

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Balance Sheet as at	Schedule	December 31, 2007	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	<u>13,788</u>	<u>10,876</u>
		<u>14,074</u>	<u>11,162</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	4,559	3,889
Less: Accumulated depreciation		<u>2,139</u>	<u>1,739</u>
Net book value		<u>2,420</u>	<u>2,150</u>
Add: Capital work-in-progress		<u>1,253</u>	<u>957</u>
		<u>3,673</u>	<u>3,107</u>
INVESTMENTS	4	942	839
DEFERRED TAX ASSETS	5	97	79
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,421	2,292
Cash and bank balances	7	6,334	5,507
Loans and advances	8	<u>2,221</u>	<u>1,162</u>
		<u>10,976</u>	<u>8,961</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,287	1,162
Provisions	10	<u>327</u>	<u>662</u>
NET CURRENT ASSETS		<u>9,362</u>	<u>7,137</u>
		<u>14,074</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

Rama Bijapurkar
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

K. Dinesh
Director

Bangalore
January 11, 2008

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

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

Profit and Loss Account for the	Schedule	Quarter ended		Nine months ended	
		2007	2006	2007	2006
Income from software services and products		3,999	3,454	11,413	9,594
Software development expenses	11	<u>2,219</u>	<u>1,888</u>	<u>6,504</u>	<u>5,299</u>
GROSS PROFIT		1,780	1,566	4,909	4,295
Selling and marketing expenses	12	172	182	541	530
General and administration expenses	13	<u>281</u>	<u>235</u>	<u>790</u>	<u>688</u>
		453	417	1,331	1,218
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		1,327	1,149	3,578	3,077
Interest		-	-	-	-
Depreciation		<u>138</u>	<u>129</u>	<u>404</u>	<u>336</u>
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,189	1,020	3,174	2,741
Other income, net	14	152	60	550	255
Provision for investments		-	-	-	3
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,341	1,080	3,724	2,993
Provision for taxation (refer to note 22.2.12)	15	<u>155</u>	<u>122</u>	<u>436</u>	<u>340</u>
NET PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		1,186	958	3,288	2,653
Income on sale of Investments, net of taxes (refer to note 22.2.22)		-	-	-	6
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		1,186	958	3,288	2,659
Balance Brought Forward		6,545	3,574	4,844	2,195
Less: Residual dividend paid		-	-	-	4
Dividend tax on the above		-	-	-	1
		<u>6,545</u>	<u>3,574</u>	<u>4,844</u>	<u>2,190</u>
AMOUNT AVAILABLE FOR APPROPRIATION		7,731	4,532	8,132	4,849
Dividend					
Interim		-	-	343	278
Final		-	-	-	-
Total dividend		-	-	343	278
Dividend tax		-	-	58	39
Amount transferred to general reserve		-	-	-	-
Balance in profit and loss account		<u>7,731</u>	<u>4,532</u>	<u>7,731</u>	<u>4,532</u>
		<u>7,731</u>	<u>4,532</u>	<u>8,132</u>	<u>4,849</u>
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Before exceptional Items					
Basic		20.77	17.20	57.58	47.82
Diluted		20.70	16.82	57.38	46.70
After exceptional Items					
Basic		20.77	17.20	57.58	47.93
Diluted		20.70	16.82	57.38	46.81
Number of shares used in computing earnings per share					
Basic		57,13,46,568	55,70,34,398	57,12,55,430	55,48,77,140
Diluted		57,32,85,874	56,97,17,084	57,32,10,538	56,81,73,059

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT 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.

