

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*Balance Sheet as at Schedules **December 31, 2002** December 31, 2001 March 31, 2002**SOURCES OF FUNDS**

SHAREHOLDERS' FUNDS

Share capital	1	33.11	33.08	33.09
Reserves and surplus	2	2,673.99	1,916.84	2,047.22
		2,707.10	1,949.92	2,080.31

APPLICATION OF FUNDS

FIXED ASSETS

Original cost	3	1,194.24	849.45	960.60
Less: Depreciation and amortization		525.74	350.61	393.03
Net book value		668.50	498.84	567.57
Add: Capital work-in-progress		86.41	226.45	150.67
		754.91	725.29	718.24

INVESTMENTS

	4	33.20	44.44	44.44
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DEFERRED TAX ASSETS

	5	35.03	22.33	24.22
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CURRENT ASSETS, LOANS AND ADVANCES

Sundry debtors	6	487.32	310.53	336.73
Cash and bank balances	7	1,129.87	609.55	772.22
Loans and advances	8	948.47	634.58	643.87
		2,565.66	1,554.66	1,752.82
Less: Current liabilities	9	279.38	163.56	126.11
Provisions	10	402.32	233.24	333.30
NET CURRENT ASSETS		1,883.96	1,157.86	1,293.41

		2,707.10	1,949.92	2,080.31
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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

16

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

This is the 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>
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Marti G. Subrahmanyam <i>Director</i>	Philip Yeo <i>Director</i>	Jitendra Vir Singh <i>Director</i>	Omkar Goswami <i>Director</i>	Larry Pressler <i>Director</i>
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Claude Smadja <i>Director</i>	Rama Bijapurkar <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>
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Srinath Batni <i>Director</i>	V. Balakrishnan <i>Company Secretary and Vice President – Finance</i>
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Bangalore
January 10, 2003

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore except per share data

Profit and Loss Account for the	Schedules	Quarter ended December 31,		Nine months ended December 31,		Year ended
		2002	2001	2002	2001	March 31, 2002
INCOME						
Software services and products						
Overseas		945.18	648.35	2,552.93	1,882.93	2,552.47
Domestic		13.46	12.45	49.90	40.53	51.12
		958.64	660.80	2,602.83	1,923.46	2,603.59
SOFTWARE DEVELOPMENT EXPENSES	11	481.62	309.50	1,283.50	902.01	1,224.82
GROSS PROFIT		477.02	351.30	1,319.33	1,021.45	1,378.77
SELLING AND MARKETING EXPENSES	12	73.60	32.85	198.02	93.96	129.79
GENERAL AND ADMINISTRATION EXPENSES	13	69.93	51.00	189.65	160.60	211.35
		143.53	83.85	387.67	254.56	341.14
OPERATING PROFIT (PBIDTA)		333.49	267.45	931.66	766.89	1,037.63
Interest		-	-	-	-	-
Depreciation & amortization		49.48	41.33	136.19	115.83	160.65
OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION		284.01	226.12	795.47	651.06	876.98
Other income	14	29.80	14.92	72.22	43.07	66.41
Provision for investments		-	-	23.76	-	-
PROFIT BEFORE TAX		313.81	241.04	843.93	694.13	943.39
Provision for taxation	15	57.50	35.00	145.00	96.50	135.43
NET PROFIT AFTER TAX		256.31	206.04	698.93	597.63	807.96
AMOUNT AVAILABLE FOR APPROPRIATION		256.31	206.04	698.93	597.63	807.96
DIVIDEND						
Interim		-	-	82.76	49.62	49.63
Final		-	-	-	-	82.73
Dividend Tax		-	-	-	5.06	5.06
Amount transferred - general reserve		-	-	-	-	670.54
Balance in Profit and Loss Account		256.31	206.04	616.17	542.95	-
		256.31	206.04	698.93	597.63	807.96
EARNINGS PER SHARE						
<i>(equity shares, par value Rs. 5/- each)</i>						
Basic		38.70	31.14	105.57	90.33	122.12
Diluted		38.22	31.02	104.70	89.86	121.37
Number of shares used in computing earnings per share						
Basic		6,62,21,577	6,61,64,388	6,62,02,947	6,61,61,389	6,61,62,274
Diluted		6,70,57,160	6,64,27,919	6,67,55,529	6,65,03,734	6,65,67,575

