

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated 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	13,509	10,969
		<u>13,795</u>	<u>11,255</u>
MINORITY INTEREST			
		-	4
		<u>13,795</u>	<u>11,259</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	5,439	4,642
Less: Accumulated depreciation and amortization		1,986	1,836
Net book value		<u>3,453</u>	<u>2,806</u>
Add: Capital work-in-progress		1,324	965
		<u>4,777</u>	<u>3,771</u>
INVESTMENTS			
	4	72	25
DEFERRED TAX ASSETS			
	5	119	92
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	3,297	2,436
Cash and bank balances	7	6,950	5,834
Loans and advances	8	2,771	1,251
		<u>13,018</u>	<u>9,521</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,912	1,469
Provisions	10	2,279	681
NET CURRENT ASSETS		<u>8,827</u>	<u>7,371</u>
		<u>13,795</u>	<u>11,259</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	24		

The schedules referred to above are an integral part of the consolidated 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
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Sridar A. Iyengar
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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
April 15, 2008

Parvatheesam K.
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore, except per share data

Consolidated Profit and Loss Account for the	Schedule	Year ended March 31,	
		2008	2007
Income from software services, products and business process management		16,692	13,893
Software development and business process management expenses	11	9,207	7,458
GROSS PROFIT		7,485	6,435
Selling and marketing expenses	12	916	929
General and administration expenses	13	1,331	1,115
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND MINORITY INTEREST		5,238	4,391
Interest		-	-
Depreciation		598	514
OPERATING PROFIT BEFORE TAX, MINORITY INTEREST AND EXCEPTIONAL ITEMS		4,640	3,877
Other income, net	14	704	372
Provision for investments		-	2
NET PROFIT BEFORE TAX, MINORITY INTEREST AND EXCEPTIONAL ITEMS		5,344	4,247
Provision for taxation (refer to note 24.2.8)	15	685	386
NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST AND EXCEPTIONAL ITEMS		4,659	3,861
Income on sale of investments, net of taxes (refer to note 24.2.19)		-	6
NET PROFIT AFTER TAX, EXCEPTIONAL ITEMS AND BEFORE MINORITY INTEREST		4,659	3,867
Minority interest		-	11
NET PROFIT AFTER TAX, EXCEPTIONAL ITEMS AND MINORITY INTEREST		4,659	3,856
Balance Brought Forward		4,941	2,219
Less: Residual dividend paid		-	4
Additional dividend tax		-	1
		4,941	2,214
AMOUNT AVAILABLE FOR APPROPRIATION		9,600	6,070
Dividend			
Interim		343	278
Final		415	371
One time special dividend		1,144	-
Total dividend		1,902	649
Dividend tax		323	102
Amount transferred to General Reserve		547	378
Balance in profit and loss account		6,828	4,941
		9,600	6,070
EARNINGS PER SHARE *			
Equity shares of par value Rs. 5/- each			
Before Exceptional items			
Basic		81.53	69.11
Diluted		81.26	67.59
After Exceptional items			
Basic		81.53	69.22
Diluted		81.26	67.70
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

24

* Refer to note 24.2.17

The schedules referred to above form an integral part of the consolidated profit and loss account.

As per our report attached

for BSR & Co.

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Natrajan Ramkrishna
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Membership No. 32815

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Bangalore
April 15, 2008

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Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES
in Rs. crore

Consolidated Cash Flow Statement for the	Schedule	Year ended	
		2008	March 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax, minority interest and exceptional items		5,344	4,247
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		598	514
Interest and dividend income		(681)	(315)
Profit on sale of liquid mutual funds		-	(11)
Provisions for investments		-	2
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(19)	7
Changes in current assets and liabilities			
Sundry debtors	16	(830)	(828)
Loans and advances	17	(190)	(179)
Current liabilities and provisions	18	410	530
Income taxes paid	19	(549)	(446)
NET CASH GENERATED BY OPERATING ACTIVITIES		4,083	3,521
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	20	(1,494)	(1,510)
Payment for purchase of business, net of cash acquired		(101)	-
Payment for intellectual property rights		-	14
Investments in/ disposal of securities	21	(47)	740
Acquisition of minority interest in subsidiary		(24)	(660)
Interest and dividend received	23	546	289
Cash flow from investing activities before exceptional items		(1,120)	(1,127)
Proceeds on sale of long term Investments (net of taxes)		-	6
NET CASH USED IN INVESTING ACTIVITIES		(1,120)	(1,121)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		58	1,216
Dividends paid during the period, including dividend tax		(835)	(1,532)
NET CASH USED IN FINANCING ACTIVITIES		(777)	(316)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		41	(7)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		2,227	2,077
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		6,008	3,931
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	8,235	6,008
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	24		

