

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Balance Sheet as at Schedules September 30, 2003 September 30, 2002 March 31, 2003

SOURCES OF FUNDS

SHAREHOLDERS' FUNDS

Share capital	1	33.13	33.10	33.12
Reserves and surplus	2	3,302.48	2,410.22	2,827.53
		3,335.61	2,443.32	2,860.65

APPLICATION OF FUNDS

FIXED ASSETS

Original cost	3	1,414.53	1,137.72	1,273.32
Less: Depreciation and amortization		683.27	476.54	577.15
Net book value		731.26	661.18	696.17
Add: Capital work-in-progress		62.00	92.35	76.55
		793.26	753.53	772.72

INVESTMENTS

	4	476.99	33.20	33.20
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DEFERRED TAX ASSETS

	5	33.87	33.58	36.81
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CURRENT ASSETS, LOANS AND ADVANCES

Sundry debtors	6	577.26	458.25	512.14
Cash and bank balances	7	1,382.71	986.85	1,336.23
Loans and advances	8	937.64	870.16	872.78
		2,897.61	2,315.26	2,721.15
Less: Current liabilities	9	370.99	262.36	315.25
Provisions	10	495.13	429.89	387.98
NET CURRENT ASSETS		2,031.49	1,623.01	2,017.92
		3,335.61	2,443.32	2,860.65

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

22

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
*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*Rama Bijapurkar
*Director*Sridar A. Iyengar
*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, 2003

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore, except per share data

Profit and Loss Account for the	Schedules	Quarter ended September 30,		Half-year ended September 30,		Year ended
		2003	2002	2003	2002	March 31, 2003
INCOME						
Software services and products						
Overseas		1,115.98	857.23	2,174.63	1,607.75	3,543.51
Domestic		18.77	22.34	42.10	36.44	79.18
		1,134.75	879.57	2,216.73	1,644.19	3,622.69
SOFTWARE DEVELOPMENT EXPENSES	11	587.16	424.49	1,159.94	801.88	1,813.30
GROSS PROFIT		547.59	455.08	1,056.79	842.31	1,809.39
SELLING AND MARKETING EXPENSES	12	80.44	69.33	160.16	124.42	266.98
GENERAL AND ADMINISTRATION EXPENSES	13	88.72	62.51	169.90	119.72	270.37
		169.16	131.84	330.06	244.14	537.35
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTIZATION		378.43	323.24	726.73	598.17	1,272.04
Interest		-	-	-	-	-
Depreciation and amortization		62.33	46.24	106.59	86.71	188.95
OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION		316.10	277.00	620.14	511.46	1,083.09
Other income	14	44.28	17.53	76.73	42.42	99.61
Provision for investments		0.22	23.76	6.59	23.76	23.77
NET PROFIT BEFORE TAX		360.16	270.77	690.28	530.12	1,158.93
Provision for taxation	15	60.00	45.00	112.00	87.50	201.00
NET PROFIT AFTER TAX		300.16	225.77	578.28	442.62	957.93
AMOUNT AVAILABLE FOR APPROPRIATION		300.16	225.77	578.28	442.62	957.93
DIVIDEND						
Interim		96.09	82.76	96.09	82.76	82.76
Final		-	-	-	-	96.05
Dividend Tax		12.31	-	12.31	-	12.30
Amount transferred - general reserve		-	-	-	-	766.82
Balance in Profit and Loss Account		191.76	143.01	469.88	359.86	-
		300.16	225.77	578.28	442.62	957.93
EARNINGS PER SHARE						
<i>(equity shares, par value Rs. 5/- each)</i>						
Basic		45.30	34.10	87.29	66.87	144.68
Diluted		44.92	33.90	86.76	66.41	143.37
Number of shares used in computing earnings per share						
Basic		6,62,57,028	6,61,98,735	6,62,51,101	6,61,93,632	6,62,11,068
Diluted		6,68,24,404	6,65,96,469	6,66,51,085	6,66,51,932	6,68,16,821

