

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Balance Sheet as at	Schedule	June 30, 2007	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	<u>11,904</u>	<u>10,876</u>
		<u>12,190</u>	<u>11,162</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	3,985	3,889
Less: Accumulated depreciation		<u>1,872</u>	<u>1,739</u>
Net book value		<u>2,113</u>	<u>2,150</u>
Add: Capital work-in-progress		<u>1,182</u>	<u>957</u>
		<u>3,295</u>	<u>3,107</u>
INVESTMENTS	4	839	839
DEFERRED TAX ASSETS	5	84	79
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,343	2,292
Cash and bank balances	7	4,693	5,507
Loans and advances	8	<u>2,382</u>	<u>1,162</u>
		<u>9,418</u>	<u>8,961</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,149	1,162
Provisions	10	<u>297</u>	<u>662</u>
NET CURRENT ASSETS		<u>7,972</u>	<u>7,137</u>
		<u>12,190</u>	<u>11,162</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
Co-Chairman

S. Gopalakrishnan
Chief Executive Officer
and Managing Director

S. D. Shibulal
Chief Operating Officer

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Rama Bijapurkar
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

K. Dinesh
Director

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Bangalore
July 11, 2007

Parvatheesam K.
Company Secretary

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

Profit and Loss Account for the	Schedule	Quarter ended	
		2007	2006
		June 30,	
		2007	2006
Income from software services and products		3,551	2,867
Software development expenses	11	<u>2,111</u>	<u>1,615</u>
GROSS PROFIT		1,440	1,252
Selling and marketing expenses	12	171	167
General and administration expenses	13	<u>259</u>	<u>211</u>
		430	378
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		1,010	874
Interest		-	-
Depreciation		134	97
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		876	777
Other income, net	14	255	129
Provision for investments		-	3
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,131	903
Provision for taxation (refer to note 22.2.12)	15	103	104
NET PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		1,028	799
Income on sale of investments, net of taxes (refer to note 22.2.21)		-	6
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		1,028	805
Balance Brought Forward		4,844	2,195
Less: Residual dividend paid		-	4
Dividend tax on the above		-	1
		<u>4,844</u>	<u>2,190</u>
AMOUNT AVAILABLE FOR APPROPRIATION		5,872	2,995
Dividend			
Interim		-	-
Final		-	-
Total dividend		-	-
Dividend tax		-	-
Balance in profit and loss account		<u>5,872</u>	<u>2,995</u>
		5,872	2,995
EARNINGS PER SHARE *			
Equity shares of par value Rs. 5/- each			
Before exceptional Items			
Basic		18.00	14.45
Diluted		17.93	14.11
After exceptional Items			
Basic		18.00	14.57
Diluted		17.93	14.23
Number of shares used in computing earnings per share			
Basic		57,12,09,862	55,28,24,726
Diluted		57,33,39,994	56,60,38,472

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
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 Bangalore
July 11, 2007

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Company Secretary

INFOSYS TECHNOLOGIES LIMITED

Cash Flow Statement for the	Schedule	<i>in Rs. crore</i>	
		2007	Quarter ended June 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		1,131	903
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		134	97
Interest and dividend income		(175)	(66)
Profit on sale of liquid mutual funds		-	(6)
Provision for investments		-	3
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(12)	24
Changes in current assets and liabilities			
Sundry debtors		(51)	(247)
Loans and advances	16	(98)	(159)
Current liabilities and provisions	17	(16)	(4)
Income taxes paid	18	(29)	(110)
NET CASH GENERATED BY OPERATING ACTIVITIES		884	435
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(322)	(178)
Proceeds on disposal of fixed assets		-	-
Investment in subsidiaries (refer to note 22.2.16)		-	(544)
Investments in securities (refer to note 22.2.16)	20	-	(845)
Interest and dividend income		175	66
Cash flow from investing activities before exceptional items		(147)	(1,501)
Proceeds on sale of Long Term Investments (Net of taxes) (refer to note 22.2.21)		-	6
NET CASH USED IN INVESTING ACTIVITIES		(147)	(1,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		-	144
Dividends paid during the period		(368)	(1,063)
Dividend Tax paid during the period		(63)	(150)
NET CASH USED IN FINANCING ACTIVITIES		(431)	(1,069)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		12	(24)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		318	(2,153)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,650	3,779
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	5,968	1,626
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
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Bangalore
July 11, 2007

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Company Secretary

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except as otherwise stated
Schedules to the Balance Sheet as at
June 30, 2007
March 31, 2007
1 SHARE CAPITAL

Authorized		
Equity shares, Rs. 5/- par value		
60,00,00,000 (60,00,00,000) equity shares	<u>300</u>	<u>300</u>
Issued, Subscribed and Paid Up		
Equity shares, Rs. 5/- par value*	286	286
57,12,09,862 (57,12,09,862) equity shares fully paid up		

[Of the above, 53,53,35,478 (53,53,35,478) equity shares, fully paid up have been issued as bonus shares by capitalization of the General reserve]

