

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

| Consolidated Balance Sheet as at                             | Schedule | June 30, 2008        | March 31, 2008       |
|--|----------|----------------------|----------------------|
| <b>SOURCES OF FUNDS</b>                                      |          |                      |                      |
| <b>SHAREHOLDERS' FUNDS</b>                                   |          |                      |                      |
| Share capital  | 1        | 286                  | 286                  |
| Reserves and surplus   | 2        | 14,863               | 13,509               |
|  |          | <u>15,149</u>        | <u>13,795</u>        |
| <b>MINORITY INTEREST</b>                                     |          |                      |                      |
|  |          | <u>-</u>             | <u>-</u>             |
|  |          | <u><b>15,149</b></u> | <u><b>13,795</b></u> |
| <b>APPLICATION OF FUNDS</b>                                  |          |                      |                      |
| <b>FIXED ASSETS</b>  |          |                      |                      |
| Original cost  | 3        | 5,773                | 5,439                |
| Less: Accumulated depreciation and amortization              |          | <u>2,154</u>         | <u>1,986</u>         |
| Net book value   |          | <u>3,619</u>         | <u>3,453</u>         |
| Add: Capital work-in-progress                                |          | <u>1,338</u>         | <u>1,324</u>         |
|  |          | <u>4,957</u>         | <u>4,777</u>         |
| <b>INVESTMENTS</b>   |          |                      |                      |
|  | 4        | 153                  | 72                   |
| <b>DEFERRED TAX ASSETS</b>                                   |          |                      |                      |
|  | 5        | 126                  | 119                  |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                    |          |                      |                      |
| Sundry debtors   | 6        | 3,336                | 3,297                |
| Cash and bank balances                                       | 7        | 6,145                | 6,950                |
| Loans and advances   | 8        | <u>3,125</u>         | <u>2,771</u>         |
|  |          | <u>12,606</u>        | <u>13,018</u>        |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>              |          |                      |                      |
| Current liabilities  | 9        | 2,168                | 1,912                |
| Provisions   | 10       | <u>525</u>           | <u>2,279</u>         |
| <b>NET CURRENT ASSETS</b>                                    |          |                      |                      |
|  |          | <u>9,913</u>         | <u>8,827</u>         |
|  |          | <u><b>15,149</b></u> | <u><b>13,795</b></u> |
| <b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b> |          |                      |                      |
|  | 24       |                      |                      |

The schedules referred to above are an integral part of the consolidated balance sheet.

As per our report attached

for B S R & 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

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Chief Financial Officer

Bangalore  
July 11, 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 | Quarter ended |               |
|---|----------|---------------|---------------|
|   |          | 2008          | June 30, 2007 |
| Income from software services, products and business process management |          | 4,854         | 3,773         |
| Software development and business process management expenses           | 11       | <u>2,754</u>  | <u>2,169</u>  |
| <b>GROSS PROFIT</b>   |          | <b>2,100</b>  | <b>1,604</b>  |
| Selling and marketing expenses  | 12       | 257           | 205           |
| General and administration expenses                                     | 13       | <u>364</u>    | <u>315</u>    |
|   |          | 621           | 520           |
| <b>OPERATING PROFIT BEFORE DEPRECIATION AND MINORITY INTEREST</b>       |          | <b>1,479</b>  | <b>1,084</b>  |
| Depreciation  |          | <u>169</u>    | <u>144</u>    |
| <b>OPERATING PROFIT BEFORE TAX AND MINORITY INTEREST</b>                |          | <b>1,310</b>  | <b>940</b>    |
| Other income, net   | 14       | <u>117</u>    | <u>253</u>    |
| <b>NET PROFIT BEFORE TAX AND MINORITY INTEREST</b>                      |          | <b>1,427</b>  | <b>1,193</b>  |
| Provision for taxation (refer to note 24.2.8)                           | 15       | <u>125</u>    | <u>114</u>    |
| <b>NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST</b>                |          | <b>1,302</b>  | <b>1,079</b>  |
| Minority interest   |          | <u>-</u>      | <u>-</u>      |
| <b>NET PROFIT AFTER TAX AND MINORITY INTEREST</b>                       |          | <b>1,302</b>  | <b>1,079</b>  |
| <b>Balance Brought Forward</b>  |          | 6,828         | 4,941         |
| Less: Residual dividend paid  |          | 1             | -             |
| Additional dividend tax   |          | <u>-</u>      | <u>-</u>      |
|   |          | <b>6,827</b>  | <b>4,941</b>  |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>                               |          | <b>8,129</b>  | <b>6,020</b>  |
| Dividend  |          |               |               |
| Interim   |          | -             | -             |
| Final   |          | -             | -             |
| One time special dividend   |          | -             | -             |
| Total dividend  |          | <u>-</u>      | <u>-</u>      |
| Dividend tax  |          | -             | -             |
| Amount transferred to General Reserve                                   |          | -             | -             |
| Balance in profit and loss account                                      |          | <u>8,129</u>  | <u>6,020</u>  |
|   |          | <b>8,129</b>  | <b>6,020</b>  |
| <b>EARNINGS PER SHARE *</b>   |          |               |               |
| Equity shares of par value Rs. 5/- each                                 |          |               |               |
| Basic   |          | 22.75         | 18.89         |
| Diluted   |          | 22.70         | 18.82         |
| Number of shares used in computing earnings per share                   |          |               |               |
| Basic   |          | 57,21,99,447  | 57,12,09,862  |
| Diluted   |          | 57,35,61,834  | 57,33,39,994  |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

