

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Balance Sheet as at	Schedule	June 30, 2008	March 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	14,491	13,204
		<u>14,777</u>	<u>13,490</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	4,812	4,508
Less: Accumulated depreciation		1,991	1,837
Net book value		2,821	2,671
Add: Capital work-in-progress		1,240	1,260
		<u>4,061</u>	<u>3,931</u>
INVESTMENTS	4	964	964
DEFERRED TAX ASSETS	5	105	99
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	3,114	3,093
Cash and bank balances	7	5,674	6,429
Loans and advances	8	3,064	2,705
		<u>11,852</u>	<u>12,227</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,704	1,483
Provisions	10	501	2,248
NET CURRENT ASSETS		<u>9,647</u>	<u>8,496</u>
		<u>14,777</u>	<u>13,490</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 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

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Rama Bijapurkar
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

K. Dinesh
Director

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Bangalore
July 11, 2008

Parvatheesam K.
Company Secretary

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

Profit and Loss Account for the	Schedule	Quarter ended	
		2008	June 30, 2007
Income from software services and products		4,516	3,551
Software development expenses	11	<u>2,611</u>	<u>2,111</u>
GROSS PROFIT		1,905	1,440
Selling and marketing expenses	12	216	171
General and administration expenses	13	<u>285</u>	<u>259</u>
		501	430
OPERATING PROFIT BEFORE DEPRECIATION		1,404	1,010
Depreciation		<u>155</u>	<u>134</u>
OPERATING PROFIT BEFORE TAX		1,249	876
Other income, net	14	<u>131</u>	<u>255</u>
NET PROFIT BEFORE TAX		1,380	1,131
Provision for taxation (refer to note 23.2.12)	15	<u>118</u>	<u>103</u>
NET PROFIT AFTER TAX		1,262	1,028
Balance Brought Forward		6,642	4,844
Less: Residual dividend paid		1	-
Dividend tax on the above		<u>-</u>	<u>-</u>
		6,641	4,844
AMOUNT AVAILABLE FOR APPROPRIATION		7,903	5,872
Dividend			
Interim		-	-
Final		-	-
One time special dividend		<u>-</u>	<u>-</u>
Total dividend		-	-
Dividend tax		-	-
Amount transferred to general reserve		-	-
Balance in profit and loss account		<u>7,903</u>	<u>5,872</u>
		7,903	5,872
EARNINGS PER SHARE *			
Equity shares of par value Rs. 5/- each			
Basic		22.07	18.00
Diluted		22.01	17.93
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

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 B S R & Co.
Chartered Accountants

 Natrajan Ramkrishna
Partner
 Membership No. 32815

 N. R. Narayana Murthy
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 Bangalore
 July 11, 2008

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INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Cash Flow Statement for the	Schedule	Quarter ended	
		2008	June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		1,380	1,131
Adjustments to reconcile net profit before tax to cash provided by operating activities			
Depreciation		155	134
Interest and dividend income		(186)	(175)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(29)	(12)
Changes in current assets and liabilities			
Sundry debtors		(21)	(51)
Loans and advances	16	(285)	(98)
Current liabilities and provisions	17	209	(16)
Income taxes paid	18	(14)	(29)
NET CASH GENERATED BY OPERATING ACTIVITIES		1,209	884
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(285)	(322)
Investments in securities (refer to note 23.2.16)	20	-	-
Interest and dividend received	21	87	175
NET CASH USED IN INVESTING ACTIVITIES		(198)	(147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		26	-
Dividends paid during the period		(1,556)	(368)
Dividend tax paid during the period		(265)	(63)
NET CASH USED IN FINANCING ACTIVITIES		(1,795)	(431)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		29	12
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(755)	318
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7,689	5,650
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	6,934	5,968
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 B S R & Co.
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Bangalore
July 11, 2008

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INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except as otherwise stated
Schedules to the 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 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

2,851

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 - Opening balance

3,705

3,258

Add: Transferred from the Profit and Loss Account

-

447

3,705
3,705

Balance in Profit and Loss Account

7,903

6,642

14,491
13,204

Schedules to the Balance Sheet

3 FIXED ASSETS

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2008	Additions during the period	Deductions/ Retirement during the period	As at June 30, 2008	As at April 1, 2008	For the Period	Deductions/ Retirement during the period	As at June 30, 2008	As at June 30, 2008	As at March 31, 2008
Land : free-hold	131	-	-	131	-	-	-	-	131	131
leasehold	98	-	-	98	-	-	-	-	98	98
Buildings*	1,953	148	-	2,101	377	34	-	411	1,690	1,576
Plant and machinery *	823	80	-	903	397	40	-	437	466	426
Computer equipment *	961	45	1	1,005	760	56	1	815	190	201
Furniture and fixtures *	539	32	-	571	302	25	-	327	244	237
Vehicles	3	-	-	3	1	-	-	1	2	2
	4,508	305	1	4,812	1,837	155	1	1,991	2,821	2,671
Previous Period	3,889	97	1	3,985	1,739	134	1	1,872	2,113	
Previous year	3,889	1,067	448	4,508	1,739	546	448	1,837	2,671	

