

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

| Consolidated Balance Sheet as at | Schedule | December 31, 2004 | December 31, 2003 | March 31, 2004 |
|--|----------|------------------------|------------------------|------------------------|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Share capital | 1 | 134.74 | 33.23 | 33.32 |
| Reserves and surplus | 2 | <u>4,592.39</u> | <u>3,690.87</u> | <u>3,216.26</u> |
| | | 4,727.13 | 3,724.10 | 3,249.58 |
| MINORITY INTERESTS | | | | |
| | | - | - | - |
| PREFERENCE SHARES ISSUED BY SUBSIDIARY | 3 | <u>93.51</u> | <u>49.00</u> | <u>93.56</u> |
| | | <u>4,820.64</u> | <u>3,773.10</u> | <u>3,343.14</u> |
| APPLICATIONS OF FUNDS | | | | |
| FIXED ASSETS | | | | |
| Original cost | 4 | 2,187.23 | 1,499.00 | 1,633.65 |
| Less: Depreciation and amortization | | <u>969.52</u> | <u>749.88</u> | <u>809.84</u> |
| Net book value | | 1,217.71 | 749.12 | 823.81 |
| Add: Capital work-in-progress | | <u>213.44</u> | <u>80.47</u> | <u>208.05</u> |
| | | 1,431.15 | 829.59 | 1,031.86 |
| INVESTMENTS | | | | |
| DEFERRED TAX ASSETS | 5 | 1,057.02 | 614.01 | 945.45 |
| CURRENT ASSETS, LOANS AND ADVANCES | 6 | 42.98 | 32.85 | 39.97 |
| Sundry debtors | 7 | 1,038.37 | 696.96 | 651.45 |
| Cash and bank balances | 8 | 1,469.82 | 1,616.99 | 1,721.51 |
| Loans and advances | 9 | <u>946.41</u> | <u>823.97</u> | <u>721.05</u> |
| | | 3,454.60 | 3,137.92 | 3,094.01 |
| LESS: CURRENT LIABILITIES AND PROVISIONS | | | | |
| Current liabilities | 10 | 652.73 | 555.71 | 580.93 |
| Provisions | 11 | <u>512.38</u> | <u>285.56</u> | <u>1,187.22</u> |
| NET CURRENT ASSETS | | <u>2,289.49</u> | <u>2,296.65</u> | <u>1,325.86</u> |
| | | <u>4,820.64</u> | <u>3,773.10</u> | <u>3,343.14</u> |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | | | | |
| | 23 | | | |

