

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

Consolidated Balance Sheet as at	Schedules	September 30, 2002
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	33.10
Reserves and surplus	2	2,407.73
Preference shares issued by subsidiary	3	49.00
		2,489.83
APPLICATION OF FUNDS		
FIXED ASSETS		
Original cost	4	1,140.87
Less: Depreciation and amortization		476.70
Net book value		664.17
Add: Capital work-in-progress		92.59
		756.76
INVESTMENTS	5	20.95
DEFERRED TAX ASSETS	6	33.58
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	7	459.73
Cash and bank balances	8	1,004.11
Loans and advances	9	912.20
		2,376.04
Less: Current liabilities	10	267.61
Provisions	11	429.89
NET CURRENT ASSETS		1,678.54
		2,489.83

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*Jitendra Vir Singh
*Director*Omkar Goswami
*Director*Larry Pressler
*Director*Claude Smadja
*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
October 10, 2002

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY*in Rs. crore, except per share data*

Consolidated Profit and Loss Account for the		Quarter ended	Half year ended
		September 30, 2002	September 30, 2002
		Schedules	
INCOME – Software services, products and business process management			
Overseas		858.24	1,608.86
Domestic		22.34	36.44
		880.58	1,645.30
Software development and business process management expenses	12	425.50	803.24
GROSS PROFIT		455.08	842.06
SELLING AND MARKETING EXPENSES	13	70.26	125.53
GENERAL AND ADMINISTRATION EXPENSES	14	63.38	121.27
		133.64	246.80
OPERATING PROFIT (PBIDTA)		321.44	595.26
Interest		-	-
Depreciation and amortization		46.39	86.88
OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION		275.05	508.38
Other income	15	18.21	43.01
Provision for investments		23.76	23.76
NET PROFIT BEFORE TAX		269.50	527.63
Provision for taxation	16	45.00	87.50
NET PROFIT AFTER TAX		224.50	440.13
AMOUNT AVAILABLE FOR APPROPRIATION		224.50	440.13
DIVIDEND			
Interim		82.76	82.76
Balance in Profit and Loss Account		141.74	357.37
EARNINGS PER SHARE			
<i>(Equity shares, par value Rs. 5/- each)</i>			
Basic		33.91	66.49
Diluted		33.71	66.03
Number of shares used in computing earnings per share			
Basic		6,61,98,735	6,61,93,632
Diluted		6,65,96,469	6,66,51,932

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
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Company Secretary and
Vice President – Finance

Bangalore
October 10, 2002

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

Schedules to the Consolidated Balance Sheet as at

September 30, 2002

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
6,62,05,180 equity shares fully paid up

33.10

33.10

Forfeited shares amounted to Rs. 1,500/-

* for details of options in respect of the above shares, refer to note 17.2.10

2. RESERVES AND SURPLUS

Capital reserve

5.94

Share premium account as at April 1,
Add : Received during the period

325.34

on conversion of stock options issued to employees

3.14

328.48

General reserve

1715.94

Balance in profit and Loss Account

357.37

2,407.73**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 17.2.19

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 September 30, 2002	As at April 1, 2002	For the period	Deductions during the period	As at September 30, 2002	As at September 30, 2002	As at September 30, 2002
Land – free-hold	15.86	0.02	-	15.88	-	-	-	-	15.88	
Land - lease-hold	27.84	1.73	-	29.57	-	-	-	-	29.57	
Buildings	285.33	53.21	-	338.54	27.89	10.94	-	38.83	299.71	
Plant and machinery	183.87	25.98	0.87	208.98	77.84	16.58	0.68	93.74	115.24	
Computer equipment	287.89	37.22	1.28	323.83	216.63	41.17	1.26	256.54	67.29	
Furniture and fixtures	159.46	27.00	1.35	185.11	70.51	14.16	1.26	83.41	101.70	
Vehicles	0.35	-	-	0.35	0.16	0.03	-	0.19	0.16	
Intangible assets										
Intellectual property rights	-	38.61	-	38.61	-	3.99	-	3.99	34.62	
	960.60	183.77	3.50	1,140.87	393.03	86.87	3.20	476.70	664.17	

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

Schedules to the Consolidated Balance Sheet as at *in Rs. crore*
September 30, 2002

5 INVESTMENTS	
Trade (unquoted) - at cost	
Long-term investments	67.06
Less: Provision for investments	46.11
	20.95
Aggregate of unquoted investments - carrying value / cost	20.95
6 DEFERRED TAX ASSETS	
Fixed assets	17.49
Investments	12.10
Sundry debtors	3.99
	33.58
7 SUNDRY DEBTORS	
Debts outstanding for a period exceeding six months	
Unsecured	
considered doubtful	8.54
Other debts	
Unsecured	
considered good	459.73
considered doubtful	5.98
	474.25
Less: Provision for doubtful debts	14.52
	459.73
8 CASH AND BANK BALANCES	
Cash on hand	0.04
Balances with scheduled banks	
In current accounts *	34.91
In deposit accounts in Indian rupees	843.50
In deposit accounts in foreign currency	-
Balances with non-scheduled banks**	
In current accounts	125.66
	1,004.11
*includes balance in unclaimed dividend account	1.53
**includes restricted cash	4.88

