INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Balance Sheet as at	Schedule	December 31, 2006	March 31, 2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	279	138
Reserves and surplus	2	9,363	6,759
		9,642	**6,897**
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		3,651	2,837
Less: Accumulated depreciation		1,608	1,275
Net book value		2,043	1,562
Add: Capital work-in-progress		573	571
		2,616	2,133
INVESTMENTS	4	2,793	876
DEFERRED TAX ASSETS	5	71	56
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,086	1,518
Cash and bank balances	7	1,668	3,279
Loans and advances	8	1,769	1,252
		5,523	6,049
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,045	808
Provisions	10	316	1,409
NET CURRENT ASSETS		4,162	3,832
		9,642	**6,897**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

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

As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer and Managing Director

S. Gopalakrishnan
President, Chief Operating Officer and Joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
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Omkar Goswami
Director

Rama Bijapurkar
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Claude Smadja
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Sridar A. Iyengar
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S. D. Shibulal
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K. Dinesh
Director

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Bangalore
January 11, 2007

Parvatheesam K.
Company Secretary

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore, except per share data

Profit and Loss Account for the	**Schedule**	**Quarter ended December 31, 2006**	**Quarter ended December 31, 2005**	**Nine months ended December 31, 2006**	**Nine months ended December 31, 2005**
Income from software services and products		3,454	2,398	9,594	6,535
Software development expenses	11	1,888	1,276	5,299	3,508
GROSS PROFIT		**1,566**	**1,122**	**4,295**	**3,027**
Selling and marketing expenses	12	182	129	530	374
General and administration expenses	13	235	160	688	469
		417	289	1,218	843
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		**1,149**	**833**	**3,077**	**2,184**
Interest		-	-	-	-
Depreciation		129	109	336	274
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,020	724	2,741	1,910
Other income, net	14	60	(2)	255	73
Provision for investments		-	-	3	-
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**1,080**	**722**	**2,993**	**1,983**
Provision for taxation	15	122	80	340	226
NET PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		958	642	2,653	1,757
Income on sale of Investments, net of taxes (refer to note 22.2.22)		-	-	6	-
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		**958**	**642**	**2,659**	**1,757**
Balance Brought Forward		**3,574**	**2,341**	**2,195**	**1,428**
Less: Residual dividend paid		-	-	4	-
Dividend tax on the above		-	-	1	-
		3,574	**2,341**	**2,190**	**1,428**
AMOUNT AVAILABLE FOR APPROPRIATION		**4,532**	**2,983**	**4,849**	**3,185**
Dividend					
Interim		-	-	278	177
Final		-	-	-	-
Total dividend		-	-	278	177
Dividend tax		-	-	39	25
Amount transferred to general reserve		-	-	-	-
Balance in profit and loss account		4,532	2,983	4,532	2,983
		4,532	**2,983**	**4,849**	**3,185**
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Before exceptional Items					
Basic		17.20	11.72	47.82	32.27
Diluted		16.82	11.39	46.70	31.35
After exceptional Items					
Basic		17.20	11.72	47.93	32.27
Diluted		16.82	11.39	46.81	31.35
Number of shares used in computing earnings per share					
Basic		55,70,34,398	54,75,42,952	55,48,77,140	54,45,78,758
Diluted		56,97,17,084	56,32,09,906	56,81,73,059	56,04,86,992
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22				

* Refer to note 22.2.20

The schedules referred to above are an integral part of the profit and loss account

As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

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Chief Financial Officer

Bangalore
January 11, 2007

Parvatheesam K.
Company Secretary

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Cash Flow Statement for the	**Schedule**	**Nine months ended December 31, 2006**	**2005**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		2,993	1,983
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		336	274
Interest and dividend income		(183)	(127)
Profit on sale of liquid mutual funds		(8)	-
Provision for investments		3	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(16)	1
Changes in current assets and liabilities			
Sundry debtors		(568)	(61)
Loans and advances	16	(246)	(56)
Current liabilities and provisions	17	233	139
Income taxes paid	18	(290)	(253)
NET CASH GENERATED BY OPERATING ACTIVITIES		**2,254**	**1,900**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(818)	(783)
Proceeds on disposal of fixed assets		-	-
Payment for intellectual property rights (refer to note 22.2.21)		14	-
Investment in subsidiaries (refer to note 22.2.16)		(553)	(22)
Investments in securities (refer to note 22.2.16)	20	(1,359)	(958)
Interest and dividend income		183	127
Cash flow from investing activities before exceptional items		**(2,533)**	**(1,636)**
Proceeds on sale of Long Term Investments (Net of taxes) (refer to note 22.2.16)		6	-
NET CASH USED IN INVESTING ACTIVITIES		**(2,527)**	**(1,636)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		421	453
Dividends paid during the period		(1,343)	(353)
Dividend Tax paid during the period		(189)	(50)
NET CASH USED IN FINANCING ACTIVITIES		**(1,111)**	**50**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		16	(1)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,368)**	**313**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,779	1,683
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	**2,411**	**1,996**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