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 Natrajan Ramkrishna
Partner
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INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Cash Flow Statement for the	Schedule	Nine months ended	
		2007	December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		3,724	2,993
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		404	336
Interest and dividend income		(480)	(183)
Profit on sale of liquid mutual funds		-	(8)
Provision for investments		-	3
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(37)	(16)
Changes in current assets and liabilities			
Sundry debtors		(129)	(568)
Loans and advances	16	(233)	(246)
Current liabilities and provisions	17	107	233
Income taxes paid	18	(227)	(290)
NET CASH GENERATED BY OPERATING ACTIVITIES		3,129	2,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(970)	(818)
Payment for intellectual property rights		-	14
Investment in subsidiaries (refer to note 22.2.16)		(103)	(553)
Investments in securities (refer to note 22.2.16)	20	-	(1,359)
Interest and dividend income		480	183
Cash flow from investing activities before exceptional items		(593)	(2,533)
Proceeds on sale of Long Term Investments (Net of taxes) (refer to note 22.2.22)		-	6
NET CASH USED IN INVESTING ACTIVITIES		(593)	(2,527)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		25	421
Dividends paid during the period		(713)	(1,343)
Dividend Tax paid during the period		(121)	(189)
NET CASH USED IN FINANCING ACTIVITIES		(809)	(1,111)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		37	16
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,764	(1,368)
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	7,414	2,411
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.
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INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except as otherwise stated
Schedules to the Balance Sheet as at
December 31, 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
57,15,53,937 (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 - Opening balance	2,768	1,543
Add: Receipts on exercise of employee stock options	25	1,206
Income tax benefit arising from exercise of stock options	-	19
	<u>2,793</u>	<u>2,768</u>
General reserve - Opening balance	3,258	3,015
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
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	7,731	4,844
	<u>13,788</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 December 31, 2007	As at April 1, 2007	For the Period	Deductions/ Retirement during the period	As at December 31, 2007	As at December 31, 2007	As at March 31, 2007
Land : free-hold leasehold	76	55	-	131	-	-	-	-	131	76
Buildings*	95	3	-	98	-	-	-	-	98	95
Plant and machinery*	1,471	298	-	1,769	266	80	-	346	1,423	1,205
Computer equipment*	760	108	-	868	414	95	-	509	359	346
Furniture and fixtures*	944	130	4	1,070	714	164	4	874	196	230
Vehicles	541	80	-	621	344	65	-	409	212	197
	2	-	-	2	1	-	-	1	1	1
	3,889	674	4	4,559	1,739	404	4	2,139	2,420	2,150
Previous period	2,837	820	6	3,651	1,275	336	3	1,608	2,043	1,562
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
December 31, 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

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

-

942
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 *

-

-

942
839

Aggregate amount of unquoted investments

942

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

85

69

Sundry debtors

7

3

Others

5

7

97
79
6 SUNDRY DEBTORS*

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful

38

15

Other debts

Unsecured

considered good**

2,421

2,292

considered doubtful

6

7

2,465
2,314

Less: Provision for doubtful debts

44

22

2,421
2,292
** Includes dues from companies where directors are interested*

-

7

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

1

2

7 CASH AND BANK BALANCES

Cash on hand

-

-

Balances with scheduled banks in Indian Rupees

In current accounts *

129

302

In deposit accounts

5,601

4,827

Balances with non-scheduled banks in foreign currency **

in deposit accounts

145

-

In current accounts

459

378

6,334
5,507
**Includes balance in unclaimed dividend account (refer note 22.2.25a)*

3

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
December 31, 2007
March 31, 2007
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (refer to note 22.2.7)	32	22
Advances		
prepaid expenses	19	28
for supply of goods and rendering of services*	4	3
advance to gratuity and provident fund trust	28	-
others	13	20
	<u>96</u>	<u>73</u>
Unbilled revenues	527	312
Advance income tax	147	352
MAT credit entitlement	57	-
Loans and advances to employees		
housing and other loans	39	42
salary advances	50	63
Electricity and other deposits	24	20
Rental deposits	11	10
Deposits with financial institution and body corporate (refer to note 22.2.14)	1,228	275
Mark to Market on options/ forward contracts	42	15
	<u>2,221</u>	<u>1,162</u>
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	<u>2,222</u>	<u>1,163</u>
Less: Provision for doubtful loans and advances to employees	1	1
	<u>2,221</u>	<u>1,162</u>
	<u><u>2,221</u></u>	<u><u>1,162</u></u>
* Includes advances to subsidiary company	-	-