<u>286</u>	<u>286</u>
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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, 2007	2,768	1,543
Add: Receipts on exercise of employee stock options	-	1,206
Income tax benefit arising from exercise of stock options	-	19
	<u>2,768</u>	<u>2,768</u>
General reserve - As at April 1, 2007	3,258	3,015
Less: Gratuity transitional liability (refer to note 22.2.22)	-	9
Less: Capitalized on issue of bonus shares	-	138
Add: Transferred from the Profit and Loss Account	-	378
Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to note 22.2.16)	-	12
	<u>3,258</u>	<u>3,258</u>
Balance in Profit and Loss Account	5,872	4,844
	<u>11,904</u>	<u>10,876</u>

Schedules to the Balance Sheet

3 FIXED ASSETS

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2007	Additions during the period	Deductions/ Retirement during the period	As at June 30, 2007	As at April 1, 2007	For the Period	Deductions/ Retirement during the period	As at June 30, 2007	As at June 30, 2007	As at March 31, 2007
Land : free-hold	76	1	-	77	-	-	-	-	77	76
leasehold	95	-	-	95	-	-	-	-	95	95
Buildings*	1,471	30	-	1,501	266	25	-	291	1,210	1,205
Plant and machinery*	760	14	-	774	414	32	-	446	328	346
Computer equipment*	944	45	1	988	714	56	1	769	219	230
Furniture and fixtures*	541	7	-	548	344	21	-	365	183	197
Vehicles	2	-	-	2	1	-	-	1	1	1
	3,889	97	1	3,985	1,739	134	1	1,872	2,113	2,150
Previous period	2,837	243	5	3,075	1,275	97	1	1,371	1,704	
Previous year	2,837	1,098	46	3,889	1,275	469	5	1,739	2,150	

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
June 30, 2007
March 31, 2007
4 INVESTMENTS
Trade (unquoted) – at cost
Long- term investments

In subsidiaries

Infosys BPO Ltd**

3,34,61,902 (3,34,61,902) equity shares of Rs. 10/- each, fully paid

637

637

Infosys Technologies (China) Co. Limited

46

46

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

90

90

839
839

In other investments*

11

11

Less: Provision for investments

11
11
-
-
Non-trade (unquoted), current investments, at the lower of cost and fair value

Liquid mutual fund units *

-
-
839
839

Aggregate amount of unquoted investments

839
839
** Refer to note 22.2.16 for details of investments*
*** Investments include 17,37,092 (17,37,092) options in Infosys BPO (Refer note 22.2.16)*
5 DEFERRED TAX ASSETS

Fixed assets

74

69

Sundry debtors

3

3

Others

7
7
84
79
6 SUNDRY DEBTORS*

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful

28

15

Other debts

Unsecured

considered good**

2,343

2,292

considered doubtful

6
7
2,377
2,314

Less: Provision for doubtful debts

34
22
2,343
2,292
** Includes dues from companies where directors are interested*

8

7

*** Includes dues from subsidiaries (Refer note 22.2.7)*

2

2

7 CASH AND BANK BALANCES

Cash on hand

-

-

Balances with scheduled banks in Indian Rupees

In current accounts *

216

302

In deposit accounts

4,244

4,827

Balances with non-scheduled banks in foreign currency **

in deposit accounts

41

-

In current accounts

192
378
4,693
5,507
**Includes balance in unclaimed dividend account (Refer note 22.2.24a)*

5

2

***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
June 30, 2007
March 31, 2007
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (<i>refer to note 22.2.7</i>)	33	22
Advances		
prepaid expenses	24	28
for supply of goods and rendering of services	2	3
others	10	20
	<u>69</u>	<u>73</u>
Unbilled revenues	315	312
Advance income tax	301	352
MAT credit entitlement	41	
Loans and advances to employees		
housing and other loans	40	42
salary advances	55	63
Electricity and other deposits	26	20
Rental deposits	11	10
Deposits with financial institution and body corporate (<i>refer to note 22.2.14</i>)	1,407	275
Mark to Market on options/ forward contracts	117	15
	<u>2,382</u>	<u>1,162</u>
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	<u>2,383</u>	<u>1,163</u>
Less: Provision for doubtful loans and advances to employees	1	1
	<u><u>2,382</u></u>	<u><u>1,162</u></u>

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	8	23
accrued salaries and benefits		
salaries	36	28
bonus and incentives	174	208
unavailed leave	123	120
for other liabilities		
provision for expenses	295	281
retention monies	33	23
withholding and other taxes payable	150	172
Due to option holders of Infosys BPO	2	2
others	1	4
	<u>822</u>	<u>861</u>
Advances received from clients	2	4
Unearned revenue	320	295
Unclaimed dividend	5	2
	<u>1,149</u>	<u>1,162</u>

*Includes dues to subsidiary companies (*refer to note 22.2.7*)

10 PROVISIONS

Proposed dividend	-	371
Provision for		
tax on dividend	-	63
income taxes *	276	207
post-sales client support and warranties	21	21
	<u>297</u>	<u>662</u>

* Refer to note 22.2.12

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Profit and Loss Account for the
**Quarter ended
June 30,**