24

\* Refer to note 24.2.16

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

As per our report attached

for B S R & Co.  
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Parvatheesam K.  
Company Secretary

**CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES**

*in Rs. crore*

| Consolidated Cash Flow Statement for the  | Schedule | Quarter ended  |                  |
|---|----------|----------------|------------------|
|   |          | 2008           | June 30,<br>2007 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |          |                |                  |
| Net profit before tax and minority interest   |          | 1,427          | 1,193            |
| Adjustments to reconcile net profit before tax to cash provided by operating activities     |          |                |                  |
| Depreciation  |          | 169            | 144              |
| Interest and dividend income  |          | (195)          | (183)            |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents |          | (32)           | (16)             |
| Effect of foreign currency translation on subsidiaries                                      |          | 27             | 5                |
| Changes in current assets and liabilities   |          |                |                  |
| Sundry debtors  | 16       | (39)           | (60)             |
| Loans and advances  | 17       | (294)          | (91)             |
| Current liabilities and provisions  | 18       | 248            | (8)              |
| Income taxes paid   | 19       | (35)           | (47)             |
| <b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>   |          | <b>1,276</b>   | <b>937</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |          |                |                  |
| Purchases of fixed assets and change in capital work-in-progress                            | 20       | (337)          | (336)            |
| Payment for acquisition by subsidiary   |          | (9)            | -                |
| Payment for acquisition of shared service centre  |          | (6)            | -                |
| Investments in/ disposal of securities  | 21       | (81)           | 25               |
| Proceeds from disposal of fixed assets.   |          | 1              | -                |
| Interest and dividend received  | 23       | 95             | 183              |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  |          | <b>(337)</b>   | <b>(128)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |          |                |                  |
| Proceeds from issuance of share capital on exercise of stock options                        |          | 26             | -                |
| Dividends paid during the period, including dividend tax                                    |          | (1,821)        | (431)            |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>  |          | <b>(1,795)</b> | <b>(431)</b>     |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents |          | 32             | 16               |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 |          | <b>(824)</b>   | <b>394</b>       |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD                                    |          | 8,235          | 6,048            |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                                   | 22       | <b>7,411</b>   | <b>6,442</b>     |
| <b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>                                | 24       |                |                  |

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

*As per our report attached*

for B S R & 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

June 30, 2008

March 31, 2008

**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\*

57,23,43,176 ( 57,19,95,758) 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 24.2.7