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

As per our report attached

for BSR & Co.
(formerly Bharat S Raut & Co.)
Chartered Accountants

Subramanian Suresh
Partner
Membership No. 83673

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

Claude Smadja
Director

Sridar A. Iyengar
Director

K. Dinesh
Director

S. D. Shibulal
Director

T. V. Mohandas Pai
Director and
Chief Financial Officer

Bangalore
January 12, 2005

Srinath Batni
Director

V. Balakrishnan
Company Secretary and
Senior Vice President – Finance

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore, except per share data

| Consolidated Profit and Loss Account for the | Schedule | Quarter ended | | Nine months ended | | Year ended |
|---|----------|-------------------|---------------|-------------------|-----------------|-----------------|
| | | December 31, 2004 | 2003 | December 31, 2004 | 2003 | March 31, 2004 |
| INCOME | | | | | | |
| SOFTWARE SERVICES, PRODUCTS AND BUSINESS PROCESS MANAGEMENT | | | | | | |
| Overseas | | 1,835.97 | 1,249.09 | 5,048.68 | 3,453.53 | 4,786.72 |
| Domestic | | 39.64 | 7.92 | 93.64 | 49.98 | 66.23 |
| | | 1,875.61 | 1,257.01 | 5,142.32 | 3,503.51 | 4,852.95 |
| SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES | 12 | 991.48 | 656.70 | 2,723.35 | 1,831.58 | 2,538.67 |
| GROSS PROFIT | | 884.13 | 600.31 | 2,418.97 | 1,671.93 | 2,314.28 |
| SELLING AND MARKETING EXPENSES | 13 | 116.81 | 94.89 | 344.28 | 259.23 | 350.90 |
| GENERAL AND ADMINISTRATION EXPENSES | 14 | 149.34 | 92.33 | 406.39 | 267.66 | 369.19 |
| | | 266.15 | 187.22 | 750.67 | 526.89 | 720.09 |
| OPERATING PROFIT BEFORE INTEREST, DEPRECIATION & AMORTIZATION AND MINORITY INTERESTS | | | | | | |
| | | 617.98 | 413.09 | 1,668.30 | 1,145.04 | 1,594.19 |
| INTEREST | | - | - | - | - | - |
| DEPRECIATION AND AMORTIZATION | | 73.91 | 63.75 | 187.11 | 172.32 | 236.73 |
| OPERATING PROFIT AFTER INTEREST, DEPRECIATION & AMORTIZATION AND BEFORE MINORITY INTERESTS | | 544.07 | 349.34 | 1,481.19 | 972.72 | 1,357.46 |
| OTHER INCOME | 15 | 46.31 | 46.46 | 91.61 | 121.56 | 123.38 |
| PROVISION FOR INVESTMENTS | | (0.39) | 2.29 | (0.33) | 8.88 | 9.67 |
| NET PROFIT BEFORE TAX AND MINORITY INTERESTS | | 590.77 | 393.51 | 1,573.13 | 1,085.40 | 1,471.17 |
| PROVISION FOR TAXATION | 16 | 93.43 | 65.00 | 240.10 | 177.00 | 227.54 |
| NET PROFIT BEFORE MINORITY INTERESTS | | 497.34 | 328.51 | 1,333.03 | 908.40 | 1,243.63 |
| MINORITY INTERESTS | | - | - | - | - | - |
| NET PROFIT AFTER TAX AND MINORITY INTERESTS | | 497.34 | 328.51 | 1,333.03 | 908.40 | 1,243.63 |
| Balance brought forward | | 750.35 | 471.49 | 70.67 | - | - |
| Less: Residual dividend paid for fiscal 2004 | | - | - | 2.31 | - | - |
| Additional dividend tax | | - | - | 2.27 | - | - |
| | | 750.35 | 471.49 | 66.09 | - | - |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 1,247.69 | 800.00 | 1,399.12 | 908.40 | 1,243.63 |
| DIVIDEND | | | | | | |
| Interim | | - | - | 133.93 | 96.09 | 96.09 |
| Final | | - | - | - | - | 99.96 |
| One-time special dividend | | - | - | - | - | 666.41 |
| Total dividend | | - | - | 133.93 | 96.09 | 862.46 |
| Dividend tax | | - | - | 17.50 | 12.31 | 110.50 |
| Amount transferred - general reserve | | - | - | - | - | 200.00 |
| Balance in Profit and Loss Account | | 1,247.69 | 800.00 | 1,247.69 | 800.00 | 70.67 |
| | | 1,247.69 | 800.00 | 1,399.12 | 908.40 | 1,243.63 |
| EARNINGS PER SHARE * | | | | | | |
| Equity shares of par value Rs. 5/- each | | | | | | |
| Basic | | 18.50 | 12.37 | 49.77 | 34.26 | 46.85 |
| Diluted | | 17.95 | 12.15 | 48.69 | 33.93 | 46.27 |
| Number of shares used in computing earnings per share | | | | | | |
| Basic | | 26,87,73,742 | 26,55,19,448 | 26,78,62,078 | 26,51,76,084 | 26,54,47,776 |
| Diluted | | 27,71,10,460 | 27,04,31,572 | 27,37,70,692 | 26,77,16,272 | 26,87,87,016 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

