

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Balance Sheet as at	Schedule	March 31, 2007	March 31, 2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	138
Reserves and surplus	2	10,876	6,759
		<u>11,162</u>	<u>6,897</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	3,889	2,837
Less: Accumulated depreciation		1,739	1,275
Net book value		<u>2,150</u>	<u>1,562</u>
Add: Capital work-in-progress		957	571
		<u>3,107</u>	<u>2,133</u>
INVESTMENTS	4	839	876
DEFERRED TAX ASSETS	5	79	56
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,292	1,518
Cash and bank balances	7	5,507	3,279
Loans and advances	8	1,162	1,252
		<u>8,961</u>	<u>6,049</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,162	808
Provisions	10	662	1,409
NET CURRENT ASSETS		<u>7,137</u>	<u>3,832</u>
		<u>11,162</u>	<u>6,897</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

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
Chairman
and Chief Mentor

Nandan M. Nilekani
Chief Executive Officer
and Managing Director

S. Gopalakrishnan
President,
Chief Operating Officer and
Joint Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L Boyles
Director

Jeffrey Lehman
Director

S. D. Shibulal
Director

K. Dinesh
Director

Bangalore
April 13, 2007

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

INFOSYS TECHNOLOGIES LIMITED

L

Profit and Loss Account for the		<i>in Rs. crore, except per share data</i>	
		Schedule	Year ended March 31,
		2007	2006
Income from software services and products		13,149	9,028
Software development expenses	11	<u>7,278</u>	<u>4,887</u>
GROSS PROFIT		5,871	4,141
Selling and marketing expenses	12	719	499
General and administration expenses	13	<u>927</u>	<u>653</u>
		1,646	1,152
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		4,225	2,989
Interest		-	-
Depreciation		<u>469</u>	<u>409</u>
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		3,756	2,580
Other income, net	14	375	144
Provision for investments		<u>2</u>	<u>-</u>
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		4,129	2,724
Provision for taxation (refer to note 22.2.12)	15	<u>352</u>	<u>303</u>
NET PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		3,777	2,421
Income on sale of investments, net of taxes (refer to note 22.2.22)		<u>6</u>	<u>-</u>
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		3,783	2,421
Balance Brought Forward		2,195	1,428
Less: Residual dividend paid		4	-
Dividend tax on the above		<u>1</u>	<u>-</u>
		2,190	1,428
AMOUNT AVAILABLE FOR APPROPRIATION		5,973	3,849
Dividend			
Interim		278	177
Final		371	234
Silver Jubilee special dividend		<u>-</u>	<u>827</u>
Total dividend		649	1,238
Dividend tax		102	174
Amount transferred to general reserve		378	242
Balance in profit and loss account		<u>4,844</u>	<u>2,195</u>
		5,973	3,849
EARNINGS PER SHARE *			
Equity shares of par value Rs. 5/- each			
Before exceptional items			
Basic		67.82	44.34
Diluted		66.33	43.10
After exceptional items			
Basic		67.93	44.34
Diluted		66.44	43.10
Number of shares used in computing earnings per share			
Basic		55,68,52,339	54,59,89,022
Diluted		56,93,42,694	56,16,56,620

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 22

* 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

Natrajan Ramkrishna Partner Membership No. 32815	N. R. Narayana Murthy Chairman and Chief Mentor	Nandan M. Nilekani Chief Executive Officer and Managing Director	S. Gopalakrishnan President, Chief Operating Officer and Joint Managing Director	Deepak M. Satwalekar Director
	Marti G. Subrahmanyam Director	Omkar Goswami Director	Claude Smadja Director	Sridar A. Iyengar Director
	David L. Boyles Director	Jeffrey Lehman Director	S. D. Shibulal Director	K. Dinesh Director
Bangalore April 13, 2007	T. V. Mohandas Pai Director	Srinath Batni Director	V. Balakrishnan Chief Financial Officer	Parvatheesam K. Company Secretary

