

## INFOSYS TECHNOLOGIES LIMITED

*in Rs. crore*

Balance Sheet as at Schedules March 31, 2003 March 31, 2002

**SOURCES OF FUNDS**

## SHAREHOLDERS' FUNDS

Share capital	1	33.12	33.09
Reserves and surplus	2	2,827.53	2,047.22
		<b>2,860.65</b>	<b>2,080.31</b>

**APPLICATION OF FUNDS**

## FIXED ASSETS

Original cost	3	1,273.31	960.60
Less: Depreciation and amortization		577.15	393.03
Net book value		696.16	567.57
Add: Capital work-in-progress		76.56	150.67
		772.72	718.24

## INVESTMENTS

	4	33.20	44.44
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## DEFERRED TAX ASSETS

	5	36.81	24.22
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## CURRENT ASSETS, LOANS AND ADVANCES

Sundry debtors	6	512.14	336.73
Cash and bank balances	7	1,336.23	772.22
Loans and advances	8	872.78	643.87
		2,721.15	1,752.82
Less: Current liabilities	9	315.25	126.11
Provisions	10	387.98	333.30
NET CURRENT ASSETS		2,017.92	1,293.41

**2,860.65** **2,080.31**

## 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 &amp; 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*Omkar Goswami  
*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  
April 10, 2003

INFOSYS TECHNOLOGIES LIMITED

		in Rs. crore		
Profit and Loss Account for the year ended		Schedules	March 31, 2003	March 31, 2002
<b>INCOME</b>				
Software services and products				
	Overseas		3,543.51	2,552.47
	Domestic		79.18	51.12
			<b>3,622.69</b>	<b>2,603.59</b>
SOFTWARE DEVELOPMENT EXPENSES				
		11	1,813.30	1,224.82
<b>GROSS PROFIT</b>				
			1,809.39	1,378.77
SELLING AND MARKETING EXPENSES				
		12	266.98	129.79
GENERAL AND ADMINISTRATION EXPENSES				
		13	270.37	211.35
			537.35	341.14
<b>OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTIZATION</b>				
			1,272.04	1,037.63
Interest				
			-	-
Depreciation & amortization				
			188.95	160.65
<b>OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION</b>				
			<b>1,083.09</b>	<b>876.98</b>
Other income				
		14	99.61	66.41
Provision for investments				
			23.77	-
<b>PROFIT BEFORE TAX</b>				
			1,158.93	943.39
Provision for taxation				
		15	201.00	135.43
<b>NET PROFIT AFTER TAX</b>				
			<b>957.93</b>	<b>807.96</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>				
			<b>957.93</b>	<b>807.96</b>
DIVIDEND				
Interim				
			82.76	49.63
Final (proposed)				
			96.05	82.73
Dividend Tax				
			12.30	5.06
Amount transferred - general reserve				
			766.82	670.54
			<b>957.93</b>	<b>807.96</b>
<b>EARNINGS PER SHARE</b>				
<i>(equity shares, par value Rs. 5/- each)</i>				
Basic				
			144.68	122.12
Diluted				
			143.37	121.37
Number of shares used in computing earnings per share				
Basic				
			6,62,11,068	6,61,62,274
Diluted				
			6,68,16,821	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  
Partner

N. R. Narayana Murthy  
Chairman and Chief Mentor

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Director

V. Balakrishnan  
Company Secretary and  
Vice President – Finance

Bangalore  
April 10, 2003

**INFOSYS TECHNOLOGIES LIMITED***in Rs. crore*

Schedules to the Balance Sheet as at

March 31, 2003 March 31, 2002

**1. SHARE CAPITAL**

## AUTHORIZED

Equity shares, Rs. 5/- (Rs. 5/-) par value  
10,00,00,000 (10,00,00,000) equity shares

50.00                      50.00

## ISSUED, SUBSCRIBED AND PAID UP

Equity shares, Rs. 5/- (Rs. 5/-) par value\*  
6,62,43,078 (6,61,86,130) equity shares fully paid up  
[Of the above, 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]