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

As per our report attached

for BSR & Co.
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CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore, except per share data

Schedules to the Consolidated 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*	286	286
57,19,95,758 (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>
Forfeited shares amounted to Rs. 1,500/- (Rs 1,500/-)		
* For details of options in respect of equity shares, refer to note 24.2.7		
* Refer to note 24.2.17 for details of basic and diluted shares		
2 RESERVES AND SURPLUS		
Capital reserve	6	5
Foreign currency translation reserve	22	-
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
	<u>2,851</u>	<u>2,768</u>
General reserve - Opening balance	3,255	3,012
Less: Capitalized on issue of bonus shares	-	138
Less: Gratuity transitional liability (refer to note 24.2.20)	-	9
Add: Transfer from the Profit and Loss Account	547	378
Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to note 24.2.12)	-	12
	<u>3,802</u>	<u>3,255</u>
Balance in Profit and Loss Account	6,828	4,941
	<u>13,509</u>	<u>10,969</u>

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

Schedules to the Consolidated Balance Sheet

in Rs. Crore, except as otherwise stated

3 FIXED ASSETS

Particulars	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2007	Additions	Deletions/ Retirement	As at March 31, 2008	As at April 1, 2007	For the year	Deletions/ Retirement	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Goodwill	589	100	-	689	-	-	-	-	689	589
Land: free-hold	76	55	-	131	-	-	-	-	131	76
leasehold	96	3	-	99	-	-	-	-	99	96
Buildings	1,471	487	-	1,958	267	111	-	378	1,580	1,204
Plant and machinery #	787	229	147	869	423	140	147	416	453	364
Computer equipment #	1,028	220	172	1,076	774	246	172	848	228	254
Furniture and fixtures #	573	137	129	581	362	94	129	327	254	211
Leasehold improvements	20	13	-	33	10	7	-	17	16	10
Vehicles	2	1	-	3	-	-	-	-	3	2
	4,642	1,245	448	5,439	1,836	598	448	1,986	3,453	2,806
Previous year	2,983	1,706	47	4,642	1,328	514	6	1,836	2,806	

Note: Buildings include Rs. 250/- being the value of 5 shares of Rs. 50/- each in Mittal Towers Premises Co-operative Society Limited

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.

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to the Consolidated Balance Sheet as at	March 31, 2008	March 31, 2007
4 INVESTMENTS		
Trade (unquoted) – at cost		
Long- term investments	12	12
Less: Provision made for investments	<u>12</u>	<u>12</u>
	-	-
Non-trade (unquoted), current investments, at the lower of cost and fair value		
Liquid mutual funds*	<u>72</u>	<u>25</u>
	<u>72</u>	<u>25</u>
Aggregate amount of unquoted investments	<u>72</u>	<u>25</u>
* refer to note 24.2.11		
5 DEFERRED TAX ASSETS		
Fixed assets	91	74
Sundry debtors	7	3
Others	<u>21</u>	<u>15</u>
	<u>119</u>	<u>92</u>
6 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured		
considered good	-	-
considered doubtful	21	16
Other debts		
Unsecured		
considered good*	3,297	2,436
considered doubtful	<u>20</u>	<u>7</u>
	<u>3,338</u>	<u>2,459</u>
Less: Provision for doubtful debts	<u>41</u>	<u>23</u>
	<u>3,297</u>	<u>2,436</u>
* Includes dues from companies where directors are interested	2	7
7 CASH AND BANK BALANCES		
Cash on hand	-	-
Balances with scheduled banks		
In current accounts *	293	481
In deposit accounts in Indian Rupees	5,913	4,952
Balances with non-scheduled banks		
In deposit accounts in foreign currency	153	-
In current accounts in foreign currency	<u>591</u>	<u>401</u>
	<u>6,950</u>	<u>5,834</u>
*Includes balance in unclaimed dividend account	2	2

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to the Consolidated Balance Sheet as at March 31, 2008 March 31, 2007