	2007	2006
11 SOFTWARE DEVELOPMENT EXPENSES		
Salaries and bonus including overseas staff expenses	1,568	1,200
Overseas group health insurance	25	17
Contribution to provident and other funds	41	30
Staff welfare	9	8
Technical sub-contractors - subsidiaries	190	121
Technical sub-contractors - others	62	43
Overseas travel expenses	70	71
Visa charges and others	63	49
Software packages		
for own use	42	34
for service delivery to clients	12	14
Communication expenses	13	13
Computer maintenance	5	5
Consumables	5	4
Rent	5	4
Provision for post-sales client support and warranties	1	2
	<u>2,111</u>	<u>1,615</u>
12 SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	115	106
Overseas group health insurance	1	-
Contribution to provident and other funds	-	-
Staff welfare	1	1
Overseas travel expenses	23	24
Visa charges and others	1	-
Traveling and conveyance	1	2
Commission and earnout charges	1	8
Brand building	11	12
Professional charges	5	5
Rent	3	4
Marketing expenses	5	3
Telephone charges	2	1
Communication expenses	-	-
Printing and stationery	-	-
Advertisements	2	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>171</u>	<u>167</u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Profit and Loss Account for the
**Quarter ended
June 30,**

	2007	2006
13 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and bonus including overseas staff expenses	52	38
Overseas group health insurance	-	-
Contribution to provident and other funds	3	3
Professional charges	38	28
Telephone charges	26	25
Power and fuel	26	21
Traveling and conveyance	20	19
Overseas travel expenses	3	4
Visa charges and others	-	1
Office maintenance	28	21
Guest house maintenance*	1	1
Insurance charges	6	6
Printing and stationery	4	3
Donations	5	4
Rent	4	4
Advertisements	3	1
Repairs to building	4	3
Repairs to plant and machinery	5	3
Rates and taxes	5	8
Professional membership and seminar participation fees	3	2
Postage and courier	3	3
Books and periodicals	1	-
Provision for bad and doubtful debts	14	10
Provision for doubtful loans and advances	-	-
Commission to non-whole time directors	1	-
Freight charges	-	-
Bank charges and commission	-	-
Research grants	3	2
Auditor's remuneration		
statutory audit fees	-	-
certification charges	-	-
others	-	-
out-of-pocket expenses	-	-
Miscellaneous expenses	1	1
	<u>259</u>	<u>211</u>
<i>*For non training purposes</i>		
14 OTHER INCOME, NET		
Interest received on deposits with banks and others*	175	49
Dividend received on investment in liquid mutual funds (non-trade unquoted)	-	17
Profit on sale of liquid mutual funds	-	6
Miscellaneous income (refer to note 22.2.15)	6	4
Exchange gains	74	53
	<u>255</u>	<u>129</u>
<i>*includes tax deducted at source</i>	28	13
15 PROVISION FOR TAXATION		
Income taxes*	149	111
MAT credit entitlement	(41)	-
Deferred taxes	(5)	(7)
	<u>103</u>	<u>104</u>
<i>*Refer to note 22.2.12</i>		

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Quarter ended
June 30,**

	2007	2006
16 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet*	2,391	1,413
Less: Deposits with financial institutions and body corporates included in cash and cash equivalents	(1,275)	(502)
MAT credit entitlement	(41)	-
Advance income taxes separately considered	(301)	(267)
	<u>774</u>	<u>644</u>
Less: Opening balance considered	(676)	(485)
	<u>98</u>	<u>159</u>
<i>* includes loans to subsidiary and net of gratuity transitional liability</i>		
17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	1,446	1,006
Add/ (Less): unclaimed dividend	(5)	(5)
Due to option holders of Infosys BPO	(2)	-
Provisions separately considered in the cash flow statement	(276)	(188)
Income taxes	1,163	813
	<u>(1,179)</u>	<u>(817)</u>
Less: Opening balance considered	(16)	(4)
	<u>(16)</u>	<u>(4)</u>
18 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	103	104
Add: Increase/(Decrease) in advance income taxes	(51)	-
Increase/(Decrease) in deferred taxes	5	7
Increase/(Decrease) in MAT entitlement credit	41	-
Less : (Increase)/Decrease in income tax provision	(69)	(1)
	<u>29</u>	<u>110</u>
19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per the Balance Sheet*	97	239
Less: Opening Capital work-in-progress	(957)	(571)
Add: Closing Capital work-in-progress	1,182	510
	<u>322</u>	<u>178</u>
<i>* Excludes Rs nil crore (Rs 4 crore) towards movement of land from Leasehold to Freehold</i>		
20 INVESTMENTS IN SECURITIES *		
As per the Balance Sheet	839	2,268
Add: Provisions on investments	-	3
	<u>839</u>	<u>2,271</u>
Less: Investment in subsidiaries	-	(544)
Profit on sale of liquid mutual funds	-	(6)
Opening balance considered	(839)	(876)
	<u>-</u>	<u>845</u>
<i>* Refer to note 22.2.16 for investment and redemptions</i>		
21 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
As per the Balance Sheet	4,693	1,124
Add: Deposits with financial institutions, included herein	1,275	502
	<u>5,968</u>	<u>1,626</u>