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

16

The schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account 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>	Jitendra Vir Singh <i>Director</i>	Omkar Goswami <i>Director</i>	Larry Pressler <i>Director</i>
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Srinath Batni <i>Director</i>	V. Balakrishnan <i>Company Secretary and Vice President – Finance</i>			

Bangalore
January 10, 2003

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*Schedules to the Balance Sheet as at **December 31, 2002** December 31, 2001 March 31, 2002**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
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ISSUED, SUBSCRIBED AND PAID UP

Equity shares, Rs. 5/- (Rs. 5/-; Rs. 5/-) par value* 6,62,29,489 (6,61,69,247; 6,61,86,130) 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]	33.11	33.08	33.09
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33.11	33.08	33.09
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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 16.2.14

2. RESERVES AND SURPLUS

Capital reserve	5.94	5.94	5.94
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Share premium account as at April 1,	325.34	320.75	320.75
Add : Received during the period/year on conversion of stock options issued to employees	10.60	1.80	4.59
	335.94	322.55	325.34

General reserve as at April 1,	1,715.94	1,029.87	1,029.87
Add: Cumulative effect on recognition of deferred tax assets*	-	15.53	15.53
Transfer from the Profit and Loss Account	-	-	670.54
	1,715.94	1,045.40	1,715.94

Balance in Profit and Loss Account	616.17	542.95	-
	2,673.99	1,916.84	2,047.22

* for details in respect of the above, refer to note 16.2.16

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Schedules to the Balance Sheet

3. 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 Dec 31, 2002	As at April 1, 2002	For the period	Deductions during the period	As at Dec 31, 2002	As at Dec 31, 2002	As at Dec 31, 2001	As at March 31, 2002
Land – free-hold*	15.86	0.02	-	15.88	-	-	-	-	15.88	15.86	15.86
– lease-hold	27.84	3.57	-	31.41	-	-	-	-	31.41	27.59	27.84
Buildings*	285.33	68.42	-	353.75	27.89	16.90	-	44.79	308.96	203.35	257.44
Plant and machinery*	183.87	32.96	0.93	215.90	77.84	25.83	0.74	102.93	112.97	90.25	106.03
Computer equipment	287.89	53.29	1.40	339.78	216.63	62.24	1.38	277.49	62.29	81.63	71.26
Furniture and fixtures*	159.46	35.07	1.45	193.08	70.51	22.73	1.36	91.88	101.20	79.95	88.95
Vehicles	0.35	-	-	0.35	0.16	0.05	-	0.21	0.14	0.21	0.19
Intangible assets											
Intellectual property rights	-	44.09	-	44.09	-	8.44	-	8.44	35.65	-	-
	960.60	237.42	3.78	1,194.24	393.03	136.19	3.48	525.74	668.50	498.84	567.57
Previous period	631.14	228.77	10.46	849.45	244.13	115.83	9.35	350.61			
Previous year	631.14	342.72	13.26	960.60	244.13	160.65	11.75	393.03			

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 Progeon Limited, a subsidiary under the same management. Please refer to note 16.2.7 for details.

