

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Balance Sheet as at	Schedule	September 30, 2005	March 31, 2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	136	135
Reserves and surplus	2	<u>6,269</u>	<u>5,107</u>
		<u>6,405</u>	<u>5,242</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	2,639	2,183
Less: Depreciation and amortization		<u>1,165</u>	<u>1,006</u>
Net book value		1,474	1,177
Add: Capital work-in-progress		<u>395</u>	<u>318</u>
		<u>1,869</u>	<u>1,495</u>
INVESTMENTS	4	2,438	1,329
DEFERRED TAX ASSETS	5	40	34
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	1,244	1,253
Cash and bank balances	7	1,292	1,481
Loans and advances	8	<u>1,007</u>	<u>996</u>
		<u>3,543</u>	<u>3,730</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	641	578
Provisions	10	<u>844</u>	<u>768</u>
NET CURRENT ASSETS		<u>2,058</u>	<u>2,384</u>
		<u>6,405</u>	<u>5,242</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above form an integral part of the balance sheet

As per our report attached

for BSR & Co.
Chartered Accountants

Subramanian Suresh
Partner
Membership No. 83673

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

Larry Pressler
Director

Rama Bijapurkar
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

K. Dinesh
Director

S. D. Shibulal
Director

Bangalore
October 11, 2005

T. V. Mohandas Pai
Director and
Chief Financial Officer

Srinath Batni
Director

V. Balakrishnan
Company Secretary and
Senior Vice President – Finance

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except per share data

Profit and Loss Account for the	Schedule	Quarter ended September 30,		Half-year ended September 30,	
		2005	2004	2005	2004
Income from software services and products		2,170	1,690	4,137	3,161
Software development expenses	11	<u>1,167</u>	<u>910</u>	<u>2,231</u>	<u>1,702</u>
GROSS PROFIT		1,003	780	1,906	1,459
Selling and marketing expenses	12	125	103	244	190
General and administration expenses	13	<u>173</u>	<u>117</u>	<u>310</u>	<u>218</u>
		298	220	554	408
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTIZATION		705	560	1,352	1,051
Interest		-	-	-	-
Depreciation and amortization		<u>90</u>	<u>56</u>	<u>165</u>	<u>106</u>
OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION		615	504	1,187	945
Other income	14	45	30	76	48
Provision for investments		<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
NET PROFIT BEFORE TAX		659	534	1,262	993
Provision for taxation	15	<u>67</u>	<u>79</u>	<u>146</u>	<u>144</u>
NET PROFIT AFTER TAX		592	455	1,116	849
Balance Brought Forward		1,952	462	1,428	71
Less: Residual dividend paid		-	-	-	3
Additional dividend tax		<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
		1,952	460	1,428	66
AMOUNT AVAILABLE FOR APPROPRIATION		2,544	915	2,544	915
Dividend					
Interim		177	134	177	134
Final		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total dividend		177	134	177	134
Dividend tax		25	17	25	17
Balance in profit and loss account		<u>2,342</u>	<u>764</u>	<u>2,342</u>	<u>764</u>
		2,544	915	2,544	915
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Basic		21.75	16.99	41.08	31.76
Diluted		21.13	16.61	39.92	31.14
Number of shares used in computing earnings per share					
Basic		27,21,01,219	26,76,76,465	27,15,48,331	26,74,06,246
Diluted		28,00,30,650	27,37,76,678	27,94,45,295	27,27,68,201

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT 22

* refer to note 22.2.20

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

for BSR & Co.
Chartered Accountants

Subramanian Suresh Partner Membership No. 83673	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	Larry Pressler Director	Rama Bijapurkar Director
	Sridar A. Iyengar Director	David L. Boyles Director	K. Dinesh Director	S. D. Shibulal Director
Bangalore October 11, 2005	T. V. Mohandas Pai Director and Chief Financial Officer	Srinath Batni Director	V. Balakrishnan Company Secretary and Senior Vice President – Finance	

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Cash Flow Statement for the	Schedule	Half-year ended	
		2005	September 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		1,262	993
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation and amortization		165	106
Interest and dividend income		(78)	(50)
Provision for investments		1	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(7)	(8)
Changes in current assets and liabilities			
Sundry debtors		9	(260)
Loans and advances	16	34	(54)
Current liabilities and provisions	17	57	25
Income taxes paid during the period	18	(161)	(102)
NET CASH GENERATED BY OPERATING ACTIVITIES		1,282	650
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(539)	(312)
Proceeds on disposal of fixed assets		-	-
Investment in subsidiaries (refer to note 22.2.16)		(22)	-
Investments in securities	20	(1,088)	(38)
Interest and dividend income		78	50
NET CASH USED IN INVESTING ACTIVITIES		(1,571)	(300)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		249	125
Dividends paid during the period		(176)	(869)
Dividend Tax paid during the period		(25)	-
NET CASH USED IN FINANCING ACTIVITIES		48	(744)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		7	8
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(234)	(386)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,683	1,839
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	1,449	1,453
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above form an integral part of the cash flow statement.