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	15	23
accrued salaries and benefits		
salaries	27	28
bonus and incentives	228	208
unavailed leave	138	120
for other liabilities		
provision for expenses	269	281
retention monies	42	23
withholding and other taxes payable	173	172
due to option holders of Infosys BPO	-	2
others	36	4
	<u>928</u>	<u>861</u>
Advances received from clients	12	4
Unearned revenue	344	295
Unclaimed dividend	3	2
	<u>1,287</u>	<u>1,162</u>
	<u><u>1,287</u></u>	<u><u>1,162</u></u>
*Includes dues to subsidiary companies (refer to note22.2.7)	1	-

10 PROVISIONS

Proposed dividend	-	371
Provision for		
tax on dividend	-	63
income taxes *	286	207
post-sales client support and warranties	41	21
	<u>327</u>	<u>662</u>
	<u><u>327</u></u>	<u><u>662</u></u>
* Refer to note 22.2.12		

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore
Schedules to Profit and Loss Account for the

	Quarter ended December 31,		Nine months ended December 31,	
	2007	2006	2007	2006
11 SOFTWARE DEVELOPMENT EXPENSES				
Salaries and bonus including overseas staff expenses	1,743	1,393	4,987	3,936
Overseas group health insurance	(43)	28	7	68
Contribution to provident and other funds	42	37	125	105
Staff welfare	15	11	35	29
Technical sub-contractors - subsidiaries	192	159	575	446
Technical sub-contractors - others	48	73	167	170
Overseas travel expenses	75	70	221	206
Visa charges and others	28	20	104	84
Software packages				
for own use	65	57	154	140
for service delivery to clients	8	5	22	20
Communication expenses	15	14	40	40
Computer maintenance	5	6	15	16
Consumables	6	6	15	17
Rent	6	4	17	11
Provision for post-sales client support and warranties	14	5	20	11
	<u>2,219</u>	<u>1,888</u>	<u>6,504</u>	<u>5,299</u>
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	117	111	367	329
Overseas group health insurance	(2)	1	-	2
Contribution to provident and other funds	-	1	1	2
Staff welfare	1	1	2	2
Overseas travel expenses	20	24	63	69
Visa charges and others	1	-	2	1
Traveling and conveyance	1	1	2	2
Commission and earnout charges	3	4	10	23
Brand building	14	17	41	44
Professional charges	5	5	17	16
Rent	3	4	9	12
Marketing expenses	4	10	13	18
Telephone charges	2	2	6	5
Communication expenses	1	-	1	1
Printing and stationery	-	1	1	1
Advertisements	1	-	4	2
Office maintenance	-	-	-	-
Sales promotion expenses	1	-	2	1
Consumables	-	-	-	-
Software packages				
for own use	-	-	-	-
Computer maintenance	-	-	-	-
Power and fuel	-	-	-	-
Insurance charges	-	-	-	-
Rates and taxes	-	-	-	-
Bank charges and commission	-	-	-	-
Miscellaneous expenses	-	-	-	-
	<u>172</u>	<u>182</u>	<u>541</u>	<u>530</u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore
Schedules to Profit and Loss Account for the