INFOSYS TECHNOLOGIES LIMITED

	<i>in Rs. crore</i>		
Schedules to the Balance Sheet as at	December 31, 2002	December 31, 2001	March 31, 2002
4. INVESTMENTS			
Trade (unquoted) - at cost			
Long- term investments			
Yantra Corporation, USA, 20,00,000 (75,00,000; 20,00,000) common stock at US\$ 0.20 each, fully paid, par value US\$ 0.01 each	1.42	5.33	1.42
Fully paid (nil; 55,00,000) warrant to purchase 55,00,000 common stock, at US \$ 0.19 each, exercise price of US\$ 0.01 each	3.91	-	3.91
6,36,363 (6,36,363; 6,36,363) Series A convertible preferred stock, at US\$ 0.75 each, fully paid, par value US\$ 0.01 each	1.73	1.73	1.73
EC Cubed, Inc., USA 13,00,108 (13,00,108; 13,00,108) Series D convertible preferred stock at US\$ 2.3075 each, fully paid, par value US\$ 0.0001 each	-	13.08	13.08
Alpha Thinx Mobile Phone Services AG, Austria 27,790 (27,790; 27,790) bearer shares at € 20 each, fully paid, par value € 1 each	2.21	2.21	2.21
JASDIC Park Company, Japan 480 (480; 480) common stock at ¥ 50,000 each, fully paid, par value ¥ 50,000 each	0.75	0.75	0.75
Asia Net Media (BVI) Ltd., the British Virgin Islands 3,00,00,000 (3,00,00,000; 3,00,00,000) ordinary shares at US\$ 0.05 each, fully paid, par value US\$ 0.01 each	6.85	6.85	6.85
OnMobile Systems Inc., (formerly Onscan Inc.) USA 1,00,000 (1,00,000; 1,00,000) common stock at US\$ 0.4348 each, fully paid, par value US\$ 0.001 each	0.20	0.20	0.20
1,00,000 (1,00,000; 1,00,000) Series A voting convertible preferred stock at US\$ 0.4348 each, fully paid, par value US\$ 0.001 each	0.20	0.20	0.20
44,00,000 (44,00,000; 44,00,000) Series A non-voting convertible preferred stock at US\$ 0.4348 each, fully paid, par value US\$ 0.001 each	8.55	8.55	8.55
Workadia Inc. USA 22,00,000 (22,00,000; 22,00,000) Series B convertible preferred stock at US\$ 1.00 each, fully paid, par value US \$ 0.0002 each (adjusted for stock splits)	10.32	10.32	10.32
Software Services Support Education Center Limited 1 (1; 1) equity share of Rs. 10/- each, fully paid, par value Rs. 10/-	-	-	-
The Saraswat Co-operative Bank Limited 1,035 (1,035; 1,035) equity shares of Rs. 10/- each, fully paid, par value Rs. 10/-	-	-	-
	<u>36.14</u>	<u>49.22</u>	<u>49.22</u>
Less: Provision for investments	<u>33.03</u>	<u>22.35</u>	<u>22.35</u>
	3.11	26.87	26.87
CiDRA Corporation, USA 33,333 (33,333; 33,333) Series D convertible preferred stock at US\$ 90 each, fully paid, par value US\$ 0.01 each	13.40	13.40	13.40
M-Commerce Ventures Pte Ltd, Singapore Units in the company, each unit representing 1 ordinary share of Singapore \$ 1 each, fully paid, par value Singapore \$ 1 and 9 redeemable preferred shares of Singapore \$ 1, fully paid, at a premium of Singapore \$ 1,110 per redeemable preferred stock	-	-	-
80 (70; 70) ordinary shares	-	-	-
720 (630; 630) redeemable preference shares	2.11	1.84	1.84
Progeon Ltd, India, a subsidiary company, under the same management 1,22,49,993 (nil; nil) equity shares at Rs.10/- each, fully paid, par value Rs.10/- each	12.25	-	-
Stratify Inc. (formerly PurpleYogi Inc.), USA 2,76,243 (2,76,243; 2,76,243) Series D convertible preferred stock at US\$ 1.81 each fully paid, par value US\$ 0.001 each	2.33	2.33	2.33
	<u>33.20</u>	<u>44.44</u>	<u>44.44</u>
Aggregate of unquoted investments - carrying value / cost	<u>33.20</u>	<u>44.44</u>	<u>44.44</u>

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*Schedules to the Balance Sheet as at December 31, 2002 December 31, 2001 March 31, 2002**5. DEFERRED TAX ASSETS**

Fixed assets	18.39	10.95	14.59
Investments	12.10	6.94	5.85
Sundry Debtors	4.54	4.44	3.78
	35.03	22.33	24.22

6. SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured			
considered doubtful	9.23	4.51	7.35
Other debts			
Unsecured			
considered good*	487.32	310.53	336.73
considered doubtful	5.62	14.87	11.88
	502.17	329.91	355.96
Less: Provision for doubtful debts	14.85	19.38	19.23
	487.32	310.53	336.73

* Includes due from Progeon Limited, a subsidiary company

7. CASH AND BANK BALANCES

Cash on hand	0.06	0.18	0.03
Balances with scheduled banks			
in current accounts *	42.82	23.31	22.75
in deposit accounts in Indian rupees	993.31	377.13	551.62
in deposit accounts in foreign currency	-	144.78	147.41
Balances with non-scheduled banks**			
in current accounts	93.68	64.15	50.41
	1,129.87	609.55	772.22

