

**INFOSYS TECHNOLOGIES LIMITED**
*in Rs. crore*

Balance Sheet as at	Schedule	December 31, 2008	March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1	286	286
Reserves and surplus	2	16,832	13,204
		<u>17,118</u>	<u>13,490</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Original cost	3	5,636	4,508
Less: Accumulated depreciation		2,152	1,837
Net book value		3,484	2,671
Add: Capital work-in-progress		847	1,260
		<u>4,331</u>	<u>3,931</u>
INVESTMENTS	4	1,184	964
DEFERRED TAX ASSETS	5	117	99
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry debtors	6	3,293	3,093
Cash and bank balances	7	7,854	6,429
Loans and advances	8	2,829	2,705
		<u>13,976</u>	<u>12,227</u>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	9	1,869	1,483
Provisions	10	621	2,248
<b>NET CURRENT ASSETS</b>		<u>11,486</u>	<u>8,496</u>
		<u>17,118</u>	<u>13,490</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	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  
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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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K. Dinesh  
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T. V. Mohandas Pai  
Director

Srinath Batni  
Director

V. Balakrishnan  
Chief Financial Officer

Bangalore  
January 13, 2009

Parvatheesam K.  
Company Secretary

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

Profit and Loss Account for the	Schedule	Quarter ended December 31,		Nine months ended December 31,	
		2008	2007	2008	2007
Income from software services and products		5,429	3,999	15,011	11,413
Software development expenses	11	2,915	2,219	8,276	6,504
<b>GROSS PROFIT</b>		<b>2,514</b>	<b>1,780</b>	<b>6,735</b>	<b>4,909</b>
Selling and marketing expenses	12	240	172	712	541
General and administration expenses	13	318	281	945	790
		558	453	1,657	1,331
<b>OPERATING PROFIT BEFORE DEPRECIATION</b>		<b>1,956</b>	<b>1,327</b>	<b>5,078</b>	<b>3,578</b>
Depreciation		169	138	485	404
<b>OPERATING PROFIT BEFORE TAX</b>		<b>1,787</b>	<b>1,189</b>	<b>4,593</b>	<b>3,174</b>
Other income, net	14	48	152	256	550
Provision for investments (refer note 23.2.16)		(2)	-	(2)	-
<b>NET PROFIT BEFORE TAX</b>		<b>1,833</b>	<b>1,341</b>	<b>4,847</b>	<b>3,724</b>
Provision for taxation (refer to note 23.2.12)	15	235	155	597	436
<b>NET PROFIT AFTER TAX</b>		<b>1,598</b>	<b>1,186</b>	<b>4,250</b>	<b>3,288</b>
<b>Balance Brought Forward</b>		<b>8,624</b>	<b>6,545</b>	<b>6,642</b>	<b>4,844</b>
Less: Residual dividend paid		-	-	1	-
Dividend tax on the above		-	-	-	-
		<b>8,624</b>	<b>6,545</b>	<b>6,641</b>	<b>4,844</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>10,222</b>	<b>7,731</b>	<b>10,891</b>	<b>8,132</b>
Dividend					
Interim		-	-	572	343
Final		-	-	-	-
One time special dividend		-	-	-	-
Total dividend		-	-	572	343
Dividend tax		-	-	97	58
Amount transferred to general reserve		-	-	-	-
Balance in profit and loss account		10,222	7,731	10,222	7,731
		<b>10,222</b>	<b>7,731</b>	<b>10,891</b>	<b>8,132</b>
<b>EARNINGS PER SHARE *</b>					
Equity shares of par value Rs. 5/- each					
Basic		27.92	20.77	74.27	57.58
Diluted		27.89	20.70	74.13	57.38
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 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  
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Bangalore  
January 13, 2009

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Company Secretary

**INFOSYS TECHNOLOGIES LIMITED**
*in Rs. crore*

Cash Flow Statement for the	Schedule	Nine months ended	
		2008	December 31, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before tax		4,847	3,724
Adjustments to reconcile net profit before tax to cash provided by operating activities			
Depreciation		485	404
Interest and dividend income		(586)	(480)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		28	(37)
Changes in current assets and liabilities			
Sundry debtors		(200)	(129)
Loans and advances	16	(488)	(244)
Current liabilities and provisions	17	403	107
Income taxes paid	18	(512)	(227)
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>3,977</b>	<b>3,118</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets and change in capital work-in-progress	19	(885)	(970)
Investments in subsidiaries		(22)	(103)
Investments in securities	20	(193)	-
Interest and dividend received	21	761	362
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(339)</b>	<b>(711)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital on exercise of stock options		48	25
Dividends paid during the period		(2,131)	(713)
Dividend tax paid during the period		(362)	(121)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(2,445)</b>	<b>(809)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(28)	37
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,165</b>	<b>1,635</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7,689	5,610
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	22	<b>8,854</b>	<b>7,245</b>
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  
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January 13, 2009

