

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Balance Sheet as at	Schedule	March 31, 2006	March 31, 2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	138	135
Reserves and surplus	2	<u>6,759</u>	<u>5,107</u>
		<u>6,897</u>	<u>5,242</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	2,837	2,183
Less: Accumulated depreciation		<u>1,275</u>	<u>1,006</u>
Net book value		1,562	1,177
Add: Capital work-in-progress		<u>571</u>	<u>318</u>
		<u>2,133</u>	<u>1,495</u>
INVESTMENTS	4	876	1,329
DEFERRED TAX ASSETS	5	56	34
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	1,518	1,253
Cash and bank balances	7	3,279	1,481
Loans and advances	8	<u>1,252</u>	<u>996</u>
		<u>6,049</u>	<u>3,730</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	808	579
Provisions	10	<u>1,409</u>	<u>767</u>
NET CURRENT ASSETS		<u>3,832</u>	<u>2,384</u>
		<u>6,897</u>	<u>5,242</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are 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

Claude Smadja
Director

Sridar A. Iyengar
Director

David L Boyles
Director

Jeffrey Lehman
Director

Bangalore
April 14, 2006

S. D. Shibulal
Director

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	2006	Year ended March 31, 2005
Income from software services and products		9,028	6,860
Software development expenses	11	4,887	3,655
GROSS PROFIT		4,141	3,205
Selling and marketing expenses	12	499	392
General and administration expenses	13	653	488
		1,152	880
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		2,989	2,325
Interest		-	-
Depreciation		409	268
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		2,580	2,057
Other income, net	14	144	127
Provision for investments		-	-
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		2,724	2,184
Provision for taxation	15	303	325
NET PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEM		2,421	1,859
Income from sale of investment in Yantra Corporation (net of taxes)		-	45
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEM		2,421	1,904
Balance Brought Forward		1,428	71
Less: Residual dividend paid		-	3
Additional dividend tax		-	2
		1,428	66
AMOUNT AVAILABLE FOR APPROPRIATION		3,849	1,970
Dividend			
Interim		177	134
Final		234	176
Silver Jubilee special dividend		827	-
Total dividend		1,238	310
Dividend tax		174	42
Amount transferred to general reserve		242	190
Balance in profit and loss account		2,195	1,428
		3,849	1,970
EARNINGS PER SHARE *			
Equity shares of par value Rs. 5/- each			
Before exceptional items			
Basic		88.67	69.26
Diluted		86.20	67.46
After exceptional items			
Basic		88.67	70.95
Diluted		86.20	69.10
Number of shares used in computing earnings per share			
Basic		27,29,94,511	26,84,20,167
Diluted		28,08,28,310	27,55,83,544

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

* refer to note 22.2.20

The schedules referred to above are 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
	Claude Smadja Director	Sridar A. Iyengar Director	David L Boyles Director	Jeffrey Lehman Director
Bangalore April 14, 2006	S. D. Shibulal Director	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		Year ended March 31,	
	Schedule	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional item		2,724	2,184
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	1
Depreciation and amortization		409	268
Interest and dividend income		(203)	(109)
Provision for investments		-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(7)	(4)
Changes in current assets and liabilities			
Sundry debtors		(265)	(621)
Loans and advances	16	(94)	(110)
Current liabilities and provisions	17	221	33
Income taxes paid	18	(548)	(283)
NET CASH GENERATED BY OPERATING ACTIVITIES		2,237	1,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(1,048)	(794)
Proceeds on disposal of fixed assets		-	1
Investment in subsidiaries (refer to note 22.2.16)		(31)	(63)
Investments in securities	20	484	(238)
Interest and dividend income		203	109
Cash flow from investing activities before exceptional items		<u>(392)</u>	<u>(985)</u>
Income from sale of investment in Yantra Corporation		-	49
Less: Tax on the above		-	4
Net income from sale of Investment in Yantra Corporation		-	45
NET CASH USED IN INVESTING ACTIVITIES		(392)	(940)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		646	441
Dividends paid during the year		(352)	(903)
Dividend Tax paid during the year		(50)	(118)
NET CASH USED IN FINANCING ACTIVITIES		244	(580)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		7	4
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		2,096	(157)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,683	1,840
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	3,779	1,683
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are 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 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
	Claude Smadja Director	Sridar A. Iyengar Director	David L. Boyles Director	Jeffrey Lehman Director
Bangalore April 14, 2006	S. D. Shibulal Director	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 as otherwise stated
Schedules to the Balance Sheet as at
March 31, 2006
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*

27,55,54,980 (27,05,70,549) equity shares fully paid up

138

135

[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]