23

* refer to note 23.3.21

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

As per our report attached

for BSR & Co.
(formerly Bharat S Raut & Co.)
Chartered Accountants

Subramanian Suresh
Partner
Membership No. 83673

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

Claude Smadja
Director

Sridar A. Iyengar
Director

K. Dinesh
Director

S. D. Shibulal
Director

T. V. Mohandas Pai
Director and
Chief Financial Officer

Bangalore
January 12, 2005

Srinath Batni
Director

V. Balakrishnan
Company Secretary and
Senior Vice President - Finance

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

| Consolidated Cash Flow Statement for the | Schedule | Quarter ended | | Nine months ended | | Year ended |
|--|----------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | | December 31, 2004 | 2003 | December 31, 2004 | 2003 | March 31, 2004 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Net profit before tax | | 590.77 | 393.51 | 1,573.13 | 1,085.40 | 1,471.17 |
| Adjustments to reconcile net profit before tax to cash provided by operating activities | | | | | | |
| (Profit)/Loss on sale of fixed assets | | - | (0.01) | (0.12) | (0.02) | 0.41 |
| Depreciation and amortization | | 73.91 | 63.75 | 187.11 | 172.32 | 236.73 |
| Interest and dividend income | | (25.51) | (26.59) | (77.79) | (73.81) | (102.23) |
| Provisions for investments | | (0.39) | 2.29 | (0.33) | 8.88 | 9.67 |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | 5.42 | (4.95) | (8.85) | (1.09) | 4.91 |
| Changes in current assets and liabilities | | | | | | |
| Sundry debtors | | (112.05) | (104.37) | (386.92) | (178.31) | (132.80) |
| Loans and advances | 17 | (28.62) | 21.89 | (88.92) | 16.45 | (17.67) |
| Current liabilities and provisions | 18 | 29.28 | 173.33 | 80.52 | 230.22 | 262.20 |
| Income taxes paid during the period/ year | 19 | (84.04) | (18.89) | (192.87) | (79.40) | (108.60) |
| NET CASH GENERATED BY OPERATING ACTIVITIES | | 448.77 | 499.96 | 1,084.96 | 1,180.64 | 1,623.79 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchases of fixed assets and change in capital work-in-progress | 20 | (256.07) | (90.50) | (586.60) | (224.26) | (425.86) |
| Acquisition of Expert Information Systems Pty. Limited, Australia | | - | (50.75) | - | (50.75) | (66.68) |
| Proceeds on disposal of fixed assets | | 0.10 | 0.02 | 0.32 | 0.26 | 1.43 |
| (Investments) in / disposal of securities | 21 | (90.61) | (145.54) | (111.24) | (595.92) | (934.17) |
| Interest and dividend income | | 25.51 | 26.59 | 77.79 | 73.81 | 102.23 |
| NET CASH USED IN INVESTING ACTIVITIES | | (321.07) | (260.18) | (619.73) | (796.86) | (1,323.05) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from the issue of preference share capital | | - | - | (0.05) | - | 44.56 |
| Proceeds from issuance of share capital on exercise of stock options (refer to note 23.3.22.b) | | 176.26 | 61.53 | 301.00 | 66.61 | 122.27 |
| Dividends paid during the period/ year, including dividend tax | | (151.43) | (108.40) | (1,020.57) | (216.75) | (216.75) |
| NET CASH USED IN FINANCING ACTIVITIES | | 24.83 | (46.87) | (719.62) | (150.14) | (49.92) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | (7.27) | 4.95 | 8.38 | 1.09 | (5.76) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | 145.26 | 197.86 | (246.01) | 234.73 | 245.06 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR | | 1,538.09 | 1,721.17 | 1,929.36 | 1,684.30 | 1,684.30 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/ YEAR | 22 | 1,683.35 | 1,919.03 | 1,683.35 | 1,919.03 | 1,929.36 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | 23 | | | | | |

The schedules referred to above form an integral part of the consolidated cash flow statement.

As per our report attached

for BSR & Co.
(formerly Bharat S Raut & Co.)
Chartered Accountants

Subramanian Suresh
Partner
Membership No. 83673

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

Claude Smadja
Director

Sridar A. Iyengar
Director

K. Dinesh
Director

S. D. Shibulal
Director

T. V. Mohandas Pai
Director and
Chief Financial Officer

Bangalore
January 12, 2005

Srinath Batni
Director

V. Balakrishnan
Company Secretary and
Senior Vice President – Finance

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

Schedules to the Consolidated Balance Sheet as at December 31, 2004 December 31, 2003 March 31, 2004

1 SHARE CAPITAL

Authorized

Equity shares, Rs. 5/- par value

30,00,00,000 (10,00,00,000; 10,00,00,000) equity shares

150.00

50.00

50.00

Issued, Subscribed and Paid Up

Equity shares, Rs. 5/- par value*

26,94,56,304 (6,64,55,992; 6,66,41,056) equity shares fully paid up

134.74

33.23

33.32

[Of the above, 25,84,92,302 (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]

134.74

33.23

33.32

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

* For details of options in respect of equity shares, refer to note 23.3.9

* Refer to note 23.3.21 for details of basic and diluted shares

2 RESERVES AND SURPLUS

Capital reserve

5.94

5.94

5.94

Share premium account

As at April 1,

460.90

338.83

338.83

Add: Receipts on exercise of stock options issued to employees

299.88

66.50

122.07

760.78

405.33

460.90

Foreign currency translation adjustment

(1.32)

-

(0.85)

General reserve

As at April 1,

2,679.60

2,479.60

2,479.60

Less: capitalized for issue of bonus shares

100.30

-

-

Add: Transfer from the profit and loss account

-

-

200.00

2,579.30

2,479.60

2,679.60

Balance in profit and loss account

1,247.69

800.00

70.67

4,592.39

3,690.87

3,216.26

3 PREFERENCE SHARES ISSUED BY SUBSIDIARY

Authorized

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

87,50,000 (43,75,000; 87,50,000) preference shares

87.50

43.75

87.50

Issued, Subscribed and Paid Up

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

87,50,000 (43,75,000; 87,50,000) preference shares fully paid up*

87.50

43.75

87.50

Premium received on issue of preference shares

6.01

5.25

6.06

93.51

49.00

93.56

* for details of the terms relating to the preference shares, refer to note 23.3.19