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

57,26,41,503 (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

48

58

Income tax benefit arising from exercise of stock options

-

25

2,899
2,851

General reserve - Opening balance

3,705

3,258

Add: Transferred from Profit and Loss Account

-

447

3,705
3,705

Balance in Profit and Loss Account

10,222

6,642

16,832
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 December 31, 2008	As at April 1, 2008	For the Period	Deductions/ Retirement during the period	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
Land : free-hold	131	40	-	171	-	-	-	-	171	131
leasehold	98	3	-	101	-	-	-	-	101	98
Buildings*	1,953	647	-	2,600	377	110	-	487	2,113	1,576
Plant and machinery *#	823	263	44	1,042	397	128	44	481	561	426
Computer equipment *#	961	200	73	1,088	760	168	73	855	233	201
Furniture and fixtures *#	539	144	53	630	302	78	53	327	303	237
Vehicles	3	1	-	4	1	1	-	2	2	2
	<b>4,508</b>	<b>1,298</b>	<b>170</b>	<b>5,636</b>	<b>1,837</b>	<b>485</b>	<b>170</b>	<b>2,152</b>	<b>3,484</b>	<b>2,671</b>
Previous period	<b>3,889</b>	<b>674</b>	<b>4</b>	<b>4,559</b>	<b>1,739</b>	<b>404</b>	<b>4</b>	<b>2,139</b>	<b>2,420</b>	
Previous year	<b>3,889</b>	<b>1,067</b>	<b>448</b>	<b>4,508</b>	<b>1,739</b>	<b>546</b>	<b>448</b>	<b>1,837</b>	<b>2,671</b>	

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

# 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

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

In subsidiaries

Infosys BPO Limited\*\*

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

4,50,00,000 (4,00,00,000) common stock of US \$1.00 par value, fully paid 193 171

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

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In other investments 11 11

Less: Provision for investments 11 11

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 Non-trade(unquoted), current investments, at the lower of cost and fair value  
 Certificates of deposit

198 -

Aggregate amount of unquoted investments

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*\* Refer to note 23.2.16 for details of investments*
*\*\* Investments include 17,37,092 (17,37,092) options of Infosys BPO*
**5 DEFERRED TAX ASSETS**

Fixed assets 106 85

Sundry debtors 4 7

Others 7 7

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**6 SUNDRY DEBTORS\***

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful 33 20

Other debts

Unsecured

considered good\*\* 3,293 3,093

considered doubtful 56 20

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Less: Provision for doubtful debts 89 40

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*\* Includes dues from companies where directors are interested* 6 2

*\*\* Includes dues from subsidiaries (refer to note 23.2.7)* 34 8

**7 CASH AND BANK BALANCES**

Cash on hand - -

Balances with scheduled banks in Indian Rupees\*\*

In current accounts \* 154 243

In deposit accounts 7,419 5,772

Balances with non-scheduled banks in foreign currencies \*\*

In current accounts 281 414

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*\*Includes balance in unclaimed dividend account (refer to note 23.2.24a)* 3 2

*\*\*Refer to note 23.2.13 for details of balances in scheduled and non-scheduled banks*

**INFOSYS TECHNOLOGIES LIMITED**
*in Rs. crore*
**Schedules to the Balance Sheet as at**
**December 31, 2008**
**March 31, 2008**
**8 LOANS AND ADVANCES**

Unsecured, considered good		
Loans to subsidiary (refer to note 23.2.7)	49	32
Advances		
prepaid expenses	14	27
for supply of goods and rendering of services	6	10
advance to gratuity fund trust	-	12
interest accrued but not due	6	186
withholding and other taxes receivable	114	13
others	2	7
	<u>191</u>	<u>287</u>
Unbilled revenues	787	472
Advance income taxes	183	215
MAT credit entitlement (refer to note 23.2.12)	280	169
Loans and advances to employees		
housing and other loans	44	42
salary advances	67	64
Electricity and other deposits	30	24
Rental deposits	13	11
Deposits with financial institution and body corporate (refer to note 23.2.14)	1,234	1,421
	<u>2,829</u>	<u>2,705</u>
Unsecured, considered doubtful		
Loans and advances to employees	2	1
	<u>2,831</u>	<u>2,706</u>
Less: Provision for doubtful loans and advances to employees	2	1
	<u><u>2,829</u></u>	<u><u>2,705</u></u>

