

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Balance Sheet as at	Schedule	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	13,204	10,876
		<u>13,490</u>	<u>11,162</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	4,508	3,889
Less: Accumulated depreciation		1,837	1,739
Net book value		2,671	2,150
Add: Capital work-in-progress		1,260	957
		<u>3,931</u>	<u>3,107</u>
INVESTMENTS	4	964	839
DEFERRED TAX ASSETS	5	99	79
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	3,093	2,292
Cash and bank balances	7	6,429	5,470
Loans and advances	8	2,705	1,199
		<u>12,227</u>	<u>8,961</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,483	1,162
Provisions	10	2,248	662
NET CURRENT ASSETS		<u>8,496</u>	<u>7,137</u>
		<u>13,490</u>	<u>11,162</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23		

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
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Omkar Goswami
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Rama Bijapurkar
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Claude Smadja
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David L. Boyles
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Jeffrey S. Lehman
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K. Dinesh
Director

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Bangalore
April 15, 2008

Parvatheesam K.
Company Secretary

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

Profit and Loss Account for the	Schedule	Year ended March 31,	
		2008	2007
Income from software services and products		15,648	13,149
Software development expenses	11	<u>8,876</u>	<u>7,278</u>
GROSS PROFIT		6,772	5,871
Selling and marketing expenses	12	730	719
General and administration expenses	13	<u>1,079</u>	<u>927</u>
		1,809	1,646
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		4,963	4,225
Interest		-	-
Depreciation		<u>546</u>	<u>469</u>
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		4,417	3,756
Other income, net	14	683	375
Provision for investments		-	2
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		5,100	4,129
Provision for taxation (refer to note 23.2.12)	15	<u>630</u>	<u>352</u>
NET PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		4,470	3,777
Income on sale of Investments, net of taxes (refer to note 23.2.22)		-	6
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		4,470	3,783
Balance Brought Forward		4,844	2,195
Less: Residual dividend paid		-	4
Dividend tax on the above		<u>-</u>	<u>1</u>
		4,844	2,190
AMOUNT AVAILABLE FOR APPROPRIATION		9,314	5,973
Dividend			
Interim		343	278
Final		415	371
One time special dividend		<u>1,144</u>	<u>-</u>
Total dividend		1,902	649
Dividend tax		323	102
Amount transferred to general reserve		447	378
Balance in profit and loss account		<u>6,642</u>	<u>4,844</u>
		9,314	5,973
EARNINGS PER SHARE *			
Equity shares of par value Rs. 5/- each			
Before exceptional Items			
Basic		78.24	67.82
Diluted		77.98	66.33
After exceptional Items			
Basic		78.24	67.93
Diluted		77.98	66.44
Number of shares used in computing earnings per share			
Basic		57,13,98,340	55,68,52,339
Diluted		57,33,06,887	56,93,42,694

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

23

* Refer to note 23.2.20

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
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 Bangalore
 April 15, 2008

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INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Cash Flow Statement for the	Schedule	Year ended	
		2008	March 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		5,100	4,129
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		546	469
Interest and dividend income		(654)	(298)
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		(18)	4
Changes in current assets and liabilities			
Sundry debtors		(801)	(774)
Loans and advances	16	(186)	(180)
Current liabilities and provisions	17	312	347
Income taxes paid	18	(483)	(421)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,816	3,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(1,370)	(1,443)
Payment for intellectual property rights (refer to note 23.2.21)		-	14
Investment in subsidiaries (refer to note 23.2.16)		(127)	(635)
Investments in securities (refer to note 23.2.16)	20	-	695
Interest and dividend received	22	519	272
Cash flow from investing activities before exceptional items		(978)	(1,097)
Proceeds on sale of Long Term Investments (Net of taxes) (refer to note 23.2.22)		-	6
NET CASH USED IN INVESTING ACTIVITIES		(978)	(1,091)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		58	1,216
Dividends paid during the period		(714)	(1,343)
Dividend Tax paid during the period		(121)	(189)
NET CASH USED IN FINANCING ACTIVITIES		(777)	(316)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		18	(4)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		2,079	1,856
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,610	3,754
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	7,689	5,610
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23		