As per our report attached

for BSR & Co.
Chartered Accountants

Subramanian Suresh
Partner
Membership No. 83673

N. R. Narayana Murthy
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Bangalore
October 11, 2005

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Director

V. Balakrishnan
Company Secretary and
Senior Vice President – Finance

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Schedules to the Balance Sheet as at

September 30, 2005

March 31, 2005

1 SHARE CAPITAL

Authorized

Equity shares, Rs. 5/- par value

30,00,00,000 (30,00,00,000) equity shares

150

150

Issued, Subscribed and Paid Up

Equity shares, Rs. 5/- par value*

136

135

27,26,59,512 (27,05,70,549) equity shares fully paid up

[Of the above, 25,84,92,302 (25,84,92,302) equity shares, fully paid up have been issued as bonus shares by capitalization of the general reserve]

136

135

Forfeited shares amounted to Rs. 1,500/- (Rs. 1,500/-)

* For details of options in respect of equity shares, refer to note 22.2.11

* also refer to note 22.2.20 for details of basic and diluted shares

2 RESERVES AND SURPLUS

Capital reserve

6

6

Share premium account - As at April 1,

900

461

Add: Receipts on exercise of stock options issued to employees

248

439

1,148

900

General reserve - As at April 1,

2,773

2,683

Less: Capitalized for issue of bonus shares

-

100

Add: Transfer from the profit and loss account

-

190

2,773

2,773

Balance in profit and loss account

2,342

1,428

6,269

5,107

INFOSYS TECHNOLOGIES LIMITED
Schedules to the Balance Sheet
3 FIXED ASSETS
in Rs. crore

Particulars	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2005	Additions	Deductions/ Retirement	As at September 30, 2005	As at April 1,2005	For the period	Deductions/ Retirement	As at September 30, 2005	As at September 30, 2005	As at March 31,2005
Land : free-hold	30	-	-	30	-	-	-	-	30	30
leasehold	90	4	-	94	-	-	-	-	94	90
Buildings*	731	184	-	915	119	27	-	146	769	612
Plant and machinery*	389	109	-	498	216	38	-	254	244	173
Computer equipment*	574	106	4	676	427	70	4	493	183	147
Furniture and fixtures*	326	59	2	383	202	30	2	230	153	124
Vehicles	1	-	-	1	-	-	-	-	1	1
Intangible assets										
Intellectual property rights	42	-	-	42	42	-	-	42	-	-
	2,183	462	6	2,639	1,006	165	6	1,165	1,474	1,177
Previous year	1,570	687	74	2,183	804	268	66	1,006	1,177	

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 company. Please refer to note 22.2.6 for details

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
September 30, 2005
March 31, 2005
4 INVESTMENTS
Trade (unquoted) – at cost

Long- term investments

In subsidiaries

Progeon Limited, India.