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

Schedules to the Consolidated Balance Sheet as at

September 30, 2002

9 LOANS AND ADVANCES**Unsecured, considered good**

Advances	
prepaid expenses	19.01
advances paid for supply of goods and rendering of services	1.90
others	1.95
	<u>22.86</u>
Unbilled revenues	62.88
Advance income tax	341.30
Loans and advances to employees *	
Housing and other loans	91.96
salary advances	27.97
Electricity and other deposits	6.44
Rental deposits	12.19
Deposits with financial institutions and body corporate	342.92
Deposits with government authorities	0.08
Other assets	3.60
	<u>889.34</u>
Unsecured, considered doubtful	
Loans and advances to employees	0.44
	<u>912.64</u>
Less: Provision for doubtful loans and advances to employees	0.44
	<u>912.20</u>

* includes dues by non-director officers of the company 0.07

Maximum amounts due by non-director officers at any time during the year 0.08

10. CURRENT LIABILITIES

Sundry creditors	
for capital goods	1.65
for accrued salaries and benefits	
salaries	5.13
bonus and incentives	74.08
leave provisions	23.92
retirement benefits	0.03
for other liabilities	
provision for expenses	34.89
retention monies	6.03
withholding and other taxes payable	21.79
for purchase of intellectual property rights	27.21
others	1.88
	<u>196.61</u>
Advances received from clients	17.13
Unearned revenue	52.34
Unclaimed dividend	1.53
	<u>267.61</u>

11. PROVISIONS

Proposed dividends	82.76
Provision for	
income taxes	336.43
post-sales client support	10.70
	<u>429.89</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
	September 30, 2002	
12. SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES		
Salaries and bonus including overseas staff expenses	343.42	641.14
Staff welfare	1.62	3.31
Contribution to provident and other funds	6.82	13.30
Foreign travel expenses	41.72	78.95
Consumables	1.36	2.52
Cost of software packages for own use	11.30	21.12
service delivery to clients	0.74	7.63
Rent	-	0.02
Computer maintenance	2.52	4.38
Communication expenses	5.32	12.49
Consultancy charges	12.95	18.68
Provision for post-sales client support	(2.27)	(0.30)
	425.50	803.24
13. SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	33.69	63.91
Staff welfare	0.18	0.31
Contribution to provident and other funds	0.15	0.24
Foreign travel expenses	9.90	18.60
Consumables	0.05	0.07
Cost of software packages for own use	0.02	0.03
Communication expenses	0.18	0.24
Traveling and conveyance	0.30	0.45
Rent	1.20	2.11
Telephone charges	1.46	2.52
Professional charges	2.97	5.24
Printing and stationery	0.40	0.77
Advertisements	0.24	0.40
Brand building	9.37	17.36
Office maintenance	0.35	0.48
Power and fuel	0.07	0.11
Insurance charges	0.01	0.03
Rates and taxes	0.12	0.23
Bank charges and commission	0.03	0.04
Commission charges	4.90	6.41
Marketing expenses	2.20	3.31
Sales promotion expenses	0.05	0.20
Other miscellaneous expenses	2.42	2.47
	70.26	125.53

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

September 30, 2002

14. GENERAL AND ADMINISTRATION EXPENSES

Salaries and bonus including overseas staff expenses	14.45	26.84
Contribution to provident and other funds	0.76	1.55
Foreign travel expenses	2.15	3.95
Traveling and conveyance	3.87	6.85
Cost of software for own use	0.05	0.05
Rent	5.31	10.42
Telephone charges	5.40	9.05
Legal and professional charges	8.20	14.80
Printing and stationery	1.04	2.70
Advertisements	1.02	1.67
Office maintenance	4.01	7.96
Repairs to building	1.15	3.02
Repairs to plant and machinery	0.93	2.09
Power and fuel	5.40	11.10
Recruitment and training	0.03	0.05
Insurance charges	2.53	4.51
Rates and taxes	1.21	2.75
Donations	1.37	3.04
Auditor's remuneration		
audit fees	0.08	0.15
out-of-pocket expenses		0.01
Provision for bad and doubtful debts	0.11	0.18
Provision for doubtful loans and advances	(0.01)	(0.05)
Bank charges and commission	0.16	0.32
Commission to non-whole time directors	0.24	0.48
Postage and courier	0.72	1.97
Books and periodicals	0.40	0.64
Freight charges	0.16	0.27
Professional membership and seminar participation fees	0.83	1.65
Foreign currency translation differences	-	0.01
Transaction processing fee and filing fees	1.45	2.70
Preliminary expenses on incorporation of subsidiary	-	0.01
Miscellaneous expenses	0.36	0.53
	63.38	121.27

15. OTHER INCOME

Interest received on deposits with banks and others*	19.79	37.50
Exchange differences	(1.64)	4.86
Miscellaneous income	0.06	0.65
	18.21	43.01
*Tax deducted at source	3.36	6.58

16. PROVISION FOR TAXATION

Current Period		
Income taxes	53.74	96.86
Deferred taxes	(8.74)	(9.36)
	45.00	87.50