138
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 employee stock options

571

439

Income tax benefit arising from exercise of stock options

72
-
1,543
900

General reserve - As at April 1,

2,773

2,683

Less: Capitalized on issue of bonus shares

-

100

Add: Transferred from the Profit and Loss Account

242
190
3,015
2,773

Balance in Profit and Loss Account

2,195

1,428

6,759
5,107

INFOSYS TECHNOLOGIES LIMITED
Schedules to the Balance Sheet
3 FIXED ASSETS
in Rs. crore except as otherwise stated

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2005	Additions during the year	Deductions/ Retirement	As at March 31, 2006	As at April 1, 2005	For the year	Deductions/ Retirement	As at March 31, 2006	As at March 31, 2006	As at March 31, 2005
Land : free-hold *	30	4	-	34	-	-	-	-	34	30
leasehold	90	18	4	104	-	-	-	-	104	90
Buildings*	731	292	1	1,022	119	60	-	179	843	612
Plant and machinery* ^	389	177	7	559	216	96	7	305	254	173
Computer equipment* ^	574	199	73	700	427	162	73	516	184	147
Furniture and fixtures* ^	326	109	18	417	202	91	18	275	142	124
Vehicles	1	-	-	1	-	-	-	-	1	1
Intangible assets ^										
Intellectual property rights	42	-	42	-	42	-	42	-	-	-
	2,183	799	145	2,837	1,006	409	140	1,275	1,562	1,177
Previous year	1,570	687	74	2,183	803	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. Please refer to note 22.2.6 for details

^Amount includes the retiral of assets that are not in active use, with original cost of Rs. 121 crore and accumulated depreciation of Rs. 121 crore

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
March 31, 2006
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

1,70,00,000 (1,00,00,000) common stock of US \$1.00 par value, fully paid

76

45

190
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 fund units *

684
1,168
876
1,329

Aggregate amount of unquoted investments

876

1,329

* refer to note 22.2.16 for details of investments

5 DEFERRED TAX ASSETS

Fixed assets

54

31

Sundry debtors

2

3

56
34
6 SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful

8

11

Other debts

Unsecured

considered good (including dues from subsidiary companies)*

1,518

1,253

considered doubtful

2

8

1,528
1,272

Less: Provision for doubtful debts

10

19

1,518
1,253

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

Includes dues from companies where directors are interested

2

-

7 CASH AND BANK BALANCES

Cash on hand

-

-

Balances with scheduled banks in Indian Rupees

In current accounts *

169

78

In deposit accounts

2,735

1,213

Balances with non-scheduled banks in foreign currency **

In current accounts

375

190

3,279
1,481

3

3

*includes balance in unclaimed dividend account

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

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
March 31, 2006
March 31, 2005
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (refer to note 22.2.7)	14	-
Advances		
prepaid expenses	27	33
for supply of goods and rendering of services *	9	2
others	<u>14</u>	<u>11</u>
	64	46
Unbilled revenues	203	139
Advance income tax	267	403
Loans and advances to employees **		
housing and other loans	49	58
salary advances	61	41
Electricity and other deposits	16	16
Rental deposits	12	14
Deposits with financial institution and body corporate	580	268
Mark to Market on options/forward contracts	-	11
	<u>1,252</u>	<u>996</u>
Unsecured, considered doubtful		
Loans and advances to employees	-	-
	<u>1,252</u>	<u>996</u>
Less: Provision for doubtful loans and advances to employees	-	-
	<u><u>1,252</u></u>	<u><u>996</u></u>
* includes advances to subsidiary company, refer to note 22.2.4	6	2
** includes dues by non-director officers of the company	-	-
Maximum amounts due by non-director officers at any time during the year	-	-

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	6	1
accrued salaries and benefits		
salaries	6	11
bonus and incentives	233	182
unavailed leave	80	61
for other liabilities		
provision for expenses	166	118
retention monies	13	15
withholding and other taxes payable	82	52
for purchase of intellectual property rights	19	19
Mark to Market on options/forward contracts	2	-
others	<u>3</u>	<u>5</u>
	610	464
Advances received from clients	7	29
Unearned revenue	188	83
Unclaimed dividend	<u>3</u>	<u>3</u>
	<u><u>808</u></u>	<u><u>579</u></u>
* Of which, dues to subsidiary companies, refer to note 22.2.7	6	1

10 PROVISIONS

Proposed dividend	1,061	176
Provision for		
tax on dividend	149	25
income taxes *	187	546
post-sales client support and warranties	<u>12</u>	<u>20</u>
	<u><u>1,409</u></u>	<u><u>767</u></u>

* refer to note 22.2.12

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Profit and Loss Account for the
**Year ended
March 31,**
2006
2005
11 SOFTWARE DEVELOPMENT EXPENSES