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

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
June 30, 2008
March 31, 2008
4 INVESTMENTS
Trade (unquoted) – at cost
Long- term investments

In subsidiaries

Infosys BPO Ltd**

3,38,22,319 (3,38,22,319) equity shares of Rs. 10/- each, fully paid 659 659

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 (4,00,00,000) common stock of US \$1.00 par value, fully paid 171 171

Infosys Technologies, S. De R.L. De C.V., Mexico 22 22

In other investments* 11 11

Less: Provision for investments 11 11

Aggregate amount of unquoted investments 964 964

** 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 91 85

Sundry debtors 7 7

Others 7 7

6 SUNDRY DEBTORS*

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful 19 20

Other debts

Unsecured

considered good** 3,114 3,093

considered doubtful 31 20

Less: Provision for doubtful debts 50 40

* Includes dues from companies where directors are interested 2 2

** Includes dues from subsidiaries (refer note 23.2.7) 18 8

7 CASH AND BANK BALANCES

Cash on hand - -

Balances with scheduled banks in Indian Rupees

In current accounts * 257 243

In deposit accounts 5,168 5,772

Balances with non-scheduled banks in foreign currency **

In current accounts 249 414

*Includes balance in unclaimed dividend account (refer note 23.2.23a) 6 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
June 30, 2008
March 31, 2008
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (refer to note 23.2.7)	44	32
Advances		
prepaid expenses	23	27
for supply of goods and rendering of services	7	10
advance to gratuity fund trust	5	12
interest accrued but not due	285	186
withholding and other taxes receivable	40	13
visa fee receivable	11	-
others	9	7
	<u>424</u>	<u>287</u>
Unbilled revenues	693	472
Advance income tax	134	215
MAT credit entitlement	226	169
Loans and advances to employees		
housing and other loans	42	42
salary advances	64	64
Electricity and other deposits	29	24
Rental deposits	11	11
Deposits with financial institution and body corporate (refer to note 23.2.14)	1,441	1,421
	<u>3,064</u>	<u>2,705</u>
Unsecured, considered doubtful		
Loans and advances to employees	2	1
	<u>3,066</u>	<u>2,706</u>
Less: Provision for doubtful loans and advances to employees	2	1
	<u>3,064</u>	<u>2,705</u>

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	20	36
accrued salaries and benefits		
salaries	62	46
bonus and incentives	191	329
unavailed leave	180	149
for other liabilities		
provision for expenses	314	239
retention monies	51	52
withholding and other taxes payable	225	206
Mark to Market on Options/Forward Contracts	229	116
Gratuity obligation - unamortised amount relating to plan amendment	32	33
Others	2	3
	<u>1,306</u>	<u>1,209</u>
Advances received from clients	12	4
Unearned revenue	380	268
Unclaimed dividend	6	2
	<u>1,704</u>	<u>1,483</u>
	<u>17</u>	<u>7</u>

**Includes dues to subsidiaries (Refer to Note 23.2.7)*
10 PROVISIONS

Proposed dividend	-	1,559
Provision for		
tax on dividend	-	265
income taxes *	467	381
post-sales client support and warranties	34	43
	<u>501</u>	<u>2,248</u>

** Refer to note 23.2.12*

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore

Schedules to Profit and Loss Account for the	Quarter ended	
	2008	June 30, 2007
11 SOFTWARE DEVELOPMENT EXPENSES		
Salaries and bonus including overseas staff expenses	1,973	1,568
Overseas group health insurance	47	25
Contribution to provident and other funds	46	41
Staff welfare	10	9
Technical sub-contractors - subsidiaries	210	190
Technical sub-contractors - others	68	62
Overseas travel expenses	94	70
Visa charges and others	59	63
Software packages		
for own use	62	42
for service delivery to clients	16	12
Communication expenses	13	13
Computer maintenance	5	5
Consumables	5	5
Rent	7	5
Provision for post-sales client support and warranties	(4)	1
	<u>2,611</u>	<u>2,111</u>
12 SELLING AND MARKETING EXPENSES		
Salaries and bonus including overseas staff expenses	144	115
Overseas group health insurance	2	1
Contribution to provident and other funds	1	-
Staff welfare	1	1
Overseas travel expenses	29	23
Visa charges and others	1	1
Traveling and conveyance	1	1
Commission and earnout charges	6	1
Brand building	14	11
Professional charges	6	5
Rent	3	3
Marketing expenses	4	5
Telephone charges	2	2
Communication expenses	1	-
Printing and stationery	-	-
Advertisements	-	2
Office maintenance	-	-
Sales promotion expenses	1	-
Consumables	-	-
Software packages		
for own use	-	-
Computer maintenance	-	-
Power and fuel	-	-
Insurance charges	-	-
Rates and taxes	-	-
Bank charges and commission	-	-
Miscellaneous expenses	-	-
	<u>216</u>	<u>171</u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore
Schedules to Profit and Loss Account for the
**Quarter ended
June 30,**
2008 **2007**
13 GENERAL AND ADMINISTRATION EXPENSES