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

As per our report attached

for BSR & Co.
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Natrajan Ramkrishna
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Bangalore
April 15, 2008

Parvatheesam K.
Company Secretary

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except as otherwise stated
Schedules to the Balance Sheet as at
March 31, 2008
March 31, 2007
1 SHARE CAPITAL

Authorized

Equity shares, Rs. 5/- par value

60,00,00,000 (60,00,00,000) equity shares

300
300

Issued, Subscribed and Paid Up

Equity shares, Rs. 5/- par value*

57,19,95,758 (57,12,09,862) equity shares fully paid up

286

286

[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]

286
286

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

* For details of options in respect of equity shares, refer to note 23.2.11

* Also refer to note 23.2.20 for details of basic and diluted shares

2 RESERVES AND SURPLUS

Capital reserve

6
6

Share premium account - Opening balance

2,768

1,543

Add: Receipts on exercise of employee stock options

58

1,206

Income tax benefit arising from exercise of stock options

25

19

2,851
2,768

General reserve - Opening balance

3,258

3,015

Less: Gratuity transitional liability (refer to note 23.2.23)

-

9

Less: Capitalized on issue of bonus shares

-

138

Add: Transferred from the Profit and Loss Account

447

378

Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to note 23.2.16)

-

12

3,705
3,258

Balance in Profit and Loss Account

6,642

4,844

13,204
10,876

Schedules to the Balance Sheet

3 FIXED ASSETS

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2007	Additions For the Year	Deductions/ Retirement during the Year	As at March 31, 2008	As at April 1, 2007	For the Year	Deductions/ Retirement during the Year	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Land : free-hold	76	55	-	131	-	-	-	-	131	76
leasehold	95	3	-	98	-	-	-	-	98	95
Buildings*	1,471	482	-	1,953	266	111	-	377	1,576	1,205
Plant and machinery **	760	210	147	823	414	130	147	397	426	346
Computer equipment **	944	189	172	961	714	218	172	760	201	230
Furniture and fixtures **	541	127	129	539	344	87	129	302	237	197
Vehicles	2	1	-	3	1	-	-	1	2	1
	3,889	1,067	448	4,508	1,739	546	448	1,837	2,671	2,150
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 23.2.6 for details

During the year ended March 31, 2008, certain assets which are old and not in use having a gross book value of Rs 448 crore (net book value Nil) were retired.

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
March 31, 2008
March 31, 2007
4 INVESTMENTS
Trade (unquoted) – at cost
Long- term investments

In subsidiaries

Infosys BPO Ltd**

3,38,22,319 (3,34,61,902) equity shares of Rs. 10/- each, fully paid

659

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

4,00,00,000 (2,00,00,000) common stock of US \$1.00 par value, fully paid

171

90

Infosys Technologies, S. De R.L. De C.V., Mexico

22

-

964
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 *

-

-

964
839

Aggregate amount of unquoted investments

964

839

* Refer to note 23.2.16 for details of investments

** Investments include 17,37,092 (17,37,092) options in Infosys BPO (refer note 23.2.16)

5 DEFERRED TAX ASSETS

Fixed assets

85

69

Sundry debtors

7

3

Others

7

7

99
79
6 SUNDRY DEBTORS*

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful

20

15

Other debts

Unsecured

considered good**

3,093

2,292

considered doubtful

20

7

3,133
2,314

Less: Provision for doubtful debts

40

22

3,093
2,292

* Includes dues from companies where directors are interested

2

7

** Includes dues from subsidiaries (refer note 23.2.7)

8

2

7 CASH AND BANK BALANCES

Cash on hand

-

-

Balances with scheduled banks in Indian Rupees

In current accounts *

243

302

In deposit accounts

5,772

4,790

Balances with non-scheduled banks in foreign currency **

In current accounts

414

378

6,429
5,470

*Includes balance in unclaimed dividend account (refer note 23.2.25a)