Salaries and bonus including overseas staff expenses	3,687	2,723
Overseas group health insurance	45	34
Contribution to provident and other funds	86	78
Staff welfare	28	20
Technical sub-contractors - subsidiaries	367	252
Technical sub-contractors - others	125	100
Overseas travel expenses	232	195
Visa charges and others	65	29
Software packages		
for own use	134	111
for service delivery to clients	29	15
Communication expenses	48	42
Computer maintenance	19	14
Consumables	16	13
Rent	12	7
Provision for post-sales client support and warranties	(6)	22
	<u>4,887</u>	<u>3,655</u>

12 SELLING AND MARKETING EXPENSES

Salaries and bonus including overseas staff expenses	286	224
Overseas group health insurance	4	3
Contribution to provident and other funds	1	2
Staff welfare	1	-
Overseas travel expenses	59	43
Visa charges and others	9	7
Traveling and conveyance	3	8
Commission and earnout charges	26	25
Brand building	46	34
Professional charges	26	17
Rent	13	10
Marketing expenses	12	11
Telephone charges	6	5
Communication expenses	1	-
Printing and stationery	2	1
Advertisements	2	1
Office maintenance	-	-
Sales promotion expenses	1	1
Consumables	-	-
Software packages		
for own use	-	-
Computer maintenance	-	-
Power and fuel	-	-
Insurance charges	-	-
Rates and taxes	-	-
Bank charges and commission	-	-
Miscellaneous expenses	1	-
	<u>499</u>	<u>392</u>

Schedules to Profit and Loss Account for the

Year ended
March 31,

	2006	2005
13 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	125	90
Overseas group health insurance	2	1
Contribution to provident and other funds	8	7
Professional charges	94	56
Telephone charges	76	46
Power and fuel	62	40
Traveling and conveyance	63	38
Overseas travel expenses	11	7
Visa charges and others	3	2
Office maintenance	66	43
Guest house maintenance*	1	-
Insurance charges	22	29
Printing and stationery	9	7
Donations	17	21
Rent	9	16
Advertisements	13	11
Repairs to building	16	14
Repairs to plant and machinery	11	8
Rates and taxes	9	8
Professional membership and seminar participation fees	9	6
Postage and courier	6	5
Books and periodicals	5	3
Provision for bad and doubtful debts	9	24
Provision for doubtful loans and advances	-	-
Commission to non-whole time directors	1	1
Freight charges	1	1
Bank charges and commission	1	1
Research grants	1	1
Auditor's remuneration		
statutory audit fees	-	-
certification charges	-	-
others	-	-
out-of-pocket expenses	-	-
Miscellaneous expenses (refer to note 22.2.15)	3	2
	<u>653</u>	<u>488</u>
*For non-training purposes		
14 OTHER INCOME		
Interest received on deposits with banks and others*	132	72
Dividend received on investment in liquid mutual funds (non-trade unquoted)	71	37
Miscellaneous income (refer to note 22.2.15)	18	9
Exchange differences	(77)	9
	<u>144</u>	<u>127</u>
*Tax deducted at source	21	16
15 PROVISION FOR TAXATION		
Income taxes*	325	327
Deferred taxes	(22)	(2)
	<u>303</u>	<u>325</u>
* refer to note 22.2.12		

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Year ended
March 31,**

	2006	2005
16 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet *	1,252	996
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(500)	(202)
Advance income taxes separately considered	(267)	(403)
	<u>485</u>	<u>391</u>
Less: Opening balance considered	(391)	(281)
	<u>94</u>	<u>110</u>
* includes loans to subsidiary		
17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	2,217	1,346
Add/ (Less): Provisions separately considered in the cash flow statement		
Income taxes	(187)	(546)
Dividends	(1,061)	(176)
Dividend tax	(149)	(25)
	<u>820</u>	<u>599</u>
Less: Opening balance considered	(599)	(566)
	<u>221</u>	<u>33</u>
18 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	303	325
Add: Increase in advance income taxes	(136)	53
Increase/(Decrease) in deferred taxes	22	(2)
Less: (Increase)/Decrease in income tax provision	359	(93)
	<u>548</u>	<u>283</u>
19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per Balance Sheet*	795	680
Less: Opening Capital work-in-progress	(318)	(204)
Add: Closing Capital work-in-progress	571	318
	<u>1,048</u>	<u>794</u>
* Excludes Rs 4 crore (Rs. 7 crore), towards movement of land from Leasehold land to Freehold land		
20 INVESTMENTS IN SECURITIES *		
As per the Balance Sheet	876	1,329
Add: Provisions made on investments	-	-
	<u>876</u>	<u>1,329</u>
Less: Investment made in subsidiaries	(31)	(63)
Opening balance considered	(1,329)	(1,028)
	<u>(484)</u>	<u>238</u>
* refer to note 22.2.16 for investment and redemptions		
21 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
As per the Balance Sheet	3,279	1,481
Add: Deposits with financial institutions, included herein	500	202
	<u>3,779</u>	<u>1,683</u>