33.12                      33.09

33.12                      33.09

Forfeited shares amounted to 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

Share premium account as at April 1,  
Add : Received during the year  
on conversion of stock options issued to employees

325.34                      320.75

13.49                      4.59

338.83                      325.34

General reserve as at April 1,  
Add: Cumulative effect on recognition of deferred tax assets\*  
Transfer from the Profit and Loss Account

1,715.94                      1,029.87

-                              15.53

766.82                      670.54

2,482.76                      1,715.94

2,827.53                      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 year	Deletions during the year	Cost as at March 31, 2003	As at April 1, 2002	For the year	Deductions during the year	As at March 31, 2003	As at March 31, 2003	As at March 31, 2002
Land – free-hold*	15.86	0.02	-	15.88	-	-	-	-	15.88	15.86
– lease-hold	27.84	3.56	-	31.40	-	-	-	-	31.40	27.84
Buildings*	285.33	100.20	-	385.53	27.89	23.22	-	51.11	334.42	257.44
Plant and machinery*	183.87	44.40	0.95	227.32	77.84	36.59	0.77	113.66	113.66	106.03
Computer equipment	287.89	76.11	2.27	361.73	216.63	84.13	2.25	298.51	63.22	71.26
Furniture and fixtures*	159.46	51.44	1.93	208.97	70.51	33.57	1.81	102.27	106.70	88.95
Vehicles	0.35	-	-	0.35	0.16	0.06	-	0.22	0.13	0.19
Intangible assets										
Intellectual property rights	-	42.13	-	42.13	-	11.38	-	11.38	30.75	-
	<b>960.60</b>	<b>317.86</b>	<b>5.15</b>	<b>1,273.31</b>	<b>393.03</b>	<b>188.95</b>	<b>4.83</b>	<b>577.15</b>	<b>696.16</b>	<b>567.57</b>
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**

*in Rs. crore*

Schedules to the Balance Sheet as at	March 31, 2003	March 31, 2002
<b>4. INVESTMENTS</b>		
<b>Trade (unquoted) - at cost</b>		
<b>Long-term investments</b>		
Yantra Corporation, USA,		
20,00,000 (20,00,000) common stock at US\$ 0.20 each, fully paid, par value US\$ 0.01 each	1.42	1.42
1 (1) fully paid 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) Series A convertible preferred stock, at US\$ 0.75 each, fully paid, par value US\$ 0.01 each	1.73	1.73
EC Cubed, Inc., USA		
Nil (13,00,108) Series D convertible preferred stock at US\$ 2.3075 each, fully paid, par value US\$ 0.0001 each	-	13.08
Alpha Thinx Mobile Phone Services AG, Austria		
27,790 (27,790) bearer shares at € 20 each, fully paid, par value € 1 each	2.21	2.21
JASDIC Park Company, Japan		
480 (480) common stock at ¥ 50,000 each, fully paid, par value ¥ 50,000 each	0.75	0.75
Asia Net Media (BVI) Ltd., the British Virgin Islands		
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
OnMobile Systems Inc., (formerly Onscan Inc.) USA		
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
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
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
Workadia Inc. USA		
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
Software Services Support Education Center Limited		
1 (1) equity share of Rs. 10/- each, fully paid, par value Rs. 10/-	-	-
The Saraswat Co-operative Bank Limited		
1,035 (1,035) equity shares of Rs. 10/- each, fully paid, par value Rs. 10/-	-	-
	<u>36.14</u>	<u>49.22</u>
Less: Provision for investments	<u>33.03</u>	<u>22.35</u>
	3.11	26.87
CiDRA Corporation, USA		
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
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) ordinary shares	-	-
720 (630) redeemable preference shares	2.11	1.84
Progeon Ltd, India, a subsidiary company, under the same management		
1,22,49,993 (nil) equity shares of Rs.10/- each, fully paid, par value Rs.10/- each	12.25	-
Stratify Inc. (formerly PurpleYogi Inc.), USA		
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
	<u>33.20</u>	<u>44.44</u>
Aggregate of unquoted investments – carrying value / cost	<u>33.20</u>	<u>44.44</u>