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

Schedules to the Consolidated Balance Sheet

4 FIXED ASSETS

in Rs. crore

| Particulars | Original cost | | | | Depreciation and amortization | | | | Net book value | | |
|------------------------------|------------------------|-------------------------------------|-------------------------------------|----------------------------|-------------------------------|------------------------|-----------------------------------|----------------------------|----------------------------|----------------------------|-------------------------|
| | As at April 1, 2004 | Additions during the period/year | Deletions during the period/year | As at December 31, 2004 | As at April 1, 2004 | For the period/year | Deductions for the period/year | As at December 31, 2004 | As at December 31, 2004 | As at December 31, 2003 | As at March 31, 2004 |
| Goodwill | 40.52 | - | - | 40.52 | - | - | - | - | 40.52 | - | 40.52 |
| Land: free-hold | 20.05 | 0.15 | - | 20.20 | - | - | - | - | 20.20 | 15.87 | 20.05 |
| leasehold | 70.20 | 26.01 | - | 96.21 | - | - | - | - | 96.21 | 66.49 | 70.20 |
| Buildings | 459.61 | 227.07 | - | 686.68 | 80.47 | 26.39 | - | 106.86 | 579.82 | 363.04 | 379.14 |
| Plant and machinery | 283.35 | 94.41 | 6.28 ** | 371.48 | 165.27 | 40.85 | 6.13 ** | 199.99 | 171.49 | 118.46 | 118.08 |
| Computer equipment | 461.84 | 148.28 | 13.77 ** | 596.35 | 370.37 | 79.67 | 13.77 ** | 436.27 | 160.08 | 75.90 | 91.47 |
| Furniture and fixtures | 252.87 | 83.03 | 7.58 ** | 328.32 | 151.12 | 39.37 | 7.53 ** | 182.96 | 145.36 | 106.63 | 101.75 |
| Leasehold improvements | 2.64 | 2.01 | - | 4.65 | 0.20 | 0.76 | - | 0.96 | 3.69 | 2.56 | 2.44 |
| Vehicles | 0.43 | 0.25 | - | 0.68 | 0.27 | 0.07 | - | 0.34 | 0.34 | 0.17 | 0.16 |
| Intangible assets | | | | | | | | | | | |
| Intellectual property rights | 42.14 | - | - | 42.14 | 42.14 | - | - | 42.14 | - | - | - |
| | 1,633.65 | 581.21 | 27.63 | 2,187.23 | 809.84 | 187.11 | 27.43 | 969.52 | 1,217.71 | 749.12 | 823.81 |
| Previous period | 1,279.04 | 221.18 | 1.22 | 1,499.00 | 578.54 | 172.31 | 0.97 | 749.88 | | | |
| Previous year | 1,279.04 | 361.88 | 7.27 | 1,633.65 | 578.54 | 236.73 | 5.43 | 809.84 | | | |

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

** amount includes the retiral of assets which are not in active use with original cost of Rs. 23.22 and accumulated depreciation of Rs. 23.17

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

| Schedules to the Consolidated Balance Sheet as at | December 31, 2004 | December 31, 2003 | March 31, 2004 |
|---|-------------------|-------------------|-----------------|
| 5 INVESTMENTS | | | |
| Trade (unquoted) – at cost | | | |
| Long- term investments | 30.01 | 38.56 | 30.01 |
| Less: Provision for investments | <u>27.97</u> | <u>29.77</u> | <u>27.97</u> |
| | 2.04 | 8.79 | 2.04 |
| Non-trade (unquoted), at the lower of cost and fair value, current investments | | | |
| Liquid mutual funds | <u>1,054.98</u> | <u>605.22</u> | <u>943.41</u> |
| | <u>1,057.02</u> | <u>614.01</u> | <u>945.45</u> |
| Aggregate of unquoted investments - carrying value / cost | 1,057.02 | 614.01 | 945.45 |
| 6 DEFERRED TAX ASSETS | | | |
| Fixed assets | 30.94 | 23.05 | 27.13 |
| Investments | 3.00 | 6.60 | 6.60 |
| Sundry debtors | 3.22 | 3.20 | 2.14 |
| Leave provisions and others | <u>5.82</u> | <u>-</u> | <u>4.10</u> |
| | <u>42.98</u> | <u>32.85</u> | <u>39.97</u> |
| 7 SUNDRY DEBTORS | | | |
| Debts outstanding for a period exceeding six months | | | |
| Unsecured | | | |
| considered good | - | - | - |
| considered doubtful | 10.70 | 15.39 | 9.07 |
| Other debts | | | |
| Unsecured | | | |
| considered good* | 1,038.37 | 696.96 | 651.45 |
| considered doubtful | <u>7.51</u> | <u>6.22</u> | <u>4.29</u> |
| | <u>1,056.58</u> | <u>718.57</u> | <u>664.81</u> |
| Less: Provision for doubtful debts | <u>18.21</u> | <u>21.61</u> | <u>13.36</u> |
| | <u>1,038.37</u> | <u>696.96</u> | <u>651.45</u> |
| * Includes dues from companies where directors are interested | 4.67 | - | 0.16 |
| 8 CASH AND BANK BALANCES | | | |
| Cash on hand | 0.07 | 0.02 | 0.01 |
| Balances with scheduled banks | | | |
| In current accounts * | 70.85 | 130.88 | 226.87 |
| In deposit accounts in Indian Rupees | 1,117.17 | 1,295.29 | 1,317.28 |
| Balances with non-scheduled banks | | | |
| In deposit accounts in foreign currency | 36.18 | 180.55 | 13.86 |
| In current accounts in foreign currency | <u>245.55</u> | <u>10.25</u> | <u>163.49</u> |
| | <u>1,469.82</u> | <u>1,616.99</u> | <u>1,721.51</u> |
| *includes balance in unclaimed dividend account | 3.52 | 2.12 | 1.98 |
| *includes balance in escrow account | - | 10.25 | 0.04 |