Salaries and bonus including overseas staff expenses	61	52
Overseas group health insurance	-	-
Contribution to provident and other funds	3	3
Professional charges	45	38
Telephone charges	31	26
Power and fuel	31	26
Traveling and conveyance	20	20
Overseas travel expenses	4	3
Visa charges and others	-	-
Office maintenance	33	28
Guest house maintenance*	1	1
Insurance charges	5	6
Printing and stationery	2	4
Donations	5	5
Rent	4	4
Advertisements	1	3
Repairs to building	5	4
Repairs to plant and machinery	4	5
Rates and taxes	8	5
Professional membership and seminar participation fees	2	3
Postage and courier	2	3
Books and periodicals	1	1
Provision for bad and doubtful debts	13	14
Provision for doubtful loans and advances	-	-
Commission to non-whole time directors	1	1
Freight charges	-	-
Bank charges and commission	-	-
Research grants	2	3
Auditor's remuneration		
statutory audit fees	-	-
certification charges	-	-
others	-	-
out-of-pocket expenses	-	-
Miscellaneous expenses	1	1
	<u>285</u>	<u>259</u>

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

Interest received on deposits with banks and others*	186	175
Miscellaneous income (refer to note 23.2.15)	5	6
Exchange (losses) / gains	(60)	74
	<u>131</u>	<u>255</u>
	<u>10</u>	<u>28</u>

**includes tax deducted at source*
15 PROVISION FOR TAXATION

Income taxes*	181	149
MAT credit entitlement	(57)	(41)
Deferred taxes	(6)	(5)
	<u>118</u>	<u>103</u>

**Refer to note 23.2.12*

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to Cash Flow Statements for the
**Quarter ended
June 30,**
2008
2007
16 CHANGE IN LOANS AND ADVANCES

As per the balance sheet*	3,064	2,391
Add: Gratuity transitional liability	9	9
Gratuity obligation - unamortised amount relating to plan amendment (refer to Note 23.2.21)	(32)	-
Less: Deposits with financial institutions included in cash and cash equivalents**	(1,260)	(1,275)
Interest accrued but not due	(285)	-
MAT credit entitlement	(226)	(41)
Advance income taxes separately considered	(134)	(301)
	1,136	783
Less: Opening balance considered	(851)	(685)
	<u>285</u>	<u>98</u>

* includes loans to subsidiary and net of gratuity transitional liability

** Excludes restricted deposits held with LIC of Rs.181 crore (Rs.132 crore) for funding leave liability

17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS

As per the balance sheet	2,205	1,446
Add/ (Less): Unclaimed dividend	(6)	(5)
Due to option holders of Infosys BPO	-	(2)
Gratuity obligation - unamortised amount relating to plan amendment	(32)	-
Provisions separately considered in the cash flow statement		
Income taxes	(467)	(276)
	1,700	1,163
Less: Opening balance considered	(1,491)	(1,179)
	<u>209</u>	<u>(16)</u>

18 INCOME TAXES PAID

Charge as per the profit and loss account	118	103
Add/(Less): Increase/(Decrease) in advance income taxes	(81)	(51)
Increase/(Decrease) in deferred taxes	6	5
Increase/(Decrease) in MAT entitlement credit	57	41
(Increase)/Decrease in income tax provision	(86)	(69)
	<u>14</u>	<u>29</u>

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

As per the balance sheet	305	97
Less: Opening Capital work-in-progress	(1,260)	(957)
Add: Closing Capital work-in-progress	1,240	1,182
	<u>285</u>	<u>322</u>

20 INVESTMENTS IN SECURITIES *

Additions as per the balance sheet	964	839
Less: Opening balance considered	(964)	(839)
	<u>-</u>	<u>-</u>

* Refer to note 23.2.16 for investment and redemptions

21 INTEREST AND DIVIDEND RECEIVED

Interest accrued but not due opening balance	186	51
Add: Interest and dividend income	186	124
Less: Interest accrued but not due closing balance	(285)	-
	<u>87</u>	<u>175</u>

22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

As per the balance sheet	5,674	4,693
Add: Deposits with financial institutions, included herein (excluding interest accrued but not due)**	1,260	1,275
	<u>6,934</u>	<u>5,968</u>

** Excludes restricted deposits held with LIC of Rs.181 crore (Rs.132 crore) for funding leave liability