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Cash Flow Statement for the	Schedule	Year ended	
		2007	March 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		4,129	2,724
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		469	409
Interest and dividend income		(298)	(203)
Profit on sale of liquid mutual funds		(11)	-
Provision for investments		2	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		4	(7)
Changes in current assets and liabilities			
Sundry debtors		(774)	(265)
Loans and advances	16	(191)	(94)
Current liabilities and provisions	17	347	221
Income taxes paid	18	(421)	(476)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,256	2,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(1,443)	(1,048)
Proceeds on disposal of fixed assets		-	-
Payment for intellectual property rights (refer to note 22.2.21)		14	-
Investment in subsidiaries (refer to note 22.2.16)		(635)	(31)
Investments in securities (refer to note 22.2.16)	20	695	484
Interest and dividend income		298	203
Cash flow from investing activities before exceptional items		(1,071)	(392)
Proceeds on sale of Long Term Investments (Net of taxes) (refer to note 22.2.22)		6	-
NET CASH USED IN INVESTING ACTIVITIES		(1,065)	(392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		1,216	574
Dividends paid during the period		(1,343)	(352)
Dividend Tax paid during the period		(189)	(50)
NET CASH USED IN FINANCING ACTIVITIES		(316)	172
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(4)	7
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,871	2,096
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,779	1,683
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	5,650	3,779
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

Natrajan Ramkrishna Partner Membership No. 32815	N. R. Narayana Murthy Chairman and Chief Mentor	Nandan M. Nilekani Chief Executive Officer and Managing Director	S. Gopalakrishnan President, Chief Operating Officer and Joint Managing Director	Deepak M. Satwalekar Director
	Marti G. Subrahmanyam Director	Omkar Goswami Director	Claude Smadja Director	Sridar A. Iyengar Director
	David L. Boyles Director	Jeffrey Lehman Director	S. D. Shibulal Director	K. Dinesh Director
Bangalore April 13, 2007	T. V. Mohandas Pai Director	Srinath Batni Director	V. Balakrishnan Chief Financial Officer	Parvatheesam K. Company Secretary

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except as otherwise stated
Schedules to the Balance Sheet as at
March 31, 2007
March 31, 2006
1 SHARE CAPITAL

Authorized		
Equity shares, Rs. 5/- par value		
60,00,00,000 (30,00,00,000) equity shares	<u>300</u>	<u>150</u>
Issued, Subscribed and Paid Up		
Equity shares, Rs. 5/- par value*	286	138
57,12,09,862 (27,55,54,980) equity shares fully paid up		
[Of the above, 53,53,35,478 (25,84,92,302) equity shares, fully paid up have been issued as bonus shares by capitalization of the General reserve]		
	<u>286</u>	<u>138</u>

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	<u>6</u>	<u>6</u>
Share premium account - As at April 1,	1,543	900
Add: Receipts on exercise of employee stock options	1,206	571
Income tax benefit arising from exercise of stock options	<u>19</u>	<u>72</u>
	<u>2,768</u>	<u>1,543</u>
General reserve - As at April 1,	3,015	2,773
Less: Gratuity transitional liability (refer to note 22.2.23)	9	-
Less: Capitalized on issue of bonus shares	138	-
Add: Transferred from the Profit and Loss Account	378	242
Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to note 22.2.16)	<u>12</u>	<u>-</u>
	<u>3,258</u>	<u>3,015</u>
Balance in Profit and Loss Account	4,844	2,195
	<u>10,876</u>	<u>6,759</u>

Schedules to the Balance Sheet**3 FIXED ASSETS**

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2006	Additions during the year	Deductions/ Retirement during the year	As at March 31, 2007	As at April 1, 2006	For the Period	Deductions/ Retirement during the year	As at March 31, 2007	As at March 31, 2007	As at March 31, 2006
Land : free-hold	34	42	-	76	-	-	-	-	76	34
leasehold	104	32	41	95	-	-	-	-	95	104
Buildings*	1,022	449	-	1,471	179	87	-	266	1,205	843
Plant and machinery*	559	201	-	760	305	109	-	414	346	254
Computer equipment*	700	249	5	944	516	203	5	714	230	184
Furniture and fixtures*	417	124	-	541	275	69	-	344	197	142
Vehicles	1	1	-	2	-	1	-	1	1	1
	2,837	1,098	46	3,889	1,275	469	5	1,739	2,150	1,562
Previous year	2,183	799	145	2,837	1,006	409	140	1,275	1,562	

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 Infosys BPO , a subsidiary. Please refer to note 22.2.6 for details

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
March 31, 2007
March 31, 2006
4 INVESTMENTS
Trade (unquoted) – at cost
Long- term investments