\* Refer to note 24.2.16 for details of basic and diluted shares

**2 RESERVES AND SURPLUS**

Capital reserve

6

6

Foreign currency translation reserve

49

22

Share premium account - As at April 1,

2,851

2,768

Add: Receipts on exercise of employee stock options

26

58

Income Tax benefit arising from exercise of stock options

-

25

2,877

2,851

General reserve - As at April 1,

3,802

3,255

Add: Transfer from the Profit and Loss Account

-

547

3,802

3,802

Balance in Profit and Loss Account

8,129

6,828

14,863

13,509

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,<br>2008 | Additions    | Deletions/<br>Retirement | As at June 30,<br>2008 | As at April 1,<br>2008        | For the<br>period | Deletions/<br>Retirement | As at June 30,<br>2008 | As at<br>June 30, 2008 | As at<br>March 31, 2008 |
| Goodwill               | 689                    | 13           | -                        | 702                    | -                             | -                 | -                        | -                      | 702                    | 689                     |
| Land: free-hold        | 131                    | -            | -                        | 131                    | -                             | -                 | -                        | -                      | 131                    | 131                     |
| leasehold              | 99                     | -            | -                        | 99                     | -                             | -                 | -                        | -                      | 99                     | 99                      |
| Buildings              | 1,958                  | 148          | -                        | 2,106                  | 378                           | 34                | -                        | 412                    | 1,694                  | 1,580                   |
| Plant and machinery    | 869                    | 83           | 1                        | 951                    | 416                           | 42                | -                        | 458                    | 493                    | 453                     |
| Computer equipment     | 1,076                  | 54           | 1                        | 1,129                  | 848                           | 64                | 1                        | 911                    | 218                    | 228                     |
| Furniture and fixtures | 581                    | 35           | -                        | 616                    | 327                           | 27                | -                        | 354                    | 262                    | 254                     |
| Leasehold improvements | 33                     | 3            | -                        | 36                     | 17                            | 2                 | -                        | 19                     | 17                     | 16                      |
| Vehicles               | 3                      | -            | -                        | 3                      | -                             | -                 | -                        | -                      | 3                      | 3                       |
|                        | <b>5,439</b>           | <b>336</b>   | <b>2</b>                 | <b>5,773</b>           | <b>1,986</b>                  | <b>169</b>        | <b>1</b>                 | <b>2,154</b>           | <b>3,619</b>           | <b>3,453</b>            |
| Previous period        | <b>4,642</b>           | <b>102</b>   | <b>1</b>                 | <b>4,743</b>           | <b>1,836</b>                  | <b>144</b>        | <b>1</b>                 | <b>1,979</b>           | <b>2,764</b>           |                         |
| Previous year          | <b>4,642</b>           | <b>1,245</b> | <b>448</b>               | <b>5,439</b>           | <b>1,836</b>                  | <b>598</b>        | <b>448</b>               | <b>1,986</b>           | <b>3,453</b>           |                         |

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

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

| Schedules to the Consolidated Balance Sheet as at                                     | June 30, 2008 | March 31, 2008 |
|---|---------------|----------------|
| <b>4 INVESTMENTS</b>  |               |                |
| <b>Trade (unquoted) – at cost</b>   |               |                |
| Long- term investments  | 12            | 12             |
| Less: Provision made for investments  | <u>12</u>     | <u>12</u>      |
|   | -             | -              |
| <b>Non-trade (unquoted), current investments, at the lower of cost and fair value</b> |               |                |
| Liquid mutual funds*  | <u>153</u>    | <u>72</u>      |
|   | <u>153</u>    | <u>72</u>      |
| Aggregate amount of unquoted investments  | <u>153</u>    | <u>72</u>      |
| * refer to note 24.2.11   |               |                |
| <b>5 DEFERRED TAX ASSETS</b>  |               |                |
| Fixed assets  | 98            | 91             |
| Sundry debtors  | 7             | 7              |
| Others  | <u>21</u>     | <u>21</u>      |
|   | <u>126</u>    | <u>119</u>     |
| <b>6 SUNDRY DEBTORS</b>   |               |                |
| Debts outstanding for a period exceeding six months                                   |               |                |
| Unsecured   |               |                |
| considered good   | -             | -              |
| considered doubtful   | 21            | 21             |
| Other debts   |               |                |
| Unsecured   |               |                |
| considered good*  | 3,336         | 3,297          |
| considered doubtful   | <u>31</u>     | <u>20</u>      |
|   | <u>3,388</u>  | <u>3,338</u>   |
| Less: Provision for doubtful debts  | <u>52</u>     | <u>41</u>      |
|   | <u>3,336</u>  | <u>3,297</u>   |
| * Includes dues from companies where directors are interested                         | 2             | 2              |
| <b>7 CASH AND BANK BALANCES</b>   |               |                |
| Cash on hand  | -             | -              |
| Balances with scheduled banks   |               |                |
| In current accounts *   | 293           | 293            |
| In deposit accounts in Indian Rupees  | 5,253         | 5,913          |
| Balances with non-scheduled banks   |               |                |
| In deposit accounts in foreign currency   | 175           | 153            |
| In current accounts in foreign currency   | <u>424</u>    | <u>591</u>     |
|   | <u>6,145</u>  | <u>6,950</u>   |
| *Includes balance in unclaimed dividend account                                       | 6             | 2              |

