

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

Consolidated Balance Sheet as at	Schedules	December 31, 2002
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	1	33.11
Reserves and surplus	2	2,670.09
Preference shares issued by subsidiary	3	49.00
		<u>2,752.20</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Original cost	4	1,199.09
Less: Depreciation and amortization		<u>526.48</u>
Net book value		672.61
Add: Capital work-in-progress		<u>86.42</u>
		<u>759.03</u>
INVESTMENTS	5	20.95
DEFERRED TAX ASSETS	6	35.03
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	7	491.56
Cash and bank balances	8	1,138.72
Loans and advances	9	<u>991.57</u>
		2,621.85
Less: Current liabilities	10	282.34
Provisions	11	402.32
NET CURRENT ASSETS		<u>1,937.19</u>
		<u>2,752.20</u>

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*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
January 10, 2003

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

in Rs. crore, except per share data

Consolidated Profit and Loss Account for the	Schedules	Quarter ended December 31, 2002	Nine months ended
INCOME – Software services, products and business process management			
Overseas		951.56	2,560.41
Domestic		13.46	49.90
		965.02	2,610.31
Software development and business process management expenses	12	486.04	1,289.46
GROSS PROFIT		478.98	1,320.85
SELLING AND MARKETING EXPENSES	13	75.09	200.61
GENERAL AND ADMINISTRATION EXPENSES	14	71.21	192.59
		146.30	393.20
OPERATING PROFIT (PBITDA)		332.68	927.65
Interest		-	-
Depreciation and amortization		50.05	136.93
OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION		282.63	790.72
Other income	15	29.78	73.07
Provision for investments		-	23.76
NET PROFIT BEFORE TAX		312.41	840.03
Provision for taxation	16	57.50	145.00
NET PROFIT AFTER TAX		254.91	695.03
AMOUNT AVAILABLE FOR APPROPRIATION		254.91	695.03
DIVIDEND			
Interim		-	82.76
Balance in Profit and Loss Account		254.91	612.27
EARNINGS PER SHARE <i>(Equity shares, par value Rs. 5/- each)</i>			
Basic		38.49	104.98
Diluted		38.01	104.12
Number of shares used in computing earnings per share			
Basic		6,62,21,577	6,62,02,947
Diluted		6,70,57,160	6,67,55,529

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	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	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
January 10, 2003

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

in Rs. crore

Schedules to the Consolidated Balance Sheet as at

December 31, 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
6,62,29,489 equity shares fully paid up

33.11

33.11

Forfeited shares amounted to Rs. 1,500/-

* for details of options in respect of the above shares, refer to note 17.2.8

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

10.60

335.94

General reserve

1715.94

Balance in Profit and Loss Account

612.27

2,670.09**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 17.2.18

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 December 31, 2002	As at April 1, 2002	For the period	Deductions during the Period	As at December 31, 2002	As at December 31, 2002
Land – free-hold	15.86	0.02	-	15.88	-	-	-	-	15.88
Land - lease-hold	27.84	3.57	-	31.41	-	-	-	-	31.41
Buildings	285.33	68.42	-	353.75	27.89	16.90	-	44.79	308.96
Plant and machinery	183.87	32.99	0.93	215.93	77.84	25.84	0.74	102.94	112.99
Computer equipment	287.89	58.10	1.40	344.59	216.63	62.97	1.38	278.22	66.37
Furniture and fixtures	159.46	35.08	1.45	193.09	70.51	22.73	1.36	91.88	101.21
Vehicles	0.35	-	-	0.35	0.16	0.05	-	0.21	0.14
Intangible assets									
Intellectual property rights	-	44.09	-	44.09	-	8.44	-	8.44	35.65
	960.60	242.27	3.78	1,199.09	393.03	136.93	3.48	526.48	672.61

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

December 31, 2002

5 INVESTMENTS	
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>
6 DEFERRED TAX ASSETS	
Fixed assets	18.39
Investments	12.10
Sundry debtors	4.54
	<u>35.03</u>
7 SUNDRY DEBTORS	
Debts outstanding for a period exceeding six months	
Unsecured	
considered doubtful	9.23
Other debts	
Unsecured	
considered good	491.56
considered doubtful	5.62
	<u>506.41</u>
Less: Provision for doubtful debts	14.85
	<u>491.56</u>
8 CASH AND BANK BALANCES	
Cash on hand	0.06
Balances with scheduled banks	
In current accounts *	46.67
In deposit accounts in Indian rupees	998.31
In deposit accounts in foreign currency	
Balances with non-scheduled banks	
In current accounts	93.68
	<u>1,138.72</u>
*includes balance in unclaimed dividend account	1.94