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

22

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

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

Rama Bijapurkar
Director

Sridar A. Iyengar
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, 2003

INFOSYS TECHNOLOGIES LIMITED

		<i>In Rs crore</i>				
		Quarter ended September 30, 2003	September 30, 2002	Half-year ended September 30, 2003	Year ended March 31, 2003	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		360.16	270.77	690.28	530.12	1,158.93
Adjustments to reconcile profit before tax to cash provided by operating activities						
(Profit)/Loss on disposal of fixed assets		-	0.14	(0.01)	0.13	-
Depreciation and amortization		62.33	46.24	106.59	86.72	188.95
Interest and dividend income		(23.43)	(18.69)	(46.18)	(36.37)	(78.05)
Provision on long-term investments		0.22	23.76	6.59	23.76	23.77
Exchange differences on translation of foreign currency cash and cash equivalents		1.59	2.13	3.16	1.36	(2.06)
Changes in current assets and liabilities						
Sundry debtors		(19.96)	(44.96)	(65.12)	(121.52)	(175.41)
Loans and advances	16	8.33	(22.05)	(1.52)	(73.64)	(127.63)
Current liabilities and provisions	17	16.58	46.38	55.59	111.45	158.46
Income taxes paid during the period/year	18	(49.22)	(78.94)	(60.28)	(104.90)	(232.09)
NET CASH GENERATED BY OPERATING ACTIVITIES		356.60	224.78	689.10	417.11	914.87
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds on exercise of stock options		4.01	2.75	5.08	3.15	13.52
Dividends paid during the period/year, including dividend tax		-	-	(108.35)	(82.73)	(165.49)
NET CASH USED IN FINANCING ACTIVITIES		4.01	2.75	(103.27)	(79.58)	(151.97)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of fixed assets and change in capital work-in-progress	19	(68.83)	(44.02)	(127.21)	(97.80)	(219.26)
Proceeds on disposal of fixed assets		-	0.04	0.09	0.16	0.33
Investments in securities	20	(349.83)	-	(450.38)	(12.52)	(12.53)
Interest and dividend income		23.43	18.69	46.18	36.37	78.05
NET CASH USED IN INVESTING ACTIVITIES		(395.23)	(25.29)	(531.32)	(73.79)	(153.41)
Exchange differences on translation of foreign currency cash and cash equivalents		(1.59)	(2.13)	(3.16)	(1.36)	2.06
Net (decrease)/increase in cash and cash equivalents during the period/year		(36.21)	200.11	51.35	262.38	611.55
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		1,726.07	1,089.23	1,638.51	1,026.96	1,026.96
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	21	1,689.86	1,289.34	1,689.86	1,289.34	1,638.51
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22					

This is the Cash Flow Statement 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
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Deepak M. Satwalekar
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Sridar A. Iyengar
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

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Schedules to the Balance Sheet as at	September 30, 2003	September 30, 2002	March 31, 2003
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
ISSUED, SUBSCRIBED AND PAID UP			
Equity shares, Rs. 5/- (Rs. 5/-; Rs. 5/-) par value* 6,62,68,972 (6,62,05,180; 6,62,43,078) 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]	33.13	33.10	33.12
	33.13	33.10	33.12
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 22.2.14			
2. RESERVES AND SURPLUS			
Capital reserve	5.94	5.94	5.94
Share premium account as at April 1, Add : Received during the period/year on exercise of stock options issued to employees	338.83 5.07 343.90	325.34 3.14 328.48	325.34 13.49 338.83
General reserve as at April 1, Add: Transfer from the Profit and Loss Account	2,482.76 - 2,482.76	1,715.94 - 1,715.94	1,715.94 766.82 2,482.76
Balance in Profit and Loss Account	469.88 3,302.48	359.86 2,410.22	- 2,827.53