**INFOSYS TECHNOLOGIES LIMITED***in Rs. Crore*

Schedules to the Balance Sheet as at

March 31, 2003

March 31, 2002

**5. DEFERRED TAX ASSETS**

Fixed assets	22.43	14.59
Investments	12.10	5.85
Sundry Debtors	2.28	3.78
	<u>36.81</u>	<u>24.22</u>

**6. SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful	14.09	7.35
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Other debts

Unsecured

considered good*	512.14	336.73
considered doubtful	0.22	11.88

Less: Provision for doubtful debts

	<u>526.45</u>	<u>355.96</u>
	<u>14.31</u>	<u>19.23</u>
	<u>512.14</u>	<u>336.73</u>

\* Includes due from Progeon Limited, a subsidiary company

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**7. CASH AND BANK BALANCES**

Cash on hand	0.01	0.03
Balances with scheduled banks		
in current accounts *	50.76	22.75
in deposit accounts in Indian rupees	1,129.53	551.62
in deposit accounts in foreign currency	-	147.41
Balances with non-scheduled banks**		
in current accounts	155.93	50.41
	<u>1,336.23</u>	<u>772.22</u>

\* includes balance in unclaimed dividend account

1.60

1.12

\*\*refer to note 16.2.17 for details of balances in the non-scheduled banks

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

Advances

prepaid expenses	18.38	11.20
advances paid for supply of goods and rendering of services	1.77	1.22
others	3.28	2.17
	<u>23.43</u>	<u>14.59</u>

Advance to subsidiary company, under the same management

-

Unbilled revenues

91.64

17.74

Advance income tax

289.99

236.25

Loans and advances to employees \*

housing and other loans	102.51	81.52
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salary advances	33.93	19.91
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Electricity and other deposits

13.37

6.26

Rental deposits

13.57

10.14

Deposits with financial institutions and body corporate

302.28

254.74

Other Assets

2.06

2.72

872.78

643.87

**Unsecured, considered doubtful**

Loans and advances to employees

0.41

0.49

873.19

644.36

Less: Provision for doubtful loans and advances to employees

0.41

0.49

872.78

643.87

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

0.06

0.08

Maximum amounts due

- by non-director officers at any time during the year

0.08

0.12

- from Progeon Limited, subsidiary company, under the same management

1.09

-

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**INFOSYS TECHNOLOGIES LIMITED***in Rs. crore*

Schedules to the Balance Sheet as at

March 31, 2003

March 31, 2002

**9. CURRENT LIABILITIES**

Sundry creditors		
for goods	1.17	-
for accrued salaries and benefits		
salaries	15.61	2.77
bonus and incentives	76.98	30.71
leave provisions	27.47	22.99
for other liabilities		
provision for expenses	56.11	16.38
retention monies	5.33	9.36
withholding and other taxes payable	23.30	12.76
due to subsidiary company	-	-
for purchase of intellectual property rights	24.80	-
others	5.78	2.31
	<u>236.55</u>	<u>97.28</u>
Advances received from clients	15.25	10.81
Unearned revenue	61.85	16.90
Unclaimed dividend	1.60	1.12
	<u><b>315.25</b></u>	<u><b>126.11</b></u>

**10. PROVISIONS**

Proposed dividend	96.05	82.73
Provision for		
tax on dividend	12.30	-
income taxes	274.81	239.57
post-sales client support	4.82	11.00
	<u><b>387.98</b></u>	<u><b>333.30</b></u>