2

2

**Refer to note 23.2.13 for details of balances in non-scheduled banks

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
March 31, 2008
March 31, 2007
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (refer to note 23.2.7)	32	22
Advances		
prepaid expenses	27	28
for supply of goods and rendering of services*	10	3
advance to gratuity fund trust	12	-
interest accrued but not due	186	51
others	20	20
	<u>287</u>	<u>124</u>
Unbilled revenues	472	312
Advance income tax	215	352
MAT credit entitlement	169	-
Loans and advances to employees		
housing and other loans	42	42
salary advances	64	63
Electricity and other deposits	24	20
Rental deposits	11	10
Deposits with financial institution and body corporate (refer to note 23.2.14)	1,421	261
Mark to Market on options/ forward contracts	-	15
	<u>2,705</u>	<u>1,199</u>
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	<u>2,706</u>	<u>1,200</u>
Less: Provision for doubtful loans and advances to employees	1	1
	<u><u>2,705</u></u>	<u><u>1,199</u></u>

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	36	23
accrued salaries and benefits		
salaries	46	28
bonus and incentives	329	208
unavailed leave	149	120
for other liabilities		
provision for expenses	239	281
retention monies	52	23
withholding and other taxes payable	206	172
Mark to Market on Options/Forward Contracts	116	-
Gratuity obligation - unamortised amount relating to plan amendment	33	-
Due to option holders of Infosys BPO	-	2
Others	3	4
	<u>1,209</u>	<u>861</u>
Advances received from clients	4	4
Unearned revenue	268	295
Unclaimed dividend	2	2
	<u>1,483</u>	<u>1,162</u>
<i>*Includes Due to Subsidiary company (Refer to Note 23.2.7)</i>	7	5

10 PROVISIONS

Proposed dividend	1,559	371
Provision for		
tax on dividend	265	63
income taxes *	381	207
post-sales client support and warranties	43	21
	<u>2,248</u>	<u>662</u>

** Refer to note 23.2.12*

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore
Schedules to Profit and Loss Account for the
**Year ended
March 31,**
2008
2007
11 SOFTWARE DEVELOPMENT EXPENSES

Salaries and bonus including overseas staff expenses	6,805	5,396
Overseas group health insurance	42	101
Contribution to provident and other funds	170	143
Staff welfare	49	41
Technical sub-contractors - subsidiaries	773	633
Technical sub-contractors - others	202	231
Overseas travel expenses	298	283
Visa charges and others	133	109
Software packages		
for own use	213	192
for service delivery to clients	25	25
Communication expenses	55	52
Computer maintenance	24	21
Consumables	18	22
Rent	23	17
Provision for post-sales client support and warranties	46	12
	<u>8,876</u>	<u>7,278</u>

12 SELLING AND MARKETING EXPENSES

Salaries and bonus including overseas staff expenses	503	442
Overseas group health insurance	1	3
Contribution to provident and other funds	2	2
Staff welfare	3	3
Overseas travel expenses	83	92
Visa charges and others	3	2
Traveling and conveyance	3	3
Commission and earnout charges	14	24
Brand building	55	69
Professional charges	18	23
Rent	12	16
Marketing expenses	15	25
Telephone charges	8	6
Communication expenses	2	1
Printing and stationery	1	2
Advertisements	4	3
Office maintenance	-	-
Sales promotion expenses	3	2
Consumables	-	-
Software packages		
for own use	-	1
Computer maintenance	-	-
Power and fuel	-	-
Insurance charges	-	-
Rates and taxes	-	-
Bank charges and commission	-	-
Miscellaneous expenses	-	-
	<u>730</u>	<u>719</u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore
Schedules to Profit and Loss Account for the
**Year ended
March 31,**
2008
2007
13 GENERAL AND ADMINISTRATION EXPENSES

Salaries and bonus including overseas staff expenses	223	172
Overseas group health insurance	(2)	-
Contribution to provident and other funds	12	11
Professional charges	167	137
Telephone charges	117	106
Power and fuel	106	88
Traveling and conveyance	92	85
Overseas travel expenses	14	15
Visa charges and others	1	2
Office maintenance	120	95
Guest house maintenance*	2	2
Insurance charges	20	27
Printing and stationery	13	13
Donations	20	21
Rent	15	14
Advertisements	6	8
Repairs to building	22	23
Repairs to plant and machinery	18	15
Rates and taxes	34	24
Professional membership and seminar participation fees	9	9
Postage and courier	9	8
Books and periodicals	4	5
Provision for bad and doubtful debts	42	24
Provision for doubtful loans and advances	-	1
Commission to non-whole time directors	4	2
Freight charges	1	1
Bank charges and commission	1	1
Research grants	5	13
Auditor's remuneration		
statutory audit fees	1	-
certification charges	-	-
others	-	-
out-of-pocket expenses	-	-
Miscellaneous expenses	3	5
	<u>1,079</u>	<u>927</u>