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, 2003	Additions during the period	Deletions during the period	Cost as at September 30, 2003	As at April 1, 2003	For the period	Deductions during the period	As at September 30, 2003	As at September 30, 2003	As at September 30, 2002	As at March 31, 2003
Land - free-hold*	15.88	-	-	15.88	-	-	-	-	15.88	15.88	15.88
- lease-hold	31.40	1.34	-	32.74	-	-	-	-	32.74	29.57	31.40
Buildings*	385.54	44.09	-	429.63	51.11	14.19	-	65.30	364.33	299.71	334.43
Plant and machinery*	227.31	34.14	0.02	261.43	113.66	22.95	0.02	136.59	124.84	115.21	113.65
Computer equipment	361.74	36.95	0.52	398.17	298.51	30.77	0.43	328.85	69.32	64.32	63.23
Furniture and fixtures*	208.97	25.23	0.01	234.19	102.27	19.93	0.02	122.18	112.01	101.70	106.70
Vehicles	0.35	-	-	0.35	0.22	0.02	-	0.24	0.11	0.16	0.13
Intangible assets											
Intellectual property rights	42.13	0.01	-	42.14	11.38	18.73	-	30.11	12.03	34.63	30.75
	1,273.32	141.76	0.55	1,414.53	577.15	106.59	0.47	683.27	731.26	661.18	696.17
Corresponding previous period	960.60	180.62	3.50	1,137.72	393.03	86.71	3.20	476.54			
Previous year	960.60	317.86	5.14	1,273.32	393.03	188.95	4.83	577.15			

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 22.2.7 for details.

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Schedules to the Balance Sheet as at September 30, 2003 September 30, 2002 March 31, 2003

4. INVESTMENTS

Trade (unquoted) - at cost

Long- term investments *	51.21	67.06	53.98
Less: Provision for investments	36.28	46.11	33.03
	14.93	20.95	20.95

Subsidiary

Progeon Ltd, India, a subsidiary company, under the same management
1,22,49,993 (1,22,49,993; 1,22,49,993) equity shares at Rs.10/- each,
fully paid, par value Rs.10/- each

	12.25	12.25	12.25
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Non-trade (unquoted) – at the lower of cost and fair value, current investments *

Mutual funds	449.81	-	-
	476.99	33.20	33.20

Aggregate of unquoted investments - carrying value / cost

	476.99	33.20	33.20
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* refer to Note 22.2.20 for details of investments

5. DEFERRED TAX ASSETS

Fixed assets	23.05	17.49	22.43
Investments	8.20	12.10	12.10
Sundry debtors	2.62	3.99	2.28
	33.87	33.58	36.81

6. SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured			
considered doubtful	14.16	8.54	14.09

Other debts

Unsecured			
considered good*	577.26	458.25	512.14
considered doubtful	4.79	5.98	0.22
	596.21	472.77	526.45

Less: Provision for doubtful debts

	18.95	14.52	14.31
	577.26	458.25	512.14

* Due from Progeon Limited, a subsidiary company under the same management

Includes due from the companies in which directors are interested

	-	-	-
	-	-	0.03

7. CASH AND BANK BALANCES

Cash on hand	0.07	0.04	0.01
Balances with scheduled banks			
in current accounts *	93.63	32.66	50.76
in deposit accounts in Indian rupees	1,142.54	828.49	1,129.53
in deposit accounts in foreign currency	-	-	-
Balances with non-scheduled banks**			
in deposit accounts in foreign currency	10.49	-	-
in current accounts	135.98	125.66	155.93
	1,382.71	986.85	1,336.23

* includes balance in unclaimed dividend account

* in escrow account

	1.78	1.53	1.60
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	0.81	4.88	-
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** refer to note 22.2.17 for details of balances in the non-scheduled banks

in Rs. crore

Schedules to the Balance Sheet as at September 30, 2003 September 30, 2002 March 31, 2003

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

Advances

prepaid expenses	25.52	18.78	18.38
advances paid for supply of goods and rendering of services	2.02	1.88	1.77
Others	12.22	1.73	3.28
	<u>39.76</u>	<u>22.39</u>	<u>23.43</u>