**INFOSYS TECHNOLOGIES LIMITED***in Rs. crore*

Schedules to the Profit and Loss Account for the year ended

March 31, 2003

March 31, 2002

**11. SOFTWARE DEVELOPMENT EXPENSES**

Salaries and bonus including overseas staff expenses	1,433.85	976.11
Staff welfare	7.91	6.14
Contribution to provident and other funds	31.94	25.63
Foreign travel expenses	162.66	113.12
Consumables	6.25	3.22
Cost of software packages for own use	54.75	34.44
service delivery to clients	12.99	9.17
Provision for post-sales client support	(6.18)	3.65
Computer maintenance	9.33	7.11
Communication expenses	23.94	36.11
Consultancy charges	75.86	10.12
	<b>1,813.30</b>	<b>1,224.82</b>

**12. SELLING AND MARKETING EXPENSES**

Salaries and bonus including overseas staff expenses	141.73	61.04
Staff welfare	0.62	0.27
Contribution to provident and other funds	1.34	0.22
Foreign travel expenses	45.16	18.66
Consumables	0.21	0.02
Cost of software packages for own use	0.21	0.58
Computer maintenance	0.01	-
Communication expenses	0.50	0.38
Traveling and conveyance	1.19	3.14
Rent	4.79	4.30
Telephone charges	5.35	3.26
Professional charges	10.63	5.90
Printing and stationery	1.43	1.55
Advertisements	1.04	0.31
Brand building	29.05	13.16
Office maintenance	2.72	0.31
Repairs to plant and machinery	0.02	0.01
Power and fuel	0.22	0.06
Insurance charges	0.20	-
Rates and taxes	0.27	0.33
Bank charges and commission	0.09	0.03
Commission charges	10.58	10.82
Marketing expenses	6.72	4.67
Sales promotion expenses	0.46	0.44
Other miscellaneous expenses	2.44	0.33
	<b>266.98</b>	<b>129.79</b>

**INFOSYS TECHNOLOGIES LIMITED***in Rs. crore*

Schedules to the Profit and Loss Account for the year ended

	March 31, 2003	March 31, 2002
<b>13. GENERAL AND ADMINISTRATION EXPENSES</b>		
Salaries and bonus including overseas staff expenses	56.24	45.48
Contribution to provident and other funds	3.49	2.98
Foreign travel expenses	7.78	4.81
Traveling and conveyance	16.76	15.48
Rent	24.51	20.11
Telephone charges	21.34	11.45
Professional charges	37.99	16.23
Printing and stationery	4.80	4.75
Advertisements	5.15	2.78
Office maintenance	20.13	13.81
Repairs to building	7.27	8.50
Repairs to plant and machinery	4.75	2.48
Power and fuel	22.38	18.90
Insurance charges	9.83	5.34
Rates and taxes	5.14	3.93
Donations	6.09	5.12
Auditor's remuneration		
audit fees	0.27	0.21
certification charges	0.03	0.02
out-of-pocket expenses	0.02	0.02
Provision for bad and doubtful debts	0.73	13.09
Provision for doubtful loans and advances	(0.07)	0.42
Bank charges and commission	0.66	0.68
Commission to non-whole time directors	1.12	0.98
Postage and courier	3.99	3.23
Books and periodicals	1.42	1.14
Research grants	-	0.75
Freight charges	0.58	0.52
Professional membership and seminar participation fees	3.55	2.20
Other miscellaneous expenses	4.42	5.94
	<b>270.37</b>	<b>211.35</b>
<b>14. OTHER INCOME</b>		
Interest received on deposits with banks and others*	78.05	51.24
Miscellaneous income	3.89	1.91
Exchange differences	17.67	13.26
	<b>99.61</b>	<b>66.41</b>
*Tax deducted at source	14.69	8.28
<b>15. PROVISION FOR TAXATION</b>		
Current year		
Income taxes	212.09	143.19
Deferred taxes	(12.59)	(7.76)
	199.50	135.43
Prior years	1.50	-
	<b>201.00</b>	<b>135.43</b>