	(1.53)	(0.62)	(12.59)
	51.08	42.50	201.00
Prior years	0.92	-	-
	52.00	42.50	201.00