Advance to subsidiary company, under the same management

Unbilled revenues

Advance income tax

Loans and advances to employees *

housing and other loans

salary advances

Electricity and other deposits

Rental deposits

Deposits with financial institutions and body corporate

Other assets

	<u>937.64</u>	<u>870.16</u>	<u>872.78</u>
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Unsecured, considered doubtful

Loans and advances to employees

	<u>0.54</u>	<u>0.44</u>	<u>0.41</u>
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	<u>938.18</u>	<u>870.60</u>	<u>873.19</u>
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Less: Provision for doubtful loans and advances to employees

	<u>0.54</u>	<u>0.44</u>	<u>0.41</u>
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	<u>937.64</u>	<u>870.16</u>	<u>872.78</u>
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* includes dues by non-director officers of the company

Maximum amounts due

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

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

9. CURRENT LIABILITIES

Sundry creditors

for goods

for accrued salaries and benefits

salaries

bonus and incentives

leave provisions

for other liabilities

provision for expenses

retention monies

withholding and other taxes payable

for purchase of intellectual property rights

others

	<u>284.18</u>	<u>193.85</u>	<u>236.55</u>
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Advances received from clients

Unearned revenue

Unclaimed dividend

	<u>370.99</u>	<u>262.36</u>	<u>315.25</u>
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10. PROVISIONS

Proposed dividend

Provision for

tax on dividend

income taxes

post-sales client support

	<u>495.13</u>	<u>429.89</u>	<u>387.98</u>
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INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Schedules to the Profit and Loss Account for the

Quarter ended September 30, 2003 Quarter ended September 30, 2002 Half-year ended September 30, 2003 Half-year ended September 30, 2002

Year ended
March 31, 2003**13. GENERAL AND ADMINISTRATION EXPENSES**

Salaries and bonus including overseas staff expenses	17.36	14.17	34.26	26.38	56.24
Contribution to provident and other funds	1.15	0.75	2.29	1.54	3.49
Overseas travel expenses	1.87	2.15	3.57	3.95	7.78
Traveling and conveyance	5.18	3.74	9.51	6.66	16.76
Rent	3.66	5.52	10.77	10.75	24.51
Telephone charges	7.47	5.37	14.76	9.01	21.34
Professional charges	9.79	7.98	16.28	14.51	37.99
Printing and stationery	1.05	1.01	3.39	2.66	4.80
Advertisements	0.37	1.02	1.36	1.67	5.15
Office maintenance	6.32	3.98	12.55	7.91	20.13
Repairs to building	1.49	1.15	3.39	3.02	7.27
Repairs to plant and machinery	1.51	0.93	2.60	2.09	4.75
Power and fuel	7.19	5.32	14.39	10.98	22.38
Insurance charges	6.06	2.48	11.19	4.46	9.83
Rates and taxes	0.94	1.10	2.15	2.27	5.14
Donations	3.52	1.37	7.02	3.04	6.09
Auditor's remuneration					
audit fees	0.08	0.07	0.15	0.13	0.27
certification charges	-	-	-	-	0.03
out-of-pocket expenses	-	-	0.01	0.01	0.02
Provision for bad and doubtful debts	10.73	0.11	14.02	0.18	0.73
Provision for doubtful loans and advances	0.12	(0.01)	0.13	(0.05)	(0.07)
Bank charges and commission	0.16	0.16	0.35	0.32	0.66
Commission to non-whole time directors	0.39	0.24	0.78	0.48	1.12
Postage and courier	0.70	0.72	1.94	1.97	3.99
Books and periodicals	0.34	0.40	0.58	0.65	1.42
Research grants	0.12	-	0.18	-	-
Freight charges	0.15	0.16	0.30	0.27	0.58
Professional membership and seminar participation fees	0.65	0.83	1.27	1.65	3.55
Other miscellaneous expenses	0.35	1.79	0.71	3.21	4.42
	88.72	62.51	169.90	119.72	270.37