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to the consolidated Balance Sheet as at December 31, 2004 December 31, 2003 March 31, 2004

9 LOANS AND ADVANCES

| | | | |
|--|---------------|---------------|---------------|
| Unsecured, considered good | | | |
| Advances | | | |
| prepaid expenses | 26.23 | 21.30 | 37.95 |
| for supply of goods and rendering of services | 6.64 | 2.39 | 5.83 |
| for acquisition of company (retained in trust by the company's solicitors) | - | 50.75 | - |
| Others | <u>16.23</u> | <u>6.25</u> | <u>3.65</u> |
| | 49.10 | 80.69 | 47.43 |
| Unbilled revenues | 124.66 | 93.02 | 103.09 |
| Advance income tax | 341.03 | 202.37 | 210.27 |
| Loans and advances to employees * | | | |
| housing and other loans | 61.77 | 89.17 | 83.36 |
| salary advances | 42.62 | 30.28 | 36.37 |
| Electricity and other deposits | 18.02 | 9.07 | 9.50 |
| Rental deposits | 16.57 | 15.00 | 14.98 |
| Deposits with financial institutions and body corporate | 262.53 | 302.04 | 207.85 |
| Deposits with government authorities | 0.01 | 0.01 | 0.01 |
| Other assets | <u>30.10</u> | <u>2.32</u> | <u>8.19</u> |
| | 946.41 | 823.97 | 721.05 |
| Unsecured, considered doubtful | | | |
| Loans and advances to employees | <u>0.28</u> | <u>0.49</u> | <u>0.09</u> |
| | 946.69 | 824.46 | 721.14 |
| Less: Provision for doubtful loans and advances to employees | <u>0.28</u> | <u>0.49</u> | <u>0.09</u> |
| | <u>946.41</u> | <u>823.97</u> | <u>721.05</u> |
| * includes dues by non-director officers of the company | - | - | - |
| Maximum amounts due by non-director officers at any time during the year | - | 0.06 | 0.06 |

10 CURRENT LIABILITIES

| | | | |
|--|---------------|---------------|---------------|
| Sundry creditors | | | |
| for capital goods | 2.09 | 0.51 | 1.48 |
| for goods and services | 2.95 | 3.90 | 2.65 |
| for accrued salaries and benefits | | | |
| salaries | 15.03 | 12.80 | 15.22 |
| bonus and incentives | 165.56 | 185.38 | 243.78 |
| unavailed leave | 64.54 | 34.82 | 51.82 |
| for other liabilities | | | |
| provision for expenses | 123.18 | 62.56 | 63.77 |
| retention monies | 12.25 | 5.15 | 5.27 |
| withholding and other taxes payable | 85.55 | 38.40 | 44.46 |
| for purchase of intellectual property rights | 19.16 | 20.16 | 19.21 |
| others | <u>10.40</u> | <u>9.01</u> | <u>2.25</u> |
| | 500.71 | 372.69 | 449.91 |
| Advances received from clients | 33.97 | 96.58 | 65.19 |
| Unearned revenue | 114.53 | 84.32 | 63.85 |
| Loss on forward exchange contracts | - | - | - |
| Unclaimed dividend | <u>3.52</u> | <u>2.12</u> | <u>1.98</u> |
| | <u>652.73</u> | <u>555.71</u> | <u>580.93</u> |

11 PROVISIONS

| | | | |
|--|---------------|---------------|-----------------|
| Proposed dividend | - | - | 766.37 |
| Provision for | | | |
| tax on dividend | - | - | 98.19 |
| income taxes | 497.74 | 280.38 | 316.74 |
| post-sales client support and warranties | 14.14 | 4.47 | 5.13 |
| retiral benefits | <u>0.50</u> | <u>0.71</u> | <u>0.79</u> |
| | <u>512.38</u> | <u>285.56</u> | <u>1,187.22</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

| Schedules to Consolidated Profit and Loss Account for the | Quarter ended December 31, | | Nine months ended December 31, | | Year ended March 31, |
|---|-------------------------------|------|-----------------------------------|------|-------------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 |