**9 CURRENT LIABILITIES**

Sundry creditors		
goods and services *	41	36
accrued salaries and benefits		
salaries	32	46
bonus and incentives	257	329
unavailed leave	234	149
for other liabilities		
provision for expenses	380	239
retention monies	45	52
withholding and other taxes payable	259	206
Mark to Market loss on forward and options contracts	171	116
Gratuity obligation - unamortised amount relating to plan amendment	30	33
Others	3	3
	<u>1,452</u>	<u>1,209</u>
Advances received from clients	24	4
Unearned revenue	390	268
Unclaimed dividend	3	2
	<u>1,869</u>	<u>1,483</u>
<i>*Includes dues to subsidiaries (refer to note 23.2.7)</i>	40	7

**10 PROVISIONS**

Proposed dividend	-	1,559
Provision for		
tax on dividend	-	265
income taxes *	563	381
post-sales client support and warranties	58	43
	<u>621</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 December 31,		Nine months ended December 31,	
	2008	2007	2008	2007
<b>11 SOFTWARE DEVELOPMENT EXPENSES</b>				
Salaries and bonus including overseas staff expenses	2,275	1,743	6,329	4,987
Overseas group health insurance	33	(43)	106	7
Contribution to provident and other funds	63	42	160	125
Staff welfare	19	15	51	35
Technical sub-contractors - subsidiaries	208	192	643	575
Technical sub-contractors - others	76	48	234	167
Overseas travel expenses	100	75	303	221
Visa charges and others	24	28	101	104
Software packages				
for own use	66	65	208	154
for service delivery to clients	5	8	27	22
Communication expenses	12	15	41	40
Computer maintenance	6	5	18	15
Consumables	4	6	15	15
Rent	6	6	19	17
Provision for post-sales client support and warranties	18	14	21	20
	<u>2,915</u>	<u>2,219</u>	<u>8,276</u>	<u>6,504</u>
<b>12 SELLING AND MARKETING EXPENSES</b>				
Salaries and bonus including overseas staff expenses	182	117	497	367
Overseas group health insurance	2	(2)	4	-
Contribution to provident and other funds	1	-	2	1
Staff welfare	1	1	4	2
Overseas travel expenses	20	20	76	63
Visa charges and others	1	1	2	2
Traveling and conveyance	-	1	2	2
Commission and earnout charges	5	3	16	10
Brand building	12	14	55	41
Professional charges	4	5	17	17
Rent	3	3	10	9
Marketing expenses	5	4	13	13
Telephone charges	3	2	10	6
Communication expenses	-	1	1	1
Printing and stationery	-	-	1	1
Advertisements	1	1	1	4
Sales promotion expenses	-	1	1	2
	<u>240</u>	<u>172</u>	<u>712</u>	<u>541</u>