**For non training purposes*
14 OTHER INCOME, NET

Interest received on deposits with banks and others*	650	182
Dividend received on investment in liquid mutual funds (non-trade unquoted)	4	116
Miscellaneous income (refer to note 23.2.15)	24	35
Exchange (losses) / gains	5	42
	<u>683</u>	<u>375</u>
<i>*includes tax deducted at source</i>	86	31

15 PROVISION FOR TAXATION

Income taxes*	819	375
MAT credit entitlement	(169)	-
Deferred taxes	(20)	(23)
	<u>630</u>	<u>352</u>

**Refer to note 23.2.12*

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Year ended
March 31,**
2008
2007
16 CHANGE IN LOANS AND ADVANCES

As per the Balance Sheet*	2,705	1,199
Add: Gratuity transitional liability	9	9
Gratuity obligation - unamortised amount relating to plan amendment (refer to Note 23.2.23)	(33)	-
Less: Deposits with financial institutions included in cash and cash equivalents**	(1,260)	(140)
Interest accrued but not due	(186)	(51)
MAT credit entitlement	(169)	-
Advance income taxes separately considered	(215)	(352)
	<u>851</u>	<u>665</u>
Less: Opening balance considered	(665)	(485)
	<u>186</u>	<u>180</u>

* includes loans to subsidiary and net of gratuity transitional liability

** Excludes restricted deposits held with LIC of Rs. 161 crore (Rs. 121 crore) for funding leave liability

17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS

As per the Balance Sheet	3,731	1,824
Add/ (Less): unclaimed dividend	(2)	(2)
Due to option holders of Infosys BPO	-	(2)
Gratuity obligation - unamortised amount relating to plan amendment	(33)	-
Provisions separately considered in the cash flow statement		
Income taxes	(381)	(207)
Dividends	(1,559)	(371)
Dividend Taxes	(265)	(63)
	<u>1,491</u>	<u>1,179</u>
Less: Opening balance considered*	(1,179)	(832)
	<u>312</u>	<u>347</u>

*Adjusted for liability towards intellectual property rights (Refer to note 23.2.21)

18 INCOME TAXES PAID

Charge as per the Profit and Loss Account	630	352
Add/(Less): Increase/(Decrease) in advance income taxes	(137)	85
Increase/(Decrease) in deferred taxes	20	23
Increase/(Decrease) in MAT entitlement credit	169	-
Income tax benefit arising from exercise of stock options	(25)	(19)
(Increase)/Decrease in income tax provision	(174)	(20)
	<u>483</u>	<u>421</u>

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

As per the Balance Sheet*	1,067	1,057
Less: Opening Capital work-in-progress	(957)	(571)
Add: Closing Capital work-in-progress	<u>1,260</u>	<u>957</u>
	<u>1,370</u>	<u>1,443</u>

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

20 INVESTMENTS IN SECURITIES *

As per the Balance Sheet	964	839
Add: Provisions on investments	-	2
	<u>964</u>	<u>841</u>
Less: Investment in subsidiaries	(125)	(649)
Profit on sale of liquid mutual funds	-	(11)
Opening balance considered	(839)	(876)
	<u>-</u>	<u>(695)</u>

* Refer to note 23.2.16 for investment and redemptions

21 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

As per the Balance Sheet	6,429	5,470
Add: Deposits with financial institutions, included herein (excluding interest accrued but not due)**	1,260	140
	<u>7,689</u>	<u>5,610</u>

** Excludes restricted deposits held with LIC of Rs. 161 crore (Rs. 121 crore) for funding leave liability

22 INTEREST AND DIVIDEND RECEIVED

Interest accrued but not due opening balance	51	25
Add: Interest and dividend income	654	298
Less: Interest accrued but not due closing balance	(186)	(51)
	<u>519</u>	<u>272</u>