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to the Consolidated Balance Sheet as at June 30, 2008 March 31, 2008

**8 LOANS AND ADVANCES**

|  |                     |                     |
|--|---------------------|---------------------|
| Unsecured, considered good   |                     |                     |
| Advances   |                     |                     |
| Prepaid expenses   | 29                  | 33                  |
| For supply of goods and rendering of services                              | 14                  | 13                  |
| Advance to gratuity trust  | 6                   | 12                  |
| Interest accrued and not due   | 286                 | 186                 |
| Withholding and other taxes receivable                                     | 44                  | 13                  |
| Visa receivable  | 11                  | -                   |
| Others   | 28                  | 21                  |
|  | <u>418</u>          | <u>278</u>          |
| Unbilled revenues  | 702                 | 482                 |
| Advance income tax   | 138                 | 218                 |
| MAT credit entitlement   | 235                 | 175                 |
| Loans and advances to employees  |                     |                     |
| Housing and other loans  | 42                  | 42                  |
| Salary advances  | 77                  | 73                  |
| Electricity and other deposits   | 35                  | 32                  |
| Rental deposits  | 31                  | 25                  |
| Deposits with financial institution and body corporate (refer note 24.2.9) | 1,447               | 1,446               |
|  | <u>3,125</u>        | <u>2,771</u>        |
| Unsecured, considered doubtful   |                     |                     |
| Loans and advances to employees  | 2                   | 1                   |
|  | <u>3,127</u>        | <u>2,772</u>        |
| Less: Provision for doubtful loans and advances to employees               | 2                   | 1                   |
|  | <u><u>3,125</u></u> | <u><u>2,771</u></u> |

**9 CURRENT LIABILITIES**

|   |              |              |
|---|--------------|--------------|
| Sundry creditors  |              |              |
| Goods and services  | 17           | 53           |
| Accrued salaries and benefits                             |              |              |
| Salaries  | 93           | 80           |
| Bonus and incentives                                      | 264          | 413          |
| Unavailed leave   | 225          | 190          |
| For other liabilities                                     |              |              |
| Provision for expenses                                    | 548          | 450          |
| Retention monies  | 52           | 53           |
| Withholding and other taxes payable                       | 249          | 218          |
| Mark to Market forward contract & option - liability, net | 261          | 118          |
| Gratuity obligation - unamortised amount                  | 32           | 33           |
| Others  | 11           | 10           |
|   | <u>1,752</u> | <u>1,618</u> |
| Advances received from clients                            | 13           | 6            |
| Unearned revenue  | 393          | 286          |
| Unclaimed dividend  | 6            | 2            |
| Payable for acquisition by subsidiary                     | 4            | -            |
|   | <u>2,168</u> | <u>1,912</u> |

**10 PROVISIONS**

|  |            |              |
|--|------------|--------------|
| Proposed dividend                        | -          | 1,559        |
| Provision for                            |            |              |
| Tax on dividend                          | -          | 265          |
| Income taxes*                            | 479        | 402          |
| Post-sales client support and warranties | 46         | 53           |
|  | <u>525</u> | <u>2,279</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