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

Schedules to the Consolidated Balance Sheet as at

December 31, 2002

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

Advances	
prepaid expenses	15.53
advances paid for supply of goods and rendering of services	0.81
Others	3.94
	20.28
Unbilled revenues	71.13
Advance income tax	407.41
Loans and advances to employees *	
housing and other loans	96.25
salary advances	29.33
Electricity and other deposits	7.72
Rental deposits	14.50
Deposits with financial institutions and body corporate	342.36
Deposits with government authorities	-
Other assets	2.59
	971.29
Unsecured, considered doubtful	
Loans and advances to employees	0.42
	991.99
Less: Provision for doubtful loans and advances to employees	0.42
	991.57

* 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	0.61
for accrued salaries and benefits	
salaries	4.75
bonus and incentives	50.81
leave provisions	25.27
retirement benefits	0.17
for other liabilities	
provision for expenses	43.45
retention monies	10.81
withholding and other taxes payable	26.37
for purchase of intellectual property rights	27.83
others	5.35
	195.42
Advances received from clients	29.15
Unearned revenue	55.83
Unclaimed dividend	1.94
	282.34

11. PROVISIONS

Provision for	
income taxes	395.38
post-sales client support	6.94
	402.32

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

Schedules to the Consolidated Profit and Loss Account for the

Quarter ended

Nine months ended

December 31, 2002

12. SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES

Salaries and bonus including overseas staff expenses	380.16	1,021.29
Staff welfare	2.16	5.48
Contribution to provident and other funds	8.85	22.14
Foreign travel expenses	43.06	122.01
Travelling and conveyance	0.19	0.35
Consumables	1.77	4.19
Cost of software packages for		
own use	22.71	43.99
service delivery to clients	2.38	10.00
Provision for post-sales client support	(3.76)	(4.06)
Computer maintenance	2.58	9.90
Communication expenses	6.17	18.66
Consultancy charges	19.77	35.51
	486.04	1,289.46

13. SELLING AND MARKETING EXPENSES

Salaries and bonus including overseas staff expenses	41.69	105.60
Staff welfare	0.16	0.47
Contribution to provident and other funds	0.23	0.47
Foreign travel expenses	12.25	30.84
Consumables	0.07	0.14
Cost of software packages for own use	0.01	0.04
Communication expenses	0.13	0.37
Traveling and conveyance	0.37	0.82
Rent	1.29	3.40
Telephone charges	1.40	3.92
Professional charges	3.03	8.27
Printing and stationery	0.25	1.02
Advertisements	0.33	0.73
Brand building	7.04	24.40
Office maintenance	1.66	2.16
Power and fuel	0.04	0.15
Insurance charges	0.03	0.06
Rates and taxes	0.02	0.25
Bank charges and commission	0.03	0.07
Commission charges	3.28	9.70
Marketing expenses	1.65	4.96
Sales promotion expenses	0.13	0.33
Other miscellaneous expenses	-	2.44
	75.09	200.61

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARY

in Rs. Crore

Schedules to the Consolidated Profit and Loss Account for the	Quarter ended	Nine months ended
	December 31, 2002	
14. GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	15.88	42.72
Staff welfare	-	0.01
Contribution to provident and other funds	0.94	2.49
Foreign travel expenses	1.70	5.65
Traveling and conveyance	4.49	11.17
Rent	6.75	17.49
Telephone charges	5.84	14.88
Legal and professional charges	9.69	24.49
Printing and stationery	1.02	3.68
Advertisements	1.05	2.72
Office maintenance	5.06	13.02
Repairs to building	2.06	5.08
Repairs to plant and machinery	1.66	3.75
Power and fuel	5.77	16.86
Recruitment and training	0.09	0.14
Insurance charges	2.41	6.92
Rates and taxes	1.33	4.09
Donations	1.52	4.56
Auditor's remuneration		
- audit fees	0.08	0.20
- certification charges	-	0.02
- out-of-pocket expenses	0.01	0.02
Provision for bad and doubtful debts	0.33	0.51
Provision for doubtful loans and advances	(0.02)	(0.07)
Bank charges and commission	0.18	0.51
Commission to non-whole time directors	0.24	0.72
Postage and courier	1.03	3.00
Books and periodicals	0.32	0.97
Freight charges	0.16	0.43
Professional membership and seminar participation fees	0.88	2.54
Miscellaneous expenses	0.74	4.02
	71.21	192.59
15. OTHER INCOME		
Interest received on deposits with banks and others*	20.37	57.87
Miscellaneous income	0.54	1.47
Exchange differences	8.87	13.73
	29.78	73.07
*Tax deducted at source	4.30	10.88
16. PROVISION FOR TAXATION		
Current Period		
Income taxes	58.95	155.81
Deferred taxes	(1.45)	(10.81)
	57.50	145.00