12 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES

| | | | | | |
|--|---------------|---------------|-----------------|-----------------|-----------------|
| Salaries and bonus including overseas staff expenses | 815.08 | 550.64 | 2,203.42 | 1,494.48 | 2,079.57 |
| Staff welfare | 7.46 | 3.86 | 15.67 | 10.00 | 13.49 |
| Contribution to provident and other funds | 21.04 | 13.31 | 57.19 | 37.58 | 51.63 |
| Overseas travel expenses | 56.23 | 42.46 | 186.24 | 129.22 | 174.00 |
| Consumables | 2.94 | 2.61 | 11.32 | 6.40 | 10.09 |
| Software packages | | | | | |
| for own use | 32.26 | 14.50 | 82.03 | 49.57 | 64.84 |
| for service delivery to clients | 3.78 | 2.12 | 13.43 | 14.46 | 16.12 |
| Technical sub-contractors | 33.57 | 11.18 | 72.37 | 46.59 | 65.78 |
| Computer maintenance | 4.03 | 3.15 | 11.92 | 8.73 | 12.26 |
| Communication expenses | 13.18 | 10.78 | 39.70 | 30.26 | 42.58 |
| Provision for post-sales client support and warranties | (5.95) | (0.21) | 12.84 | (0.36) | 0.30 |
| Traveling and conveyance | 2.52 | 0.94 | 6.32 | 1.82 | 3.44 |
| Rent | 4.17 | 1.36 | 8.36 | 2.83 | 4.57 |
| Other miscellaneous expenses | 1.17 | - | 2.54 | - | - |
| | <u>991.48</u> | <u>656.70</u> | <u>2,723.35</u> | <u>1,831.58</u> | <u>2,538.67</u> |

13 SELLING AND MARKETING EXPENSES

| | | | | | |
|--|---------------|--------------|---------------|---------------|---------------|
| Salaries and bonus including overseas staff expenses | 69.93 | 59.93 | 207.02 | 161.88 | 216.47 |
| Staff welfare | 0.11 | 0.15 | 0.40 | 0.40 | 0.75 |
| Contribution to provident and other funds | 0.56 | 0.29 | 1.32 | 1.53 | 1.82 |
| Overseas travel expenses | 13.81 | 11.95 | 40.31 | 31.17 | 42.57 |
| Consumables | 0.03 | 0.06 | 0.24 | 0.14 | 0.20 |
| Software packages | | | | | |
| for own use | 0.01 | - | 0.01 | 0.01 | 0.18 |
| Computer maintenance | - | - | 0.12 | 0.02 | 0.04 |
| Traveling and conveyance | 3.60 | 0.04 | 9.92 | 0.05 | 2.29 |
| Rent | 3.11 | 3.93 | 8.75 | 10.83 | 15.19 |
| Telephone charges | 1.30 | 2.04 | 4.12 | 5.01 | 5.16 |
| Professional charges | 5.14 | 1.34 | 14.23 | 4.08 | 6.11 |
| Printing and stationery | 0.36 | 0.27 | 1.01 | 0.79 | 1.05 |
| Advertisements | 0.80 | 0.04 | 1.66 | 0.28 | 0.64 |
| Brand building | 8.39 | 9.16 | 26.83 | 24.39 | 34.23 |
| Office maintenance | 0.05 | 0.08 | 0.76 | 0.19 | 0.88 |
| Power and fuel | - | 0.01 | - | 0.04 | 0.04 |
| Insurance charges | 0.18 | 0.02 | 0.42 | 0.07 | 0.11 |
| Rates and taxes | - | 0.01 | 0.03 | 0.04 | 0.08 |
| Bank charges and commission | - | 0.01 | - | 0.02 | 0.02 |
| Commission charges | 6.84 | 3.33 | 15.34 | 6.24 | 7.27 |
| Marketing expenses | 1.54 | 1.88 | 8.12 | 4.49 | 6.45 |
| Sales promotion expenses | 0.35 | 0.31 | 0.94 | 0.50 | 0.72 |
| Miscellaneous expenses | 0.70 | 0.04 | 2.73 | 7.06 | 8.63 |
| | <u>116.81</u> | <u>94.89</u> | <u>344.28</u> | <u>259.23</u> | <u>350.90</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

| Schedules to Consolidated Profit and Loss Account for the | Quarter ended | | Nine months ended | | Year ended |
|---|-------------------|------|-------------------|------|----------------|
| | December 31, 2004 | 2003 | December 31, 2004 | 2003 | March 31, 2004 |