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

As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

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Chief Financial Officer

Bangalore
January 11, 2007

Parvatheesam K.
Company Secretary

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore, except as otherwise stated

Schedules to the Balance Sheet as at	**December 31, 2006**	**March 31, 2006**
1 SHARE CAPITAL		
Authorized		
Equity shares, Rs. 5/- par value		
60,00,00,000 (30,00,00,000) equity shares	300	150
Issued, Subscribed and Paid Up		
Equity shares, Rs. 5/- par value*	279	138
55,78,48,468 (27,55,54,980) equity shares fully paid up		
[Of the above, 53,53,35,478 (25,84,92,302) equity shares, fully paid up have been issued as bonus shares by capitalization of the general reserve]		
	279	**138**

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

** For details of options in respect of equity shares, refer to note 22.2.11*

** Also refer to note 22.2.20 for details of basic and diluted shares*

2 RESERVES AND SURPLUS		
Capital reserve	6	6
Share premium account - As at April 1,	1,543	900
Add: Receipts on exercise of employee stock options	418	571
Income tax benefit arising from exercise of stock options	-	72
	1,961	1,543
General reserve - As at April 1,	3,015	2,773
Less: Gratuity transitional liability *(refer to note 22.2.23)*	13	-
Less: Capitalized on issue of bonus shares	138	-
Add: Transferred from the Profit and Loss Account	-	242
	2,864	3,015
Balance in Profit and Loss Account	4,532	2,195
	9,363	**6,759**

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore except as otherwise stated

Schedules to the Balance Sheet

3 FIXED ASSETS

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2006	Additions	Deductions/ Retirement	As at December 31, 2006	As at April 1, 2006	For the Period	Deductions/ Retirement	As at December 31, 2006	As at December 31, 2006	As at March 31, 2006
Land : free-hold *	34	4	-	38	-	-	-	-	38	34
leasehold	104	20	4	120	-	-	-	-	120	104
Buildings*	1,022	355	-	1,377	179	62	-	241	1,136	843
Plant and machinery*	559	147	-	706	305	77	1	381	325	254
Computer equipment*	700	198	2	896	516	148	2	662	234	184
Furniture and fixtures*	417	95	-	512	275	48	-	323	189	142
Vehicles	1	1	-	2	-	1	-	1	1	1
	2,837	**820**	**6**	**3,651**	**1,275**	**336**	**3**	**1,608**	**2,043**	**1,562**
Previous Period	**2,183**	**657**	**15**	**2,825**	**1,006**	**274**	**15**	**1,265**	**1,560**	
Previous year	**2,183**	**799**	**145**	**2,837**	**1,006**	**409**	**140**	**1,275**	**1,562**	

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

* Includes certain assets provided on operating lease to Infosys BPO , a subsidiary. Please refer to note 22.2.6 for details

* Please refer to note 22.2.

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Schedules to the Balance Sheet as at	December 31, 2006	March 31, 2006
4 INVESTMENTS		
Trade (unquoted) – at cost		
Long- term investments		
In subsidiaries		
Infosys BPO Ltd, India		
3,32,49,993 (2,44,99,993) equity shares of Rs. 10/- each, fully paid	555	25
Infosys Technologies (China) Co. Limited	32	23
Infosys Technologies (Australia) Pty Limited		
1,01,08,869 (1,01,08,869) equity shares of A$ 0.11 par value, fully paid	66	66
Infosys Consulting, Inc., USA		
2,00,00,000 (1,70,00,000) common stock of US $1.00 par value, fully paid	90	76
	743	190
In other investments*	11	16
Less: Provision for investments	11	14
	-	2
Non-trade (unquoted), current investments, at the lower of cost and fair value		
Liquid mutual fund units *	2,050	684
	2,793	**876**
Aggregate amount of unquoted investments	2,793	876
** Refer to note 22.2.16 for details of investments*		
5 DEFERRED TAX ASSETS		
Fixed assets	68	54
Sundry debtors	3	2
	71	**56**
6 SUNDRY DEBTORS*		
Debts outstanding for a period exceeding six months		
Unsecured		
considered doubtful	23	8
Other debts		
Unsecured		
considered good**	2,086	1,518
considered doubtful	3	2
	2,112	1,528
Less: Provision for doubtful debts	26	10
	2,086	**1,518**
* Includes dues from companies where directors are interested	3	2
** Includes dues from subsidiaries	5	-
7 CASH AND BANK BALANCES		
Cash on hand	-	-
Balances with scheduled banks in Indian Rupees		
In current accounts *	149	169
In deposit accounts	1,216	2,735
Balances with non-scheduled banks in foreign currency **		
In current accounts	303	375
	1,668	**3,279**
**Includes balance in unclaimed dividend account*	3	3
***Refer to note 22.2.13 for details of balances in non-scheduled banks*		