Quarter ended  
June 30,

|   | 2008         | 2007         |
|---|--------------|--------------|
| <b>11 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES</b> |              |              |
| Salaries and bonus including overseas staff expenses                    | 2,234        | 1,744        |
| Overseas group health insurance   | 47           | 25           |
| Contribution to provident and other funds                               | 55           | 45           |
| Staff welfare   | 14           | 11           |
| Overseas travel expenses  | 120          | 150          |
| Visa charges and others   | 60           | -            |
| Traveling and conveyance  | -            | 2            |
| Technical sub-contractors   | 85           | 83           |
| Software packages   |              |              |
| For own use   | 65           | 46           |
| For service delivery to clients   | 16           | 12           |
| Communication expenses  | 21           | 18           |
| Rent  | 19           | 6            |
| Computer maintenance  | 6            | 6            |
| Consumables   | 5            | 7            |
| Provision for post-sales client support and warranties                  | (4)          | -            |
| Miscellaneous expenses  | 11           | 14           |
|   | <u>2,754</u> | <u>2,169</u> |
| <b>12 SELLING AND MARKETING EXPENSES</b>                                |              |              |
| Salaries and bonus including overseas staff expenses                    | 176          | 141          |
| Overseas group health insurance   | 2            | 1            |
| Contribution to provident and other funds                               | 1            | 1            |
| Staff welfare   | 1            | 1            |
| Overseas travel expenses  | 33           | 28           |
| Visa charges and others   | 1            | -            |
| Traveling and conveyance  | 1            | 1            |
| Brand building  | 14           | 11           |
| Commission and earnout charges  | 6            | 1            |
| Professional charges  | 6            | 5            |
| Rent  | 4            | 4            |
| Marketing expenses  | 6            | 6            |
| Telephone charges   | 3            | 2            |
| Printing and stationery   | -            | -            |
| Advertisements  | -            | 2            |
| Sales promotion expenses  | 1            | 1            |
| Office maintenance  | -            | -            |
| Communication expenses  | 1            | -            |
| Insurance charges   | -            | -            |
| Consumables   | -            | -            |
| Software packages   |              |              |
| For own use   | -            | -            |
| Computer maintenance  | -            | -            |
| Rates and taxes   | -            | -            |
| Miscellaneous expenses  | 1            | -            |
|   | <u>257</u>   | <u>205</u>   |



CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Profit and Loss Account for the

Quarter ended  
June 30,

|   | 2008       | 2007       |
|---|------------|------------|
| <b>13 GENERAL AND ADMINISTRATION EXPENSES</b>                               |            |            |
| Salaries and bonus including overseas staff expenses                        | 99         | 78         |
| Contribution to provident and other funds                                   | 4          | 3          |
| Staff welfare   | -          | 1          |
| Telephone charges   | 36         | 31         |
| Professional charges  | 52         | 42         |
| Power and fuel  | 36         | 30         |
| Office maintenance  | 37         | 29         |
| Guesthouse maintenance  | 1          | -          |
| Traveling and conveyance  | 23         | 23         |
| Visa charges and others   | -          | -          |
| Overseas travel expenses  | 8          | 5          |
| Insurance charges   | 7          | 8          |
| Printing and stationery   | 3          | 7          |
| Rates and taxes   | 8          | 6          |
| Donations   | 5          | 5          |
| Rent  | 5          | 6          |
| Advertisements  | 1          | 3          |
| Professional membership and seminar participation fees                      | 2          | 3          |
| Repairs to building   | 6          | 4          |
| Repairs to plant and machinery  | 4          | 5          |
| Postage and courier   | 3          | 3          |
| Books and periodicals   | -          | 1          |
| Recruitment and training  | 2          | 1          |
| Provision for bad and doubtful debts  | 15         | 15         |
| Provision for doubtful loans and advances                                   | -          | -          |
| Commission to non-whole time directors                                      | 1          | 1          |
| Auditor's remuneration  |            |            |
| Statutory audit fees  | -          | -          |
| Certification charges   | -          | -          |
| Others  | -          | -          |
| Out-of-pocket expenses  | -          | -          |
| Bank charges and commission   | 1          | -          |
| Freight charges   | -          | -          |
| Research grants   | 2          | 3          |
| Software packages   |            |            |
| For own use   | -          | -          |
| Transaction processing fee and filing fee                                   | -          | -          |
| Miscellaneous expenses  | 3          | 2          |
|   | <b>364</b> | <b>315</b> |
| <b>14 OTHER INCOME, NET</b>   |            |            |
| Interest received on deposits with banks and others*                        | 193        | 182        |
| Dividend received on investment in liquid mutual funds (non-trade unquoted) | 2          | 1          |
| Miscellaneous income, net (Refer to note 24.2.10)                           | 2          | 2          |
| Exchange gains / (losses)   | (80)       | 68         |
|   | <b>117</b> | <b>253</b> |
| <i>*includes tax deducted at source</i>                                     | 11         | 29         |
| <b>15 PROVISION FOR TAXATION</b>  |            |            |
| Income taxes*   | 192        | 165        |
| MAT credit entitlement  | (60)       | (44)       |
| Deferred taxes  | (7)        | (7)        |
|   | <b>125</b> | <b>114</b> |
| <i>* Refer to note 24.2.8</i>   |            |            |