2,44,99,993 (2,44,99,993) equity shares of Rs. 10/- each, fully paid

25 25

Infosys Technologies (Shanghai) Co. Limited, China

23 23

Infosys Technologies (Australia) Pty Limited, Australia

1,01,08,869 (1,01,08,869) equity shares of A\$ 0.11 par value, fully paid

66 66

Infosys Consulting, Inc. USA

1,50,00,000 (1,00,00,000) common stock of US \$1.00 par value, fully paid

67 45

181 159

In other investments*

16 16

Less: Provision for investments

14 14

2 2

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

Liquid mutual funds *

2,255 1,168

2,438 1,329

Aggregate amount of unquoted investments

2,438 1,329

* refer to note 22.2.16 for details of investments

5 DEFERRED TAX ASSETS

Fixed assets

38 31

Sundry debtors

2 3

40 34

6 SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful

13 11

Other debts

Unsecured

considered good (including dues from subsidiary companies)*

1,244 1,253

considered doubtful

3 8

1,260 1,272

Less: Provision for doubtful debts

16 19

1,244 1,253

* For details of dues from subsidiary companies, refer to note 22.2.7

Includes dues from companies where directors are interested

7 CASH AND BANK BALANCES

Cash on hand

- -

Balances with scheduled banks in Indian Rupees

In current accounts *

102 78

In deposit accounts

951 1,213

Balances with non-scheduled banks in foreign currency **

In current accounts

239 190

1,292 1,481

3 3

*includes balance in unclaimed dividend account

**refer to note 22.2.13 for details of balances in non-scheduled banks

Schedules to the Balance Sheet as at

September 30, 2005

March 31, 2005

8 LOANS AND ADVANCES

Unsecured, considered good

Advances

prepaid expenses

for supply of goods and rendering of services

advance to gratuity trust

others *

28	33
6	2
14	-
9	11
<u>57</u>	<u>46</u>

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

Mark to Market forward contracts & options

173	139
493	403
51	58
47	41
16	16
12	14
157	268
1	11
<u>1,007</u>	<u>996</u>

Unsecured, considered doubtful

Loans and advances to employees

-	-
<u>1,007</u>	<u>996</u>

Less: Provision for doubtful loans and advances to employees

-	-
<u>1,007</u>	<u>996</u>

* Of which, advances to subsidiary companies, refer to note 22.2.7

-	2
---	---

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

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

-	-
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9 CURRENT LIABILITIES

Sundry creditors

goods and services *

accrued salaries and benefits

salaries

bonus and incentives

unavailed leave

for other liabilities

provision for expenses

retention monies

withholding and other taxes payable

for purchase of intellectual property rights

others

1	1
4	11
121	182
57	61
148	118
19	15
72	51
19	19
5	5
<u>446</u>	<u>463</u>

Advances received from clients

Unearned revenue

Mark to Market forward contracts & options valuation

Unclaimed dividend

9	29
176	83
7	-
3	3
<u>641</u>	<u>578</u>

* Of which, dues to subsidiary companies, refer to note 22.2.7

1	1
---	---

10 PROVISIONS

Proposed dividend

Provision for

tax on dividend

income taxes *

post-sales client support and warranties

177	176
25	25
627	546
15	21
<u>844</u>	<u>768</u>

* refer to note 22.2.12

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Schedules to Profit and Loss Account for the	Quarter ended September 30,		Half-year ended September 30,	
	2005	2004	2005	2004
11 SOFTWARE DEVELOPMENT EXPENSES				
Salaries and bonus including overseas staff expenses	865	665	1,645	1,259
Overseas group health insurance	12	10	23	13
Contribution to provident and other funds	21	19	40	35
Staff welfare	6	4	11	8
Technical sub-contractors - subsidiaries	94	63	174	122
Technical sub-contractors - others	24	23	55	37
Overseas travel expenses	57	50	111	97
Visa charges and others	29	11	47	20
Software packages				
for own use	33	26	65	47
for service delivery to clients	8	6	18	9
Communication expenses	12	11	25	20
Computer maintenance	3	4	7	7
Consumables	4	4	7	6
Rent	3	2	6	3
Provision for post-sales client support and warranties	(4)	12	(3)	19
	<u>1,167</u>	<u>910</u>	<u>2,231</u>	<u>1,702</u>
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	68	58	135	110
Overseas group health insurance	1	1	2	1
Contribution to provident and other funds	-	-	-	1
Staff welfare	-	-	-	-
Overseas travel expenses	16	11	29	23