INFOSYS TECHNOLOGIES LIMITED

		in Rs. crore
Schedules to the Balance Sheet as at	**December 31, 2006**	**March 31, 2006**
8 LOANS AND ADVANCES		
Unsecured, considered good		
Loans to subsidiary *(refer to note 22.2.7)*	23	14
Advances		
prepaid expenses	22	27
for supply of goods and rendering of services *	8	9
advance to gratuity trust	-	-
others	24	14
	77	64
Unbilled revenues	309	203
Advance income tax	309	267
Loans and advances to employees		
housing and other loans	40	49
salary advances	56	61
Electricity and other deposits	19	16
Rental deposits	11	12
Deposits with financial institution and body corporate *(refer to note 22.2.14)*	864	580
Mark to Market on options/ forward contracts	84	-
	1,769	1,252
Unsecured, considered doubtful		
Loans and advances to employees	1	-
	1,770	1,252
Less: Provision for doubtful loans and advances to employees	1	-
	1,769	**1,252**
** Includes advances to subsidiary company*	2	6

9 CURRENT LIABILITIES		
Sundry creditors		
goods and services	18	6
accrued salaries and benefits		
salaries	28	6
bonus and incentives	145	233
unavailed leave	109	80
for other liabilities		
provision for expenses	264	166
retention monies	9	13
withholding and other taxes payable	130	82
for purchase of intellectual property rights	-	19
Mark to market on options/ forward contracts	-	2
others	3	3
	706	610
Advances received from clients	15	7
Unearned revenue	321	188
Unclaimed dividend	3	3
	1,045	**808**

10 PROVISIONS		
Proposed dividend	-	1,061
Provision for		
tax on dividend	-	149
income taxes *	294	187
post-sales client support and warranties	22	12
	316	**1,409**

** Refer to note 22.2.12*

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Schedules to Profit and Loss Account for the	Quarter ended December 31, 2006	2005	Nine months ended December 31, 2006	2005
11 SOFTWARE DEVELOPMENT EXPENSES				
Salaries and bonus including overseas staff expenses	1,393	987	3,936	2,632
Overseas group health insurance	28	12	68	36
Contribution to provident and other funds	37	22	105	62
Staff welfare	11	9	29	20
Technical sub-contractors - subsidiaries	159	92	446	266
Technical sub-contractors - others	73	29	170	83
Overseas travel expenses	70	60	206	172
Visa charges and others	20	7	84	53
Software packages				
for own use	57	34	140	98
for service delivery to clients	5	6	20	25
Communication expenses	14	10	40	35
Computer maintenance	6	7	16	14
Consumables	6	4	17	12
Rent	4	3	11	9
Provision for post-sales client support and warranties	5	(6)	11	(9)
	1,888	1,276	5,299	3,508
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	111	74	329	210
Overseas group health insurance	1	1	2	3
Contribution to provident and other funds	1	-	2	1
Staff welfare	1	-	2	1
Overseas travel expenses	24	14	69	42
Visa charges and others	-	2	1	7
Traveling and conveyance	1	1	2	2
Commission and earnout charges	4	10	23	27
Brand building	17	14	44	36
Professional charges	5	5	16	19
Rent	4	3	12	10
Marketing expenses	10	3	18	9
Telephone charges	2	2	5	4
Communication expenses	-	-	1	-
Printing and stationery	1	-	1	1
Advertisements	-	-	2	1
Office maintenance	-	-	-	-
Sales promotion expenses	-	-	1	1
Consumables	-	-	-	-
Software packages				
for own use	-	-	-	-
Computer maintenance	-	-	-	-
Power and fuel	-	-	-	-
Insurance charges	-	-	-	-
Rates and taxes	-	-	-	-
Bank charges and commission	-	-	-	-
Miscellaneous expenses	-	-	-	-
	182	129	530	374