14 GENERAL AND ADMINISTRATION EXPENSES

| | | | | | |
|--|---------------|--------------|---------------|---------------|---------------|
| Salaries and bonus including overseas staff expenses | 35.70 | 20.52 | 90.91 | 56.84 | 81.93 |
| Staff welfare | 0.37 | 0.08 | 0.67 | 0.12 | 0.28 |
| Contribution to provident and other funds | 1.90 | 1.16 | 5.51 | 3.63 | 5.02 |
| Overseas travel expenses | 3.03 | 1.65 | 7.84 | 5.63 | 7.07 |
| Traveling and conveyance | 8.50 | 5.77 | 27.28 | 15.28 | 22.72 |
| Software packages for own use | 0.37 | 0.61 | 1.28 | 1.03 | 1.89 |
| Rent | 3.56 | 3.96 | 14.01 | 14.73 | 19.38 |
| Telephone charges | 12.12 | 6.74 | 35.02 | 21.70 | 30.25 |
| Professional charges | 19.78 | 9.67 | 50.60 | 26.38 | 36.29 |
| Printing and stationery | 3.07 | 1.31 | 7.83 | 4.84 | 6.11 |
| Advertisements | 2.61 | 0.82 | 7.28 | 2.18 | 5.51 |
| Office maintenance | 11.25 | 7.43 | 30.31 | 20.09 | 29.32 |
| Repairs to building | 3.53 | 3.98 | 7.54 | 7.36 | 10.52 |
| Repairs to plant and machinery | 2.03 | 1.14 | 5.14 | 3.75 | 4.85 |
| Power and fuel | 11.12 | 7.91 | 31.20 | 22.87 | 30.14 |
| Recruitment and training | 0.78 | 0.01 | 1.63 | 0.14 | 1.21 |
| Insurance charges | 7.29 | 6.31 | 22.59 | 17.84 | 24.67 |
| Rates and taxes | 2.11 | 1.65 | 7.06 | 3.87 | 5.62 |
| Donations | 8.00 | 3.54 | 17.05 | 10.57 | 14.29 |
| Auditor's remuneration | | | | | |
| statutory audit fees | 0.30 | 0.09 | 0.72 | 0.27 | 0.63 |
| certification charges | 0.07 | - | 0.07 | - | 0.10 |
| others | - | - | - | - | 0.06 |
| out-of-pocket expenses | 0.01 | 0.01 | 0.02 | 0.02 | 0.02 |
| Provision for bad and doubtful debts | 5.86 | 4.11 | 17.44 | 18.12 | 15.99 |
| Provision for doubtful loans and advances | 0.04 | (0.05) | 0.15 | 0.07 | 0.14 |
| Bank charges and commission | 0.31 | 0.20 | 0.93 | 0.61 | 0.73 |
| Commission to non-whole time directors | 0.39 | 0.47 | 1.16 | 1.25 | 1.49 |
| Postage and courier | 0.95 | 0.85 | 3.87 | 2.79 | 3.98 |
| Books and periodicals | 0.51 | 0.44 | 1.80 | 1.02 | 1.51 |
| Research grants | 0.24 | 0.18 | 0.43 | 0.36 | 0.54 |
| Freight charges | 0.20 | 0.32 | 0.57 | 0.62 | 0.84 |
| Professional membership and seminar participation fees | 1.57 | 1.19 | 4.60 | 2.55 | 3.71 |
| Miscellaneous expenses | 1.77 | 0.26 | 3.88 | 1.13 | 2.38 |
| | <u>149.34</u> | <u>92.33</u> | <u>406.39</u> | <u>267.66</u> | <u>369.19</u> |

15 OTHER INCOME

| | | | | | |
|---|--------------|--------------|--------------|---------------|---------------|
| Interest received on deposits with banks and others* | 16.44 | 21.28 | 51.03 | 64.95 | 84.51 |
| Dividend received on investment in liquid mutual funds (non-trade unquoted) | 9.07 | 5.31 | 26.76 | 8.86 | 17.72 |
| Miscellaneous income | (0.01) | (0.25) | 0.49 | 1.07 | 1.13 |
| Exchange differences (refer to note 23.2) | 20.81 | 20.12 | 13.33 | 46.68 | 20.02 |
| | <u>46.31</u> | <u>46.46</u> | <u>91.61</u> | <u>121.56</u> | <u>123.38</u> |
| *Tax deducted at source | 2.43 | 3.74 | 9.21 | 12.95 | 16.82 |

16 PROVISION FOR TAXATION

| | | | | | |
|----------------------|--------------|--------------|---------------|---------------|---------------|
| Current period/ year | | | | | |
| Income taxes | 93.88 | 63.98 | 244.95 | 172.12 | 228.54 |
| Deferred taxes | (0.45) | 1.02 | (4.85) | 3.96 | (1.11) |
| | <u>93.43</u> | <u>65.00</u> | <u>240.10</u> | <u>176.08</u> | <u>227.43</u> |
| Prior period/ years | - | - | - | 0.92 | 0.11 |
| | <u>93.43</u> | <u>65.00</u> | <u>240.10</u> | <u>177.00</u> | <u>227.54</u> |

