

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated Balance Sheet as at	Schedule	December 31, 2008	March 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	17,230	13,509
		<u>17,516</u>	<u>13,795</u>
MINORITY INTEREST			
		<u>-</u>	<u>-</u>
		<u>17,516</u>	<u>13,795</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	6,712	5,439
Less: Accumulated depreciation and amortization		<u>2,359</u>	<u>1,986</u>
Net book value		4,353	3,453
Add: Capital work-in-progress		<u>919</u>	<u>1,324</u>
		<u>5,272</u>	<u>4,777</u>
INVESTMENTS			
	4	198	72
DEFERRED TAX ASSETS			
	5	138	119
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	3,510	3,297
Cash and bank balances	7	8,463	6,950
Loans and advances	8	<u>2,924</u>	<u>2,771</u>
		<u>14,897</u>	<u>13,018</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	2,343	1,912
Provisions	10	<u>646</u>	<u>2,279</u>
NET CURRENT ASSETS			
		<u>11,908</u>	<u>8,827</u>
		<u>17,516</u>	<u>13,795</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	24		

The schedules referred to above form 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

Marti G. Subrahmanyam
Director

Omkar Goswami
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Rama Bijapurkar
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Claude Smadja
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Sridar A. Iyengar
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David L. Boyles
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Jeffrey S. Lehman
Director

K. Dinesh
Director

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Bangalore
January 13, 2009

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 December 31,		Nine months ended December 31,	
		2008	2007	2008	2007
Income from software services, products and business process management		5,786	4,271	16,058	12,150
Software development and business process management expenses	11	<u>3,075</u>	<u>2,325</u>	<u>8,720</u>	<u>6,725</u>
GROSS PROFIT		2,711	1,946	7,338	5,425
Selling and marketing expenses	12	274	205	834	693
General and administration expenses	13	<u>406</u>	<u>349</u>	<u>1,200</u>	<u>972</u>
		680	554	2,034	1,665
OPERATING PROFIT BEFORE DEPRECIATION AND MINORITY INTEREST		2,031	1,392	5,304	3,760
Depreciation		<u>187</u>	<u>153</u>	<u>533</u>	<u>441</u>
OPERATING PROFIT BEFORE TAX AND MINORITY INTEREST		1,844	1,239	4,771	3,319
Other income, net	14	40	158	223	565
Provision for investments (refer note 24.2.11)		<u>(2)</u>	-	<u>(2)</u>	-
NET PROFIT BEFORE TAX AND MINORITY INTEREST		1,882	1,397	4,992	3,884
Provision for taxation (refer to note 24.2.8)	15	<u>241</u>	<u>166</u>	<u>617</u>	<u>474</u>
NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		1,641	1,231	4,375	3,410
Minority interest		-	-	-	-
NET PROFIT AFTER TAX AND MINORITY INTEREST		1,641	1,231	4,375	3,410
Balance Brought Forward		8,892	6,719	6,828	4,941
Less: Residual dividend paid		-	-	1	-
Additional dividend tax		-	-	-	-
		<u>8,892</u>	<u>6,719</u>	<u>6,827</u>	<u>4,941</u>
AMOUNT AVAILABLE FOR APPROPRIATION		10,533	7,950	11,202	8,351
Dividend		-	-	572	343
Interim		-	-	-	-
Final		-	-	-	-
One time special dividend		-	-	-	-
Total dividend		-	-	572	343
Dividend tax		-	-	97	58
Amount transferred to General Reserve		-	-	-	-
Balance in profit and loss account		<u>10,533</u>	<u>7,950</u>	<u>10,533</u>	<u>7,950</u>
		<u>10,533</u>	<u>7,950</u>	<u>11,202</u>	<u>8,351</u>
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Basic		28.66	21.54	76.44	59.70
Diluted		28.63	21.47	76.30	59.49
Number of shares used in computing earnings per share					
Basic		57,25,89,357	57,13,46,568	57,24,04,867	57,12,55,430
Diluted		57,32,82,669	57,32,85,874	57,34,83,633	57,32,10,538

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.

Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
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Bangalore
January 13, 2009

Parvatheesam K.
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated Cash Flow Statement for the	Schedule	Nine months ended	
		2008	December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and minority interest		4,992	3,884
Adjustments to reconcile net profit before tax to cash provided by operating activities			
Depreciation		533	441
Interest and dividend income		(615)	(501)
Profit on sale of Investments		-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		28	40
Effect of foreign currency translation on subsidiaries		(32)	-
Changes in current assets and liabilities			
Sundry debtors	16	(213)	(141)
Loans and advances	17	(498)	(323)
Current liabilities and provisions	18	457	233
Income taxes paid	19	(557)	(279)
NET CASH GENERATED BY OPERATING ACTIVITIES		4,095	3,354
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	20	(1,015)	(1,063)
Payment for acquisition by subsidiary		(10)	(107)
Payment for acquisition of shared service centre		(6)	-
Investments in/ disposal of securities	21	(121)	(111)
Acquisition of minority interest in subsidiary		-	(2)
Proceeds from disposal of fixed assets.		-	-
Interest and dividend received	23	783	383
NET CASH USED IN INVESTING ACTIVITIES		(369)	(900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		48	25
Dividends paid during the period, including dividend tax		(2,493)	(834)
NET CASH USED IN FINANCING ACTIVITIES		(2,445)	(809)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(28)	(26)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,253	1,619
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		8,235	6,008
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	9,488	7,627
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	24		

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

As per our report attached

for B S R & Co.
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Bangalore
January 13, 2009

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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	December 31, 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*	286	286
57,26,41,503 (57,19,95,758) 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 24.2.16 for details of basic and diluted shares		
2 RESERVES AND SURPLUS		
Capital reserve	6	6
Foreign currency translation reserve	(10)	22
Share premium account - As at April 1,	2,851	2,768
Add: Receipts on exercise of employee stock options	48	58
Income Tax benefit arising from exercise of stock options	-	25
	<u>2,899</u>	<u>2,851</u>
General reserve - As at April 1,	3,802	3,255
Add: Transfer from Profit and Loss Account	-	547
	<u>3,802</u>	<u>3,802</u>
Balance in Profit and Loss Account	10,533	6,828
	<u>17,230</u>	<u>13,509</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, 2008	Additions/ Adjustments	Deletions/ Retirement/ Adjustments	As at December 31, 2008	As at April 1, 2008	For the period	Deletions/ Retirement/ Adjustments	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
Goodwill	689	13	-	702	-	-	-	-	702	689
Land: free-hold	131	40	-	171	-	-	-	-	171	131
leasehold	99	3	-	102	-	-	-	-	102	99
Buildings	1,958	682	-	2,640	378	111	-	489	2,151	1,580
Plant and machinery#	869	294	44	1,119	416	128	33	511	608	453
Computer equipment#	1,076	232	74	1,234	848	198	73	973	261	228
Furniture and fixtures#	581	163	54	690	327	88	54	361	329	254
Leasehold improvements	33	17	-	50	17	8	-	25	25	16
Vehicles	3	1	-	4	-	-	-	-	4	3
	5,439	1,445	172	6,712	1,986	533	160	2,359	4,353	3,453
Previous period	4,642	816	5	5,453	1,836	441	5	2,272	3,181	
Previous year	4,642	1,245	448	5,439	1,836	598	448	1,986	3,453	

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 nine months ended December 31, 2008, certain assets which were old and not in use having a gross book value of Rs. 166 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	December 31, 2008	March 31, 2008
4 INVESTMENTS *		
Trade (unquoted) – at cost		
Long- term investments	12	12
Less: Provision made for investments	12	12
	-	-
Non-trade (unquoted), current investments, at the lower of cost and fair value		
Certificates of deposit	198	-
Liquid mutual funds	-	72
	198	72
Aggregate amount of unquoted investments	198	72
* refer to note 24.2.11		
5 DEFERRED TAX ASSETS		
Fixed assets	114	91
Sundry debtors	3	7
Others	21	21
	138	119
6 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured		
considered good	-	-
considered doubtful	36	21
Other debts		
Unsecured		
considered good*	3,510	3,297
considered doubtful	56	20
	3,602	3,338
Less: Provision for doubtful debts	92	41
	3,510	3,297
* Includes dues from companies where directors are interested	6	2
7 CASH AND BANK BALANCES		
Cash on hand	-	-
Balances with scheduled banks**		
In current accounts *	186	293
In deposit accounts in Indian Rupees	7,718	5,913
Balances with non-scheduled banks in foreign currencies**		
In deposit accounts	212	153
In current accounts	347	591
	8,463	6,950
*Includes balance in unclaimed dividend account (Refer note 24.2.21.a)	3	2
**Refer to note 24.2.19 for details of balances in scheduled and non-scheduled banks		