In subsidiaries

Infosys BPO Ltd, India**

3,34,61,902 (2,44,99,993) equity shares of Rs. 10/- each, fully paid 637 25

Infosys Technologies (China) Co. Limited 46 23

Infosys Technologies (Australia) Pty Limited

1,01,08,869 (1,01,08,869) equity shares of A\$ 0.11 par value, fully paid 66 66

Infosys Consulting, Inc., USA

2,00,00,000 (1,70,00,000) common stock of US \$1.00 par value, fully paid 90 76

In other investments* 11 16

Less: Provision for investments 11 14

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

Liquid mutual fund units *

- 684

839 876

Aggregate amount of unquoted investments

* Refer to note 22.2.16 for details of investments

** Investments include 17,37,092 options in Infosys BPO

5 DEFERRED TAX ASSETS

Fixed assets 69 54

Sundry debtors 3 2

Others 7 -

79 56

6 SUNDRY DEBTORS*

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful 15 8

Other debts

Unsecured

considered good** 2,292 1,518

considered doubtful 7 2

2,314 1,528

Less: Provision for doubtful debts

2,292 1,518

* Includes dues from companies where directors are interested

** Includes dues from subsidiaries

7 CASH AND BANK BALANCES

Cash on hand - -

Balances with scheduled banks in Indian Rupees

In current accounts * 302 169

In deposit accounts 4,827 2,735

Balances with non-scheduled banks in foreign currency **

In current accounts 378 375

5,507 3,279

*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, 2007
March 31, 2006
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (<i>refer to note 22.2.7</i>)	22	14
Advances		
prepaid expenses	28	27
for supply of goods and rendering of services *	3	9
others	20	14
	<u>73</u>	<u>64</u>
Unbilled revenues	312	203
Advance income tax	352	267
Loans and advances to employees		
housing and other loans	42	49
salary advances	63	61
Electricity and other deposits	20	16
Rental deposits	10	12
Deposits with financial institution and body corporate (<i>refer to note 22.2.14</i>)	275	580
Mark to Market on options/ forward contracts	15	-
	<u>1,162</u>	<u>1,252</u>
Unsecured, considered doubtful		
Loans and advances to employees	1	-
	<u>1,163</u>	<u>1,252</u>
Less: Provision for doubtful loans and advances to employees	1	-
	<u>1,162</u>	<u>1,252</u>
<i>* Includes advances to subsidiary company</i>	-	6

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	23	6
accrued salaries and benefits		
salaries	28	6
bonus and incentives	208	233
unavailed leave	120	80
for other liabilities		
provision for expenses	281	166
retention monies	23	13
withholding and other taxes payable	172	82
for purchase of intellectual property rights	-	19
Mark to market on options/ forward contracts	-	2
Due to option holders of Infosys BPO	2	-
others	4	3
	<u>861</u>	<u>610</u>
Advances received from clients	4	7
Unearned revenue	295	188
Unclaimed dividend	2	3
	<u>1,162</u>	<u>808</u>
<i>*Includes dues to subsidiary companies (refer to note22.2.7)</i>		

10 PROVISIONS

Proposed dividend	371	1,061
Provision for		
tax on dividend	63	149
income taxes *	207	187
post-sales client support and warranties	21	12
	<u>662</u>	<u>1,409</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,**

	2007	2006
11 SOFTWARE DEVELOPMENT EXPENSES		
Salaries and bonus including overseas staff expenses	5,396	3,687
Overseas group health insurance	101	45
Contribution to provident and other funds	143	86
Staff welfare	41	28
Technical sub-contractors - subsidiaries	633	367
Technical sub-contractors - others	231	125
Overseas travel expenses	283	232
Visa charges and others	109	65
Software packages		
for own use	192	134
for service delivery to clients	25	29
Communication expenses	52	48
Computer maintenance	21	19
Consumables	22	16
Rent	17	12
Provision for post-sales client support and warranties	12	(6)
	<u><u>7,278</u></u>	<u><u>4,887</u></u>
12 SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	442	286
Overseas group health insurance	3	4
Contribution to provident and other funds	2	1
Staff welfare	3	1
Overseas travel expenses	92	59
Visa charges and others	2	9
Traveling and conveyance	3	3
Commission and earnout charges	24	26
Brand building	69	46
Professional charges	23	26
Rent	16	13
Marketing expenses	25	12
Telephone charges	6	6
Communication expenses	1	1
Printing and stationery	2	2
Advertisements	3	2
Office maintenance	-	-
Sales promotion expenses	2	1
Consumables	-	-
Software packages		
for own use	1	-
Computer maintenance	-	-
Power and fuel	-	-
Insurance charges	-	-
Rates and taxes	-	-
Bank charges and commission	-	-
Miscellaneous expenses	-	1
	<u><u>719</u></u>	<u><u>499</u></u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Profit and Loss Account for the
**Year ended
March 31,**