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

in Rs. crore

| Schedules to Consolidated Cashflow Statements for the | Quarter ended | | Nine months ended | | Year ended |
|--|----------------------|-----------------|----------------------|-----------------|-------------------|
| | December 31, 2004 | 2003 | December 31, 2004 | 2003 | March 31, 2004 |
| 17 CHANGE IN LOANS AND ADVANCES | | | | | |
| As per the Balance Sheet | 946.41 | 823.97 | 946.41 | 823.97 | 721.05 |
| Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents (refer to note 23.3.22.c) | (213.53) | (302.04) | (213.53) | (302.04) | (207.85) |
| Advance for investment in Expert information services Pty Ltd - Australia | - | (50.75) | - | (50.75) | - |
| Advance income taxes separately considered | (341.03) | (202.37) | (341.03) | (202.37) | (210.27) |
| | 391.85 | 268.81 | 391.85 | 268.81 | 302.93 |
| Less: Opening balance considered | (363.23) | (290.70) | (302.93) | (285.26) | (285.26) |
| | <u>28.62</u> | <u>(21.89)</u> | <u>88.92</u> | <u>(16.45)</u> | <u>17.67</u> |
| 18 CHANGE IN CURRENT LIABILITIES AND PROVISIONS | | | | | |
| As per the Balance Sheet | 1,165.11 | 841.27 | 1,165.11 | 841.27 | 1,768.15 |
| Add/ (Less): Provisions separately considered in the cash flow Statement | | | | | |
| Income taxes | (497.74) | (280.38) | (497.74) | (280.38) | (316.74) |
| Dividends | - | - | - | - | (766.37) |
| Proceeds received on investment pending regulatory approval | - | (6.02) | - | (6.02) | - |
| Dividend tax | - | - | - | - | (98.19) |
| | 667.37 | 554.87 | 667.37 | 554.87 | 586.85 |
| Less: Opening balance considered | (638.09) | (381.54) | (586.85) | (324.65) | (324.65) |
| | <u>29.28</u> | <u>173.33</u> | <u>80.52</u> | <u>230.22</u> | <u>262.20</u> |
| 19 INCOME TAXES PAID | | | | | |
| Charge as per the Profit and Loss Account | 93.43 | 65.00 | 240.10 | 177.00 | 227.54 |
| Add: Increase in advance income taxes | 64.94 | 4.24 | 130.76 | (88.07) | (80.17) |
| Increase / (Decrease) in deferred taxes | (1.52) | (1.02) | 3.01 | (3.96) | 3.16 |
| Less: (Increase) / Decrease in income tax provision | (72.81) | (49.33) | (181.00) | (5.57) | (41.93) |
| | <u>84.04</u> | <u>18.89</u> | <u>192.87</u> | <u>79.40</u> | <u>108.60</u> |
| 20 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS | | | | | |
| As per the schedule 4 to Balance Sheet | 296.86 | 75.66 | 581.21 | 221.18 | 361.88 |
| Less: Opening Capital work-in-progress | (254.23) | (65.63) | (208.05) | (77.39) | (77.39) |
| Acquisition of Expert Information Systems Pty. Limited, Australia | - | - | - | - | (66.68) |
| Add: Closing Capital work-in-progress | 213.44 | 80.47 | 213.44 | 80.47 | 208.05 |
| | <u>256.07</u> | <u>90.50</u> | <u>586.60</u> | <u>224.26</u> | <u>425.86</u> |
| 21 INVESTMENTS IN / (DISPOSAL OF) SECURITIES * | | | | | |
| As per the Balance Sheet | 1,057.02 | 614.01 | 1,057.02 | 614.01 | 945.45 |
| Add: Provisions on investments | (0.39) | 2.29 | (0.33) | 8.88 | 9.67 |
| Less: Proceeds received on investment pending regulatory approval | - | (6.02) | - | (6.02) | - |
| | 1,056.63 | 610.28 | 1,056.69 | 616.87 | 955.12 |
| Less: Opening balance considered | (966.02) | (464.74) | (945.45) | (20.95) | (20.95) |
| | <u>90.61</u> | <u>145.54</u> | <u>111.24</u> | <u>595.92</u> | <u>934.17</u> |
| * refer to note 23.3.14 for details of investments and redemptions | | | | | |
| 22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR | | | | | |
| As per the Balance Sheet | 1,469.82 | 1,616.99 | 1,469.82 | 1,616.99 | 1,721.51 |
| Add: Deposits with financial institutions and body corporate, included herein* | 213.53 | 302.04 | 213.53 | 302.04 | 207.85 |
| | <u>1,683.35</u> | <u>1,919.03</u> | <u>1,683.35</u> | <u>1,919.03</u> | <u>1,929.36</u> |
| * refer to note 23.3.22c | | | | | |