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Schedules to Profit and Loss Account for the	Quarter ended December 31, 2006	2005	Nine months ended December 31, 2006	2005
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	45	33	127	90
Overseas group health insurance	-	-	-	1
Contribution to provident and other funds	3	2	8	5
Professional charges	34	25	100	65
Telephone charges	28	18	80	54
Power and fuel	22	16	66	45
Traveling and conveyance	21	17	61	45
Overseas travel expenses	3	3	12	9
Visa charges and others	-	1	1	3
Office maintenance	23	19	70	47
Guest house maintenance*	1	-	1	1
Insurance charges	7	5	19	16
Printing and stationery	4	2	10	7
Donations	7	4	16	13
Rent	4	2	13	7
Advertisements	2	3	6	10
Repairs to building	5	3	15	11
Repairs to plant and machinery	4	3	10	8
Rates and taxes	7	3	19	7
Professional membership and seminar participation fees	3	2	7	6
Postage and courier	2	1	6	4
Books and periodicals	1	1	3	3
Provision for bad and doubtful debts	5	(4)	24	6
Provision for doubtful loans and advances	-	-	-	-
Commission to non-whole time directors	1	-	1	1
Freight charges	-	-	1	1
Bank charges and commission	-	-	1	1
Research grants	2	-	7	1
Auditor's remuneration				
statutory audit fees	-	-	-	-
certification charges	-	-	-	-
others	-	-	-	-
out-of-pocket expenses	-	-	-	-
Miscellaneous expenses *(refer to note 22.2.15)*	1	1	4	2
	235	**160**	**688**	**469**
**For non training purposes*				
14 OTHER INCOME, NET				
Interest received on deposits with banks and others*	30	25	100	73
Dividend received on investment in liquid mutual funds (non-trade unquoted)	36	24	83	54
Miscellaneous income *(refer to note 22.2.15)*	13	4	28	10
Exchange differences	(19)	(55)	44	(64)
	60	**(2)**	**255**	**73**
**Tax deducted at source*	4	4	22	14
15 PROVISION FOR TAXATION				
Income taxes*	125	86	355	238
Deferred taxes	(3)	(6)	(15)	(12)
	122	**80**	**340**	**226**
**Refer to note 22.2.12*				

INFOSYS TECHNOLOGIES LIMITED

Schedules to Cash Flow Statements for the	*in Rs. crore* Nine months ended December 31, 2006	2005
16 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet*	1,769	1,451
Add: Gratutity transitional liability *(refer to Note 22.2.23)*	13	-
Less: Deposits with financial institutions and body corporates included in cash and cash equivalents	(743)	(426)
Advance income taxes separately considered	(309)	(579)
	730	446
Less: Opening balance considered	(484)	(390)
	246	**56**
** includes loans to subsidiary*		
17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	1,361	1,444
Less: Provisions separately considered in the cash flow statement		
Income taxes	(294)	(707)
Dividends	-	-
Dividend tax	-	-
	1,067	737
Less: Opening balance considered*	(834)	(598)
	233	**139**
**Adjusted for liability towards intellectual property rights (Refer to note 22.2.21)*		
18 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	340	226
Add: Increase in advance income taxes	42	176
Increase/(Decrease) in deferred taxes	15	12
Less: (Increase)/Decrease in income tax provision	(107)	(161)
	290	**253**
19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per the Balance Sheet*	816	657
Less: Opening Capital work-in-progress	(571)	(318)
Add: Closing Capital work-in-progress	573	444
	818	**783**
* Excludes Rs 4 crore (Rs 4 crore) towards movement of land from Leasehold to Freeholc		
20 INVESTMENTS IN SECURITIES *		
As per the Balance Sheet	2,793	2,309
Add: Provisions on investments	3	-
	2,796	2,309
Less: Investment in subsidiaries	(553)	(22)
Profit on sale of liquid mutual funds	(8)	-
Opening balance considered	(876)	(1,329)
	1,359	**958**
** Refer to note 22.2.16 for investment and redemptions*		
21 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
As per the Balance Sheet	1,668	1,570
Add: Deposits with financial institutions, included herein	743	426
	2,411	**1,996**