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

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

8 LOANS AND ADVANCES

Unsecured, considered good		
Advances		
Prepaid expenses	18	33
For supply of goods and rendering of services	17	13
Advance to gratuity trust	-	12
Interest accrued and not due	13	186
Withholding and other taxes receivable	133	13
Others	11	21
	<u>192</u>	<u>278</u>
Unbilled revenues	800	482
Advance income taxes	186	218
MAT credit entitlement (refer to note 24.2.8)	298	175
Loans and advances to employees		
Housing and other loans	44	42
Salary advances	81	73
Electricity and other deposits	31	32
Rental deposits	34	25
Deposits with financial institution and body corporate (refer to note 24.2.9)	1,259	1,446
	<u>2,925</u>	<u>2,771</u>
Unsecured, considered doubtful		
Loans and advances to employees	2	1
	<u>2,927</u>	<u>2,772</u>
Less: Provision for doubtful loans and advances to employees	3	1
	<u><u>2,924</u></u>	<u><u>2,771</u></u>

9 CURRENT LIABILITIES

Sundry creditors		
Goods and services	16	53
Accrued salaries and benefits		
Salaries	54	80
Bonus and incentives	332	413
Unavailed leave	280	190
For other liabilities		
Provision for expenses	627	450
Retention monies	47	53
Withholding and other taxes payable	279	218
Mark to Market loss on forward and options contracts	211	118
Payable for acquisition of subsidiary	3	-
Gratuity obligation - unamortised amount	30	33
Others	10	10
	<u>1,889</u>	<u>1,618</u>
Advances received from clients	24	6
Unearned revenue	427	286
Unclaimed dividend (refer to note 24.2.21.a)	3	2
	<u><u>2,343</u></u>	<u><u>1,912</u></u>

10 PROVISIONS

Proposed dividend	-	1,559
Provision for		
Tax on dividend	-	265
Income taxes*	572	402
Post-sales client support and warranties	74	53
	<u>646</u>	<u>2,279</u>

* Refer to note 24.2.8

Schedules to Consolidated Profit and Loss Account for the	Quarter ended December 31,		Nine months ended December 31,	
	2008	2007	2008	2007
11 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES				
Salaries and bonus including overseas staff expenses	2,543	1,960	7,121	5,592
Overseas group health insurance	34	(43)	108	(17)
Contribution to provident and other funds	73	49	187	140
Staff welfare	21	18	60	42
Overseas travel expenses	153	124	488	381
Traveling and conveyance	-	-	-	2
Technical sub-contractors	101	62	299	214
Software packages				
For own use	71	68	222	163
For service delivery to clients	5	9	27	23
Communication expenses	21	22	68	56
Rent	16	15	53	32
Computer maintenance	6	5	19	17
Consumables	4	6	17	17
Provision for post-sales client support and warranties	17	14	20	19
Miscellaneous expenses	10	16	31	44
	3,075	2,325	8,720	6,725
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	209	140	588	443
Overseas group health insurance	2	(1)	5	-
Contribution to provident and other funds	1	1	3	3
Staff welfare	1	1	4	3
Overseas travel expenses	24	25	92	77
Traveling and conveyance	1	1	4	3
Brand building	12	14	56	42
Commission and earnout charges	5	3	16	61
Professional charges	4	6	18	19
Rent	4	4	12	12
Marketing expenses	6	6	17	16
Telephone charges	3	2	10	6
Printing and stationery	-	-	1	-
Advertisements	-	1	1	5
Sales promotion	-	1	2	2
Communication expenses	1	1	3	1
Miscellaneous expenses	1	-	2	-
	274	205	834	693
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	115	93	315	255
Overseas group health insurance	-	(2)	2	(2)
Contribution to provident and other funds	5	3	13	9
Staff welfare	-	-	-	1
Overseas travel expenses	5	6	23	17
Traveling and conveyance	26	29	75	76
Telephone charges	43	35	122	99
Professional charges	60	48	183	131
Power and fuel	38	30	113	91
Office maintenance	41	36	120	96
Guesthouse maintenance	2	1	3	1
Insurance charges	7	5	20	19
Printing and stationery	3	4	10	14
Rates and taxes	6	14	23	28
Donations	7	5	19	15
Rent	8	5	20	17
Advertisements	1	1	4	6
Professional membership and seminar participation fees	3	2	7	7
Repairs to building	9	6	23	15
Repairs to plant and machinery	6	5	16	14
Postage and courier	3	2	9	8
Books and periodicals	-	1	2	3
Recruitment and training	2	-	5	2
Provision for bad and doubtful debts	10	17	55	38
Provision for doubtful loans and advances	-	-	1	-
Commission to non-whole time directors	1	1	4	3
Auditor's remuneration				
Statutory audit fees	-	-	1	-
Bank charges and commission	1	-	2	-
Research grants	1	-	3	3
Miscellaneous expenses	3	2	7	6
	406	349	1,200	972
14 OTHER INCOME, NET				
Interest received on deposits with banks and others*	229	169	612	494
Dividend received on investment in liquid mutual funds (non-trade unquoted)	-	1	3	7
Miscellaneous income, net (refer to note 24.2.10 and 24.2.20)	29	2	32	7
Exchange gains / (losses)	(218)	(14)	(424)	57
	40	158	223	565
*includes tax deducted at source	55	9	131	69
15 PROVISION FOR TAXATION				
Income taxes*	241	198	759	557
MAT credit entitlement	2	(25)	(123)	(64)
Deferred taxes	(2)	(7)	(19)	(19)
	241	166	617	474
* Refer to note 24.2.8				