**INFOSYS TECHNOLOGIES LIMITED**
*in Rs. Crore*

Schedules to Profit and Loss Account for the	Quarter ended December 31,		Nine months ended December 31,	
	2008	2007	2008	2007
<b>13 GENERAL AND ADMINISTRATION EXPENSES</b>				
Salaries and bonus including overseas staff expenses	68	57	197	162
Overseas group health insurance	-	(2)	-	(2)
Contribution to provident and other funds	4	3	10	9
Professional charges	51	42	160	115
Telephone charges	38	31	106	87
Power and fuel	33	26	97	79
Traveling and conveyance	22	27	65	69
Overseas travel expenses	1	3	10	10
Visa charges and others	1	-	2	-
Office maintenance	33	32	100	86
Guest house maintenance*	2	1	3	2
Insurance charges	4	3	13	15
Printing and stationery	3	3	8	10
Donations	7	5	19	15
Rent	5	3	15	11
Advertisements	-	1	3	5
Repairs to building	10	6	22	14
Repairs to plant and machinery	7	4	16	13
Rates and taxes	5	14	21	26
Professional membership and seminar participation fees	4	2	7	7
Postage and courier	1	2	6	7
Books and periodicals	1	1	2	3
Provision for bad and doubtful debts	14	15	52	36
Commission to non-whole time directors	1	1	4	3
Freight charges	1	1	1	1
Bank charges and commission	-	-	1	1
Research grants	1	-	3	4
Miscellaneous expenses	1	-	2	2
	<u>318</u>	<u>281</u>	<u>945</u>	<u>790</u>
<i>*For non training purposes</i>				
<b>14 OTHER INCOME, NET</b>				
Interest received on deposits with banks and others*	218	165	586	476
Dividend received on Investment in liquid mutual funds (non-trade unquoted)	-	-	-	4
Miscellaneous income (refer to note 23.2.15 & note 23.2.23)	23	6	33	18
Exchange (losses) / gains	(193)	(19)	(363)	52
	<u>48</u>	<u>152</u>	<u>256</u>	<u>550</u>
<i>*includes tax deducted at source</i>	54	8	129	46
<b>15 PROVISION FOR TAXATION</b>				
Income taxes*	231	186	726	511
MAT credit entitlement	6	(25)	(111)	(57)
Deferred taxes	(2)	(6)	(18)	(18)
	<u>235</u>	<u>155</u>	<u>597</u>	<u>436</u>
<i>*Refer to note 23.2.12</i>				

Schedules to Cash Flow Statements for the

Nine months ended  
December 31,

	2008	2007
<b>16 CHANGE IN LOANS AND ADVANCES</b>		
As per the balance sheet*	2,829	2,360
Add: Gratuity transitional liability	9	-
Gratuity obligation - unamortised amount relating to plan amendment (refer to Note 23.2.21)	(30)	(37)
Less: Deposits with financial institutions included in cash and cash equivalents**	(1,000)	(1,050)
Interest accrued but not due	(6)	(169)
MAT credit entitlement	(280)	(57)
Advance income taxes separately considered	(183)	(147)
	1,339	900
Less: Opening balance considered	(851)	(656)
	<u>488</u>	<u>244</u>
* includes loans to subsidiary and net of gratuity transitional liability		
** Excludes restricted deposits held with LIC of Rs. 234 crore (Rs. 148 crore) for funding leave liability		
<b>17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS</b>		
As per the balance sheet	2,490	1,614
Add/ (Less): Unclaimed dividend	(3)	(3)
Gratuity obligation - unamortised amount relating to plan amendment	(30)	(37)
Provisions separately considered in the cash flow statement		
Income taxes	(563)	(286)
Dividends	-	-
Dividend Taxes	-	-
	1,894	1,288
Less: Opening balance considered	(1,491)	(1,181)
	<u>403</u>	<u>107</u>
<b>18 INCOME TAXES PAID</b>		
Charge as per the profit and loss account	597	436
Add/(Less): Increase/(Decrease) in advance income taxes	(32)	(205)
Increase/(Decrease) in deferred taxes	18	18
Increase/(Decrease) in MAT credit entitlement	111	57
(Increase)/Decrease in income tax provision	(182)	(79)
	<u>512</u>	<u>227</u>
<b>19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS</b>		
As per the balance sheet	1,298	674
Less: Opening Capital work-in-progress	(1,260)	(957)
Add: Closing Capital work-in-progress	847	1,253
	<u>885</u>	<u>970</u>
<b>20 INVESTMENTS IN SECURITIES *</b>		
As per the balance sheet**	1,179	942
Less: Investment in subsidiaries	(22)	(103)
Opening balance considered	(964)	(839)
	<u>193</u>	<u>-</u>
* Refer to note 23.2.16 for investment and redemptions		
** Excluding Rs. 5 Crore interest accrued on certificates of deposit		
<b>21 INTEREST AND DIVIDEND RECEIVED</b>		
Interest accrued but not due opening balance	186	51
Add: Interest and dividend income	586	480
Less: Interest accrued on certificates of deposit	(5)	-
Less: Interest accrued but not due closing balance	(6)	(169)
	<u>761</u>	<u>362</u>
<b>22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
As per the balance sheet	7,854	6,195
Add: Deposits with financial institutions (excluding interest accrued but not due)**	1,000	1,050
	<u>8,854</u>	<u>7,245</u>
** Excludes restricted deposits held with LIC of Rs. 234 crore (Rs. 148 crore) for funding leave liability		