8 LOANS AND ADVANCES

Unsecured, considered good		
Advances		
prepaid expenses	33	34
for supply of goods and rendering of services	13	3
advance to gratuity and provident fund trust	12	-
interest accrued but not due	186	51
others	34	20
	<u>278</u>	<u>108</u>
Unbilled revenues	482	320
Advance income tax	218	353
MAT credit entitlement	175	-
Loans and advances to employees		
housing and other loans	42	42
salary advances	73	76
Electricity and other deposits	32	21
Rental deposits	25	15
Deposits with financial institution and body corporate (refer note 24.2.9)	1,446	295
Mark to Market forward contract & option - asset	-	15
Other assets	-	6
	<u>2,771</u>	<u>1,251</u>
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	<u>2,772</u>	<u>1,252</u>
Less: Provision for doubtful loans and advances to employees	1	1
	<u><u>2,771</u></u>	<u><u>1,251</u></u>

9 CURRENT LIABILITIES

Sundry creditors		
capital goods	-	-
goods and services	53	25
accrued salaries and benefits		
salaries	80	39
bonus and incentives	413	264
unavailed leave	190	149
for other liabilities		
accrual for expenses	450	456
retention monies	53	24
withholding and other taxes payable	218	181
Mark to Market forward contract & option - Liability	118	-
Gratuity obligation - unamortised amount	33	-
others	10	12
	<u>1,618</u>	<u>1,150</u>
Advances received from clients	6	4
Unearned revenue	286	311
Unclaimed dividend	2	2
Due to option holders of Infosys BPO	-	2
	<u><u>1,912</u></u>	<u><u>1,469</u></u>

10 PROVISIONS

Proposed dividend	1,559	371
Provision for		
tax on dividend	265	63
income taxes*	402	224
post-sales client support and warranties	53	23
	<u><u>2,279</u></u>	<u><u>681</u></u>

* Refer to note 24.2.8

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Profit and Loss Account for the

**Year ended
March 31,**

2008 2007

11 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES

Salaries and bonus including overseas staff expenses	7,651	6,071
Contribution to provident and other funds	192	154
Staff welfare	58	46
Overseas travel expenses	505	461
Traveling and conveyance	2	-
Technical sub-contractors	265	289
Software packages		
for own use	225	203
for service delivery to clients	26	25
Communication expenses	79	69
Rent	49	34
Computer maintenance	27	23
Consumables	21	24
Provision for post-sales client support and warranties	45	13
Miscellaneous expenses	62	46
	<u>9,207</u>	<u>7,458</u>

12 SELLING AND MARKETING EXPENSES

Salaries and bonus including overseas staff expenses	607	552
Contribution to provident and other funds	4	3
Staff welfare	3	3
Overseas travel expenses	102	106
Traveling and conveyance	4	8
Brand building	56	70
Commission and earnout charges	64	101
Professional charges	21	24
Rent	15	19
Marketing expenses	19	26
Telephone charges	8	6
Printing and stationery	1	1
Advertisements	6	3
Sales promotion expenses	3	2
Office maintenance	-	1
Communication expenses	2	1
Insurance charges	-	-
Consumables	-	-
Software packages		
for own use	-	1
Computer maintenance	-	-
Rates and taxes	-	-
Miscellaneous expenses	1	2
	<u>916</u>	<u>929</u>

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Profit and Loss Account for the

Year ended
March 31,

2008 2007

13 GENERAL AND ADMINISTRATION EXPENSES

Salaries and bonus including overseas staff expenses	350	271
Contribution to provident and other funds	12	12
Staff welfare	1	-
Telephone charges	133	118
Professional charges	189	151
Power and fuel	122	97
Office maintenance	136	108
Guesthouse maintenance	1	-
Traveling and conveyance	102	95
Overseas travel expenses	24	23
Insurance charges	26	32
Printing and stationery	18	16
Rates and taxes	36	26
Donations	20	21
Rent	22	17
Advertisements	7	8
Professional membership and seminar participation fees	9	10
Repairs to building	23	22
Repairs to plant and machinery	20	15
Postage and courier	11	8
Books and periodicals	4	5
Recruitment and training	3	7
Provision for bad and doubtful debts	43	26
Provision for doubtful loans and advances	-	1
Commission to non-whole time directors	4	2
Auditor's remuneration	-	-
statutory audit fees	1	1
certification charges	-	-
others	-	-
out-of-pocket expenses	-	-
Bank charges and commission	1	1
Freight charges	1	1
Research grants	4	13
Software packages	-	-
for own use	-	-
Transaction Processing Fee and Filing Fee	-	1
Miscellaneous expenses	8	7
	<u>1,331</u>	<u>1,115</u>