	2007	2006
13 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	172	125
Overseas group health insurance	-	2
Contribution to provident and other funds	11	8
Professional charges	137	94
Telephone charges	106	76
Power and fuel	88	62
Traveling and conveyance	85	63
Overseas travel expenses	15	11
Visa charges and others	2	3
Office maintenance	95	66
Guest house maintenance*	2	1
Insurance charges	27	22
Printing and stationery	13	9
Donations	21	17
Rent	14	9
Advertisements	8	13
Repairs to building	23	16
Repairs to plant and machinery	15	11
Rates and taxes	24	9
Professional membership and seminar participation fees	9	9
Postage and courier	8	6
Books and periodicals	5	5
Provision for bad and doubtful debts	24	9
Provision for doubtful loans and advances	1	-
Commission to non-whole time directors	2	1
Freight charges	1	1
Bank charges and commission	1	1
Research grants	13	1
Auditor's remuneration		
statutory audit fees	-	-
certification charges	-	-
others	-	-
out-of-pocket expenses	-	-
Miscellaneous expenses (<i>refer to note 22.2.15</i>)	<u>5</u>	<u>3</u>
	<u>927</u>	<u>653</u>
<i>*For non training purposes</i>		
14 OTHER INCOME, NET		
Interest received on deposits with banks and others*	182	132
Dividend received on investment in liquid mutual funds (non-trade unquoted)	116	71
Miscellaneous income (<i>refer to note 22.2.15</i>)	35	18
Exchange gains / (losses)	<u>42</u>	<u>(77)</u>
	<u>375</u>	<u>144</u>
<i>*includes tax deducted at source</i>	31	21
15 PROVISION FOR TAXATION		
Income taxes*	375	325
Deferred taxes	<u>(23)</u>	<u>(22)</u>
	<u>352</u>	<u>303</u>
<i>*Refer to note 22.2.12</i>		

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Year ended
March 31,**
2007
2006
16 CHANGE IN LOANS AND ADVANCES

As per the Balance Sheet*	1,162	1,252
Add: Gratuity transitional liability (refer to Note 22.2.23)	9	-
Less: Deposits with financial institutions and body corporates included in cash and cash equivalents	(143)	(500)
Advance income taxes separately considered	(352)	(267)
	676	485
Less: Opening balance considered	(485)	(391)
	<u>191</u>	<u>94</u>

* includes loans to subsidiary

17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS

As per the Balance Sheet**	1,822	2,217
Less: Provisions separately considered in the cash flow statement		
Income taxes	(207)	(187)
Dividends	(371)	(1,061)
Dividend tax	(63)	(149)
	1,181	820
Less: Opening balance considered*	(834)	(599)
	<u>347</u>	<u>221</u>

*Adjusted for liability towards intellectual property rights (Refer to note 22.2.21)

**Adjusted for dues to Option holders of Infosys BPO Rs 2 crore

18 INCOME TAXES PAID

Charge as per the Profit and Loss Account	352	303
Add: Increase in advance income taxes	85	(136)
Increase/(Decrease) in deferred taxes	23	22
Less: Income tax benefit arising from exercise of stock options	(19)	(72)
(Increase)/Decrease in income tax provision	(20)	359
	<u>421</u>	<u>476</u>

19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS

As per the Balance Sheet*	1,057	795
Less: Opening Capital work-in-progress	(571)	(318)
Add: Closing Capital work-in-progress	957	571
	<u>1,443</u>	<u>1,048</u>

* Excludes Rs 41 crore (Rs 4 crore) towards movement of land from Leasehold to Freehold

20 INVESTMENTS IN SECURITIES *

As per the Balance Sheet	839	876
Add: Provisions on investments	2	-
	841	876
Less: Investment in subsidiaries	(649)	(31)
Profit on sale of liquid mutual funds	(11)	-
Opening balance considered	(876)	(1,329)
	<u>(695)</u>	<u>(484)</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	5,507	3,279
Add: Deposits with financial institutions, included herein	143	500
	<u>5,650</u>	<u>3,779</u>