* includes balance in unclaimed dividend account

** Details of balances in non-scheduled banks are set out in note 16.2.17

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

Advances			
prepaid expenses	14.79	11.51	11.20
advances paid for supply of goods and rendering of services	0.81	10.58	1.22
others	2.92	2.17	2.17
	18.52	24.26	14.59
Advance to subsidiary company, under the same management	-	-	-
Unbilled revenues	71.13	9.07	17.74
Advance income tax	407.00	233.36	236.25
Loans and advances to employees *			
housing and other loans	96.25	72.88	81.52
salary advances	29.33	21.84	19.91
Electricity and other deposits	7.64	6.40	6.26
Rental deposits	14.50	9.97	10.14
Deposits with financial institutions and body corporate	302.34	256.80	254.74
Other Assets	1.76	-	2.72
	948.47	634.58	643.87
Unsecured, considered doubtful			
Loans and advances to employees	0.42	0.13	0.49
	948.89	634.71	644.36
Less: Provision for doubtful loans and advances to employees	0.42	0.13	0.49
	948.47	634.58	643.87

* includes dues by non-director officers of the company

Maximum amounts due

- by non-director officers at any time during the period/year	0.08	0.12	0.12
- from Progeon Limited, subsidiary company, under the same management	-	-	-

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*Schedules to the Balance Sheet as at **December 31, 2002** December 31, 2001 March 31, 2002**9. CURRENT LIABILITIES**

Sundry creditors			
for goods	-	-	-
for accrued salaries and benefits			
salaries	4.70	4.54	2.77
bonus and incentives	50.36	29.65	30.71
leave provisions	25.27	21.46	22.99
for other liabilities			
provision for expenses	42.18	35.96	16.38
retention monies	10.81	15.92	9.36
withholding and other taxes payable	26.23	10.07	12.76
due to subsidiary company	-	-	-
for purchase of intellectual property rights	27.83	-	-
others	5.35	3.64	2.31
	192.73	121.24	97.28
Advances received from clients	29.15	12.26	10.81
Unearned revenue	55.56	28.33	16.90
Unclaimed dividend	1.94	1.73	1.12
	279.38	163.56	126.11

10. PROVISIONS

Proposed dividend	-	-	82.73
Provision for			
income taxes	395.38	224.88	239.57
post-sales client support	6.94	8.36	11.00
	402.32	233.24	333.30

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Schedules to the Profit and Loss Account for the	Quarter ended December 31,		Nine months ended December 31,		Year ended
	2002	2001	2002	2001	March 31, 2002

11. SOFTWARE DEVELOPMENT EXPENSES

Salaries and bonus including overseas staff expenses	378.90	252.83	1,019.82	719.81	976.11
Staff welfare	2.13	1.42	5.42	4.86	6.14
Contribution to provident and other funds	8.43	6.51	21.70	19.00	25.63
Foreign travel expenses	41.52	26.05	119.80	82.52	113.12
Consumables	1.77	1.16	4.19	2.23	3.22
Cost of software packages for own use	22.21	8.99	43.27	26.05	34.44
service delivery to clients	2.34	1.53	9.96	7.57	9.17
Provision for post-sales client support	(3.76)	(0.04)	(4.06)	1.01	3.65
Computer maintenance	2.58	2.01	6.96	4.92	7.11
Communication expenses	5.73	7.87	17.99	28.61	36.11
Consultancy charges	19.77	1.17	38.45	5.43	10.12
	481.62	309.50	1,283.50	902.01	1,224.82