Schedules to Consolidated Cashflow Statements for the

Nine months ended
December 31,
2008 2007

16 CHANGE IN SUNDRY DEBTORS

As per the Balance Sheet	3,510	2,608
Less: Opening balance considered	(3,297)	(2,436)
Sundry debtors pertaining to acquired company	-	(31)
	<u>213</u>	<u>141</u>

17 CHANGE IN LOANS AND ADVANCES

As per the Balance Sheet*	2,924	2,438
Add: Gratuity transitional liability	9	-
Gratuity obligation - unamortised amount relating to plan amendment (refer to note 24.2.17)	(30)	37
Less: Deposits with financial institutions, included in cash and cash equivalents **	(1,025)	(1,087)
MAT credit entitlement	(298)	(62)
Advance income taxes separately considered	(186)	(150)
Interest accrued and not due	(13)	(169)
	<u>1,381</u>	<u>1,007</u>
Less: Opening balance considered	(883)	(673)
Loans and advances pertaining to acquired company	-	(11)
	<u>498</u>	<u>323</u>

* Net of gratuity transitional liability

** Excludes restricted deposits held with LIC of Rs. 234 crore (Rs. 148 crore) for funding leave liability

18 CHANGE IN CURRENT LIABILITIES AND PROVISIONS

As per the Balance Sheet	2,989	2,014
Add/ (Less): Unclaimed dividend	(3)	(3)
Gratuity obligation - unamortised amount relating to plan amendment	(30)	37
Payable for acquisition made by subsidiary	(3)	-
Provisions separately considered in the cash flow statement		
Income taxes	(572)	(301)
Dividends	-	-
Dividend tax	-	-
	<u>2,381</u>	<u>1,747</u>
Less: Opening balance considered	(1,924)	(1,488)
Current liabilities and provisions pertaining to acquired company	-	(26)
	<u>457</u>	<u>233</u>

19 INCOME TAXES PAID

Charge as per the Profit and Loss Account	617	474
Add: Increase/ (Decrease) in advance income taxes	(32)	(203)
Increase / (Decrease) in deferred taxes	19	23
Increase / (Decrease) in MAT credit entitlement	123	62
Less:(Increase)/Decrease in income tax provision	(170)	(77)
	<u>557</u>	<u>279</u>

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

Additions as per Balance Sheet*	1,420	723
Less: Opening Capital work-in-progress	(1,324)	(965)
Add: Closing Capital work-in-progress	919	1,305
	<u>1,015</u>	<u>1,063</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 and effect of exchange rate fluctuations of Rs.12 Crores as at December 31,2008.

21 INVESTMENTS IN / (DISPOSAL OF) SECURITIES *

As per the Balance Sheet #	193	136
Less:Profit on Sale of Investments	-	-
Less: Opening balance considered	(72)	(25)
	<u>121</u>	<u>111</u>

* Refer to note 24.2.11 for details of investments and redemptions

Excludes interest accrued on certificates of deposit of Rs 5 crores (Rs. Nil)

22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

As per the Balance Sheet	8,463	6,540
Add: Deposits with financial institutions (excluding interest accrued and not due)**	1,025	1,087
	<u>9,488</u>	<u>7,627</u>

** Excludes restricted deposits held with LIC of Rs.234 crore (Rs.148 crore) for funding leave liability

23 INTEREST AND DIVIDEND RECEIVED

Interest accrued but not due opening balance	186	51
Add: Interest and dividend income	615	501
Less: Interest accrued and not due closing balance	(18)	(169)
	<u>783</u>	<u>383</u>