Visa charges and others	1	1	4	2
Traveling and conveyance	1	4	2	4
Commission charges	8	4	18	8
Brand building	12	12	22	17
Professional charges	10	5	15	8
Rent	3	3	7	6
Marketing expenses	3	3	6	6
Telephone charges	1	1	2	3
Communication expenses	-	-	-	-
Printing and stationery	1	-	1	1
Advertisements	-	-	1	-
Office maintenance	-	-	-	-
Sales promotion expenses	-	-	-	-
Consumables	-	-	-	-
Software packages				
for own use	-	-	-	-
Computer maintenance	-	-	-	-
Power and fuel	-	-	-	-
Insurance charges	-	-	-	-
Rates and taxes	-	-	-	-
Bank charges and commission	-	-	-	-
Miscellaneous expenses	-	-	-	-
	<u>125</u>	<u>103</u>	<u>244</u>	<u>190</u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Schedules to Profit and Loss Account for the	Quarter ended September 30,		Half-year ended September 30,	
	2005	2004	2005	2004
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	29	20	58	39
Overseas group health insurance	-	1	-	2
Contribution to provident and other funds	2	2	4	3
Professional charges	25	15	40	24
Telephone charges	21	11	36	20
Power and fuel	16	10	30	19
Traveling and conveyance	16	9	29	17
Overseas travel expenses	2	1	6	2
Visa charges and others	1	1	2	2
Office maintenance	16	10	29	17
Guest house maintenance*	-	-	1	1
Insurance charges	5	7	11	14
Printing and stationery	2	2	5	3
Donations	5	5	8	9
Rent	2	5	5	9
Advertisements	4	3	7	4
Repairs to building	5	3	8	4
Repairs to plant and machinery	3	2	5	3
Rates and taxes	3	2	5	5
Professional membership and seminar participation fees	2	1	4	3
Postage and courier	1	1	3	3
Books and periodicals	1	1	2	1
Provision for bad and doubtful debts	9	5	9	12
Provision for doubtful loans and advances	-	-	-	-
Commission to non-whole time directors	1	-	1	1
Freight charges	-	-	-	-
Bank charges and commission	1	-	1	1
Research grants	-	-	-	-
Auditor's remuneration				
statutory audit fees	-	-	-	-
certification charges	-	-	-	-
others	-	-	-	-
out-of-pocket expenses	-	-	-	-
Miscellaneous expenses (refer to note 22.2.15)	1	-	1	-
	<u>173</u>	<u>117</u>	<u>310</u>	<u>218</u>
*for non training purposes				
14 OTHER INCOME				
Interest received on deposits with banks and others*	23	14	47	33
Dividend received on investment in liquid mutual funds (non trade unquoted)	18	8	31	17
Miscellaneous income (refer to note 22.2.15)	4	2	7	4
Exchange differences	-	6	(9)	(6)
	<u>45</u>	<u>30</u>	<u>76</u>	<u>48</u>
*Tax deducted at source	5	2	10	7
15 PROVISION FOR TAXATION				
Income taxes*	70	79	152	144
Deferred taxes	(3)	-	(6)	-
	<u>67</u>	<u>79</u>	<u>146</u>	<u>144</u>
* refer to note 22.2.12				

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Half-year ended
September 30,**

	2005	2004
16 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet	1,007	813
Less: Deposits with financial institutions, included in cash and cash equivalents*	(157)	(201)
Advance income taxes separately considered	<u>(493)</u>	<u>(276)</u>
	357	336
Less: Opening balance considered	<u>(391)</u>	<u>(282)</u>
	<u>(34)</u>	<u>54</u>
* refer to note 22.2.22.b. on restricted cash		
17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	1,485	1,163
Add/ (Less): Provisions separately considered in the cash flow Statement		
Income taxes	(627)	(421)
Dividends	(177)	(134)
Dividend tax	<u>(25)</u>	<u>(17)</u>
	656	591
Less: Opening balance considered	<u>(599)</u>	<u>(566)</u>
	<u>57</u>	<u>25</u>
18 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	146	144
Add: Increase in advance income taxes	90	65
Increase/(Decrease) in deferred taxes	6	-
Less: (Increase)/Decrease in income tax provision	<u>(81)</u>	<u>(107)</u>
	<u>161</u>	<u>102</u>
19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per the schedule 3 to Balance Sheet	462	263
Less: Opening Capital work-in-progress	(318)	(203)
Add: Closing Capital work-in-progress	<u>395</u>	<u>252</u>
	<u>539</u>	<u>312</u>
20 INVESTMENTS IN / DISPOSAL OF SECURITIES *		
As per the Balance Sheet	2,438	1,065
Add: Provisions on investments	<u>1</u>	<u>-</u>
	2,439	1,065
Less: Investment in subsidiaries	(22)	-
Opening balance considered	<u>(1,329)</u>	<u>(1,027)</u>
	<u>1,088</u>	<u>38</u>
* refer to note 22.2.16 for investment and redemptions		
21 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
As per the Balance Sheet	1,292	1,252
Add: Deposits with financial institutions, included herein*	<u>157</u>	<u>201</u>
	<u>1,449</u>	<u>1,453</u>
* refer to note 22.2.22.b. on restricted cash		