	Quarter ended December 31,		Nine months ended December 31,	
	2007	2006	2007	2006
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	57	45	162	127
Overseas group health insurance	(2)	-	(2)	-
Contribution to provident and other funds	3	3	9	8
Professional charges	42	34	115	100
Telephone charges	31	28	87	80
Power and fuel	26	22	79	66
Traveling and conveyance	27	21	69	61
Overseas travel expenses	3	3	10	12
Visa charges and others	-	-	-	1
Office maintenance	32	23	86	70
Guest house maintenance*	1	1	2	1
Insurance charges	3	7	15	19
Printing and stationery	3	4	10	10
Donations	5	7	15	16
Rent	3	4	11	13
Advertisements	1	2	5	6
Repairs to building	6	5	14	15
Repairs to plant and machinery	4	4	13	10
Rates and taxes	14	7	26	19
Professional membership and seminar participation fees	2	3	7	7
Postage and courier	2	2	7	6
Books and periodicals	1	1	3	3
Provision for bad and doubtful debts	15	5	36	24
Provision for doubtful loans and advances	-	-	-	-
Commission to non-whole time directors	1	1	3	1
Freight charges	1	-	1	1
Bank charges and commission	-	-	1	1
Research grants	-	2	4	7
Auditor's remuneration				
statutory audit fees	-	-	-	-
certification charges	-	-	-	-
others	-	-	-	-
out-of-pocket expenses	-	-	-	-
Miscellaneous expenses	-	1	2	4
	<u>281</u>	<u>235</u>	<u>790</u>	<u>688</u>
<i>*For non training purposes</i>				
14 OTHER INCOME, NET				
Interest received on deposits with banks and others*	165	30	476	100
Dividend received on investment in liquid mutual funds (non-trade unquoted)	-	36	4	83
Profit on sale of liquid mutual funds	-	-	-	-
Miscellaneous income (refer to note 22.2.15)	6	13	18	28
Exchange (losses) / gains	(19)	(19)	52	44
	<u>152</u>	<u>60</u>	<u>550</u>	<u>255</u>
<i>*includes tax deducted at source</i>	8	4	46	22
15 PROVISION FOR TAXATION				
Income taxes*	186	125	511	355
MAT credit entitlement	(25)	-	(57)	-
Deferred taxes	(6)	(3)	(18)	(15)
	<u>155</u>	<u>122</u>	<u>436</u>	<u>340</u>
<i>*Refer to note 22.2.12</i>				

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Nine months ended
December 31,**

	2007	2006
16 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet*	2,221	1,769
Add: Gratuity negative plan amendment liability (refer to Note 22.2.23)	(37)	13
Less: Deposits with financial institutions and body corporates included in cash and cash equivalents	(1,080)	(743)
MAT credit entitlement	(57)	-
Advance income taxes separately considered	(147)	(309)
	900	730
Less: Opening balance considered	(667)	(484)
	<u>233</u>	<u>246</u>
* includes loans to subsidiary and net of gratuity transitional liability		
17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	1,614	1,361
Add/ (Less): unclaimed dividend	(3)	(3)
Due to option holders of Infosys BPO	-	-
Gratuity negative plan amendment liability	(37)	-
Provisions separately considered in the cash flow statement	-	-
Income taxes	(286)	(294)
	1,288	1,064
Less: Opening balance considered	(1,181)	(831)
	<u>107</u>	<u>233</u>
18 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	436	340
Add: Increase/(Decrease) in advance income taxes	(205)	42
Increase/(Decrease) in deferred taxes	18	15
Increase/(Decrease) in MAT entitlement credit	57	-
Less : (Increase)/Decrease in income tax provision	(79)	(107)
	<u>227</u>	<u>290</u>
19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per the Balance Sheet*	674	816
Less: Opening Capital work-in-progress	(957)	(571)
Add: Closing Capital work-in-progress	1,253	573
	<u>970</u>	<u>818</u>
* Excludes Rs. nil (Rs 4 crore) towards movement of land from Leasehold to Freehold		
20 INVESTMENTS IN SECURITIES *		
As per the Balance Sheet	942	2,793
Add: Provisions on investments	-	3
	942	2,796
Less: Investment in subsidiaries	(103)	(553)
Profit on sale of liquid mutual funds	-	(8)
Opening balance considered	(839)	(876)
	<u>-</u>	<u>1,359</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	6,334	1,668
Add: Deposits with financial institutions, included herein	1,080	743
	<u>7,414</u>	<u>2,411</u>