14. OTHER INCOME

Interest received on deposits with banks and others*	19.90	18.69	42.65	36.37	78.05
Dividend received on investments in mutual funds	3.53	-	3.53	-	-
Miscellaneous income	1.97	0.47	3.81	1.18	3.89
Exchange differences	18.88	(1.63)	26.74	4.87	17.67
	44.28	17.53	76.73	42.42	99.61
*Tax deducted at source	4.19	3.21	8.52	6.43	14.69

15. PROVISION FOR TAXATION

Current period/year					
Income taxes	55.53	53.74	108.14	96.86	212.09
Deferred taxes	4.47	(8.74)	2.94	(9.36)	(12.59)
	60.00	45.00	111.08	87.50	199.50
Prior period / year	-	-	0.92	-	1.50
	60.00	45.00	112.00	87.50	201.00

INFOSYS TECHNOLOGIES LIMITED*in Rs. crore*

Schedules to the Statement of Cash flows for the	Quarter ended September 30, 2003	September 30, 2002	Half-year ended September 30, 2003	September 30, 2002	Year ended March 31, 2003
16. CHANGE IN LOANS AND ADVANCES					
As per the Balance Sheet	937.64	870.16	937.64	870.16	872.78
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(307.15)	(302.49)	(307.15)	(302.49)	(302.28)
Advance income taxes separately considered	(348.46)	(341.15)	(348.46)	(341.15)	(289.99)
	282.03	226.52	282.03	226.52	280.51
Less: Opening balance considered	(290.36)	(204.47)	(280.51)	(152.88)	(152.88)
	(8.33)	22.05	1.52	73.64	127.63
17. CHANGE IN CURRENT LIABILITIES AND PROVISIONS					
As per the Balance Sheet	866.12	692.25	866.12	692.25	703.23
Add/ (Less): Provisions separately considered in the cash flow Statement					
Income taxes	(382.06)	(336.43)	(382.06)	(336.43)	(274.81)
Dividends	(96.09)	(82.76)	(96.09)	(82.76)	(96.05)
Dividend tax	(12.31)	-	(12.31)	-	(12.30)
Non Cash transactions – also refer note 22.2.27d	-	-	-	(24.50)	(24.50)
Less: Opening balance considered	(359.08)	(226.68)	(320.07)	(137.11)	(137.11)
	16.58	46.38	55.59	111.45	158.46
18. INCOME TAXES PAID					
Charge as per the Profit and Loss Account	60.00	45.00	112.00	87.50	201.00
Add: Increase in advance income taxes	49.22	78.94	58.47	104.90	53.74
Add: Increase/(Decrease) in Deferred taxes	(4.47)	8.74	(2.94)	9.36	12.59
Less: (Increase)/Decrease in income tax provision	(55.53)	(53.74)	(107.25)	(96.86)	(35.24)
	49.22	78.94	60.28	104.90	232.09
19. PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS					
As per the Balance Sheet	51.06	40.64	141.76	180.62	317.87
Less: Opening Capital work-in-progress	(44.23)	(88.97)	(76.55)	(150.67)	(150.67)
Less: Non Cash transaction – also refer note 22.2.27d	-	-	-	(24.50)	(24.50)
Add: Closing Capital work-in-progress	62.00	92.35	62.00	92.35	76.56
	68.83	44.02	127.21	97.80	219.26
20. INVESTMENTS IN SECURITIES					
As per the Balance Sheet	476.99	33.20	476.99	33.20	33.20
Add: Provisions on investments	0.22	23.76	6.59	23.76	23.77
	477.21	56.96	483.58	56.96	56.97
Less: Opening balance considered	(127.38)	(56.96)	(33.20)	(44.44)	(44.44)
	349.83	-	450.38	12.52	12.53
21. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR					
As per the Balance Sheet	1,382.71	986.85	1,382.71	986.85	1,336.23
Add: Deposits with financial institutions and body corporate, included herein	307.15	302.49	307.15	302.49	302.28
	1,689.86	1,289.34	1,689.86	1,289.34	1,638.51