14 OTHER INCOME, NET

Interest received on deposits with banks and others*	672	192
Dividend received on investment in liquid mutual funds (non-trade unquoted)	9	123
Profit on sale of liquid mutual funds	-	-
Miscellaneous income, net (Refer to note 24.2.10)	11	19
Exchange gains / (losses)	12	38
	<u>704</u>	<u>372</u>
<i>*includes tax deducted at source</i>	89	33

15 PROVISION FOR TAXATION

Income taxes*	884	413
MAT credit entitlement	(177)	-
Deferred taxes	(22)	(27)
	<u>685</u>	<u>386</u>

* Refer to note 24.2.8

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Cashflow Statements for the

Year ended
March 31,

	2008	2007
16 CHANGE IN SUNDRY DEBTORS		
As per the Balance Sheet	3,297	2,436
Less: Opening balance considered	(2,436)	(1,608)
Sundry debtors pertaining to acquired company	(31)	-
	<u>830</u>	<u>828</u>
17 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet*	2,771	1,251
Add: Gratuity transitional liability	9	9
Gratuity obligation - unamortised amount relating to plan amendment (Refer to note 24.2.20)	(33)	-
Less: Deposits with financial institutions, included in cash and cash equivalents **	(1,285)	(174)
MAT credit entitlement	(175)	-
Advance income taxes separately considered	(218)	(353)
Interest accrued but not due	(186)	(51)
	<u>883</u>	<u>682</u>
Less: Opening balance considered	(682)	(503)
Loans and Advances pertaining to acquired company	(11)	-
	<u>190</u>	<u>179</u>
<i>* Net of gratuity transitional liability</i>		
<i>** Excludes restricted deposits held with LIC of Rs. 161 crore (Rs.121 crore) for funding leave liability</i>		
18 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	4,191	2,150
Add/ (Less): Unclaimed dividend	(2)	(2)
Gratuity obligation - unamortised amount relating to plan amendment	(33)	-
Due to option holders of Infosys BPO	-	(2)
Payable for acquisition of shared service center	(6)	-
Provisions separately considered in the cash flow statement		
Income taxes	(402)	(224)
Dividends	(1,559)	(371)
Dividend tax	(265)	(63)
	<u>1,924</u>	<u>1,488</u>
Less: Opening balance considered	(1,488)	(958)
Current Liabilities and Provisions pertaining to acquired company	(26)	-
	<u>410</u>	<u>530</u>
19 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	685	386
Add: Increase/ (Decrease) in advance income taxes	(135)	86
Increase / (Decrease) in deferred taxes	27	27
Increase / (Decrease) in MAT credit entitlement	175	-
Less: Income Tax benefit arising from exercise of stock options	(25)	(19)
(Increase)/Decrease in income tax provision	(178)	(34)
	<u>549</u>	<u>446</u>
20 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per Balance Sheet*	1,135	1,116
Less: Opening Capital work-in-progress	(965)	(571)
Add: Closing Capital work-in-progress	1,324	965
	<u>1,494</u>	<u>1,510</u>
<i>* Excludes Rs Nil crore (Rs 41 crore) towards movement of land from Leasehold to Freehold</i>		
<i>* Excludes goodwill Rs Nil crore (Rs 411 crore) on buyback of Infosys BPO Ltd shares</i>		
<i>* Excludes Goodwill of Rs. 100 crore and net fixed assets of Rs. 10 crore related to acquired company</i>		
21 INVESTMENTS IN / (DISPOSAL OF) SECURITIES *		
As per the Balance Sheet	72	25
Add: Provisions made on investments	-	2
	<u>72</u>	<u>27</u>
Less: Profit on sale of liquid mutual funds	-	(11)
Opening balance considered	(25)	(756)
	<u>47</u>	<u>(740)</u>
<i>* Refer to note 24.2.11 for details of investments and redemptions</i>		
22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
As per the Balance Sheet	6,950	5,834
Add: Deposits with financial institutions, included herein (excluding interest accrued but not due)**	1,285	174
	<u>8,235</u>	<u>6,008</u>
<i>** Excludes restricted deposits held with LIC of Rs. 161 crore (Rs.121 crore) for funding leave liability</i>		
23 INTEREST AND DIVIDEND RECEIVED		
Interest accrued but not due opening balance	51	25
Add: Interest and dividend income	681	315
Less: Interest accrued but not due closing balance	186	51
	<u>546</u>	<u>289</u>