12. SELLING AND MARKETING EXPENSES

Salaries and bonus including overseas staff expenses	40.24	14.65	103.25	45.17	61.04
Staff welfare	0.16	0.05	0.47	0.22	0.27
Contribution to provident and other funds	0.23	0.05	0.47	0.12	0.22
Foreign travel expenses	12.25	5.18	30.84	12.67	18.66
Consumables	0.07	-	0.14	0.01	0.02
Cost of software packages for own use	0.01	0.02	0.04	0.10	0.58
Communication expenses	0.13	0.17	0.37	0.26	0.38
Traveling and conveyance	0.37	0.51	0.82	2.88	3.14
Rent	1.29	0.77	3.40	3.40	4.30
Telephone charges	1.40	0.84	3.92	2.36	3.26
Professional charges	3.03	1.98	8.27	4.09	5.90
Printing and stationery	0.25	0.43	1.02	1.18	1.55
Advertisements	0.33	0.10	0.73	0.13	0.31
Brand building	7.00	2.53	24.36	10.19	13.16
Office maintenance	1.66	0.08	2.16	0.20	0.31
Repairs to plant and machinery	-	-	-	0.01	0.01
Power and fuel	0.04	0.01	0.15	0.05	0.06
Insurance charges	0.03	-	0.06	-	-
Rates and taxes	0.02	-	0.25	0.23	0.33
Bank charges and commission	0.03	-	0.07	0.02	0.03
Commission charges	3.28	4.13	9.50	6.13	10.82
Marketing expenses	1.65	1.19	4.96	3.84	4.67
Sales promotion expenses	0.13	0.16	0.33	0.37	0.44
Other miscellaneous expenses	-	-	2.44	0.33	0.33
	73.60	32.85	198.02	93.96	129.79

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Schedules to the Profit and Loss Account for the	Quarter ended December 31, Nine months ended December 31,		Year ended	
	2002	2001	2002	2001 March 31, 2002

13. GENERAL AND ADMINISTRATION EXPENSES

Salaries and bonus including overseas staff expenses	15.35	11.40	41.73	34.21	45.48
Contribution to provident and other funds	0.88	0.79	2.42	2.47	2.98
Foreign travel expenses	1.70	0.99	5.65	3.50	4.81
Traveling and conveyance	4.47	4.09	11.13	11.53	15.48
Rent	6.75	5.34	17.50	14.75	20.11
Telephone charges	5.82	2.28	14.83	9.04	11.45
Professional charges	9.37	3.61	23.88	10.09	16.23
Printing and stationery	1.02	0.71	3.68	4.13	4.75
Advertisements	1.05	0.62	2.72	2.04	2.78
Office maintenance	5.03	3.68	12.94	10.26	13.81
Repairs to building	2.06	1.29	5.08	5.07	8.50
Repairs to plant and machinery	1.66	0.58	3.75	1.84	2.48
Power and fuel	5.66	4.68	16.64	14.04	18.90
Insurance charges	2.34	1.47	6.80	3.97	5.34
Rates and taxes	1.33	1.40	3.60	3.10	3.93
Donations	1.52	0.84	4.56	4.82	5.12
Auditor's remuneration					
audit fees	0.07	0.05	0.20	0.16	0.21
certification charges	-	-	-	-	0.02
out-of-pocket expenses	0.01	0.01	0.02	0.02	0.02
Provision for bad and doubtful debts	0.33	2.77	0.51	13.24	13.09
Provision for doubtful loans and advances	(0.02)	-	(0.07)	0.06	0.42
Bank charges and commission	0.18	0.04	0.50	0.16	0.68
Commission to non-whole time directors	0.24	0.24	0.72	0.72	0.98
Postage and courier	1.03	0.77	3.00	2.70	3.23
Books and periodicals	0.32	0.29	0.97	0.87	1.14
Research grants	-	0.25	-	0.75	0.75
Freight charges	0.16	0.17	0.43	0.38	0.52
Professional membership and seminar participation fees	0.86	0.68	2.51	1.59	2.20
Other miscellaneous expenses	0.74	1.96	3.95	5.09	5.94
	69.93	51.00	189.65	160.60	211.35

14. OTHER INCOME

Interest received on deposits with banks and others*	19.52	12.36	55.89	35.96	51.23
Miscellaneous income	1.41	0.49	2.59	1.22	1.92
Exchange differences	8.87	2.07	13.74	5.89	13.26
	29.80	14.92	72.22	43.07	66.41
*Tax deducted at source	4.04	2.16	10.47	5.95	8.28

15. PROVISION FOR TAXATION

Current period/year					
Income taxes	58.95	38.69	155.81	103.30	143.19
Deferred taxes	(1.45)	(3.69)	(10.81)	(6.80)	(7.76)
	57.50	35.00	145.00	96.50	135.43