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Cashflow Statements for the

Quarter ended  
June 30,

|  | 2008         | 2007         |
|--|--------------|--------------|
| <b>16 CHANGE IN SUNDRY DEBTORS</b>   |              |              |
| As per the Balance Sheet   | 3,336        | 2,496        |
| Less: Opening balance considered   | (3,297)      | (2,436)      |
|  | <u>39</u>    | <u>60</u>    |
| <b>17 CHANGE IN LOANS AND ADVANCES</b>   |              |              |
| As per the Balance Sheet*  | 3,125        | 2,437        |
| Add: Gratuity transitional liability   | 9            |              |
| Gratuity obligation - unamortised amount relating to plan amendment (Refer to note 24.2.17)  | (32)         |              |
| Less: Deposits with financial institutions, included in cash and cash equivalents **   | (1,266)      | (1,309)      |
| MAT credit entitlement   | (235)        | (44)         |
| Advance income taxes separately considered   | (138)        | (300)        |
| Interest accrued and not due   | (286)        |              |
|  | <u>1,177</u> | <u>784</u>   |
| Less: Opening balance considered   | (883)        | (693)        |
|  | <u>294</u>   | <u>91</u>    |
| * Net of gratuity transitional liability   |              |              |
| ** Excludes restricted deposits held with LIC of Rs. 181 crore (Rs.132 crore) for funding leave liability                                |              |              |
| <b>18 CHANGE IN CURRENT LIABILITIES AND PROVISIONS</b>   |              |              |
| As per the Balance Sheet   | 2,693        | 1,776        |
| Add/ (Less): Unclaimed dividend  | (6)          | (5)          |
| Gratuity obligation - unamortised amount relating to plan amendment  | (32)         | -            |
| Due to option holders of Infosys BPO   | -            | (2)          |
| Payable for acquisition made by subsidiary   | (4)          |              |
| Provisions separately considered in the cash flow statement  |              |              |
| Income taxes   | (479)        | (289)        |
|  | <u>2,172</u> | <u>1,480</u> |
| Less: Opening balance considered   | (1,924)      | (1,488)      |
|  | <u>248</u>   | <u>(8)</u>   |
| <b>19 INCOME TAXES PAID</b>  |              |              |
| Charge as per the Profit and Loss Account  | 125          | 114          |
| Add: Increase/ (Decrease) in advance income taxes  | (80)         | (53)         |
| Increase / (Decrease) in deferred taxes  | 7            | 7            |
| Increase / (Decrease) in MAT credit entitlement  | 60           | 44           |
| Less:(Increase)/Decrease in income tax provision   | (77)         | (65)         |
|  | <u>35</u>    | <u>47</u>    |
| <b>20 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS</b>  |              |              |
| Additions as per Balance Sheet*  | 323          | 102          |
| Less: Opening Capital work-in-progress   | (1,324)      | (965)        |
| Add: Closing Capital work-in-progress  | 1,338        | 1,199        |
|  | <u>337</u>   | <u>336</u>   |
| * Excludes goodwill of Rs. 100 crore and net fixed assets of Rs. 10 crore related to acquired company for the year ended March 31, 2008. |              |              |
| ** Excludes goodwill of Rs. 13 crore related to acquisition by subsidiary during the quarter ended June 30,2008.                         |              |              |
| <b>21 INVESTMENTS IN / (DISPOSAL OF) SECURITIES *</b>  |              |              |
| As per the Balance Sheet   | 153          | -            |
| Less: Opening balance considered   | (72)         | (25)         |
|  | <u>81</u>    | <u>(25)</u>  |
| * Refer to note 24.2.11 for details of investments and redemptions   |              |              |
| <b>22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>   |              |              |
| As per the Balance Sheet   | 6,145        | 5,133        |
| Add: Deposits with financial institutions, included herein (excluding interest accrued but not due)**                                    | 1,266        | 1,309        |
|  | <u>7,411</u> | <u>6,442</u> |
| ** Excludes restricted deposits held with LIC of Rs. 181 crore (Rs.132 crore) for funding leave liability                                |              |              |
| <b>23 INTEREST AND DIVIDEND RECEIVED</b>   |              |              |
| Interest accrued but not due opening balance   | 186          | 51           |
| Add: Interest and dividend income  | 195          | 183          |
| Less: Interest accrued but not due closing balance   | (286)        | -            |
|  | <u>95</u>    | <u>234</u>   |