

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated Balance Sheet as at	Schedule	September 30, 2008	March 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	15,631	13,509
		<u>15,917</u>	<u>13,795</u>
MINORITY INTEREST			
		<u>-</u>	<u>-</u>
		<u>15,917</u>	<u>13,795</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	5,966	5,439
Less: Accumulated depreciation and amortization		<u>2,179</u>	<u>1,986</u>
Net book value		<u>3,787</u>	<u>3,453</u>
Add: Capital work-in-progress		<u>1,384</u>	<u>1,324</u>
		<u>5,171</u>	<u>4,777</u>
INVESTMENTS			
	4	-	72
DEFERRED TAX ASSETS			
	5	136	119
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	3,535	3,297
Cash and bank balances	7	7,821	6,950
Loans and advances	8	<u>2,891</u>	<u>2,771</u>
		<u>14,247</u>	<u>13,018</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	2,389	1,912
Provisions	10	<u>1,248</u>	<u>2,279</u>
NET CURRENT ASSETS		<u>10,610</u>	<u>8,827</u>
		<u>15,917</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
Director

Rama Bijapurkar
Director

Claude Smadja
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

K. Dinesh
Director

Bangalore
October 10, 2008

T. V. Mohandas Pai
Director

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

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 September 30,		Half-year ended September 30,	
		2008	2007	2008	2007
Income from software services, products and business process management		5,418	4,106	10,272	7,879
Software development and business process management expenses	11	2,891	2,231	5,645	4,400
GROSS PROFIT		2,527	1,875	4,627	3,479
Selling and marketing expenses	12	303	283	560	488
General and administration expenses	13	430	308	794	623
		733	591	1,354	1,111
OPERATING PROFIT BEFORE DEPRECIATION AND MINORITY INTEREST		1,794	1,284	3,273	2,368
Depreciation		177	144	346	288
OPERATING PROFIT BEFORE TAX AND MINORITY INTEREST		1,617	1,140	2,927	2,080
Other income, net	14	66	154	183	407
NET PROFIT BEFORE TAX AND MINORITY INTEREST		1,683	1,294	3,110	2,487
Provision for taxation (refer to note 24.2.8)	15	251	194	376	308
NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		1,432	1,100	2,734	2,179
Minority interest		-	-	-	-
NET PROFIT AFTER TAX AND MINORITY INTEREST		1,432	1,100	2,734	2,179
Balance Brought Forward		8,129	6,020	6,828	4,941
Less: Residual dividend paid		-	-	1	-
Additional dividend tax		-	-	-	-
		8,129	6,020	6,827	4,941
AMOUNT AVAILABLE FOR APPROPRIATION		9,561	7,120	9,561	7,120
Dividend					
Interim		572	343	572	343
Final		-	-	-	-
One time special dividend		-	-	-	-
Total dividend		572	343	572	343
Dividend tax		97	58	97	58
Amount transferred to General Reserve		-	-	-	-
Balance in profit and loss account		8,892	6,719	8,892	6,719
		9,561	7,120	9,561	7,120
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Basic		25.02	19.26	47.78	38.15
Diluted		24.97	19.19	47.67	38.01
Number of shares used in computing earnings per share					
Basic		57,24,25,798	57,12,09,862	57,23,12,623	57,12,09,862
Diluted		57,35,54,906	57,32,83,374	57,35,56,617	57,33,12,226

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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CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated Cash Flow Statement for the	Schedule	Half-year ended	
		2008	September 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and minority interest		3,110	2,487
Adjustments to reconcile net profit before tax to cash provided by operating activities			
Depreciation		346	288
Interest and dividend income		(386)	(331)
Profit on sale of Investments		(1)	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		54	25
Effect of foreign currency translation on subsidiaries		20	-
Changes in current assets and liabilities			
Sundry debtors	16	(238)	(132)
Loans and advances	17	(455)	(223)
Current liabilities and provisions	18	481	251
Income taxes paid	19	(329)	(276)
NET CASH GENERATED BY OPERATING ACTIVITIES		2,602	2,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	20	(728)	(738)
Payment for acquisition by subsidiary		(9)	-
Payment for acquisition of shared service centre		(6)	-
Investments in/ disposal of securities	21	73	10
Acquisition of minority interest in subsidiary		-	(2)
Proceeds from disposal of fixed assets.		1	-
Interest and dividend received	23	530	320
NET CASH USED IN INVESTING ACTIVITIES		(139)	(410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		38	-
Dividends paid during the period, including dividend tax		(1,824)	(434)
NET CASH USED IN FINANCING ACTIVITIES		(1,786)	(434)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(54)	(11)
NET INCREASE IN CASH AND CASH EQUIVALENTS		623	1,234
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	8,858	7,242
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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CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore, except per share data

Schedules to the Consolidated Balance Sheet as at	September 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*	286	286
57,24,99,855 (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	42	22
Share premium account - As at April 1,	2,851	2,768
Add: Receipts on exercise of employee stock options	38	58
Income Tax benefit arising from exercise of stock options		25
	<u>2,889</u>	<u>2,851</u>
General reserve - As at April 1,	3,802	3,255
Add: Transfer from the Profit and Loss Account	-	547
	<u>3,802</u>	<u>3,802</u>
Balance in Profit and Loss Account	8,892	6,828
	<u>15,631</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	Deletions/ Retirement/ Adjustments	As at September 30, 2008	As at April 1, 2008	For the period	Deletions/ Retirement/A djustments	As at September 30, 2008	As at September 30, 2008	As at March 31, 2008
Goodwill	689	13	-	702	-	-	-	-	702	689
Land: free-hold	131	40	-	171	-	-	-	-	171	131
leasehold	99	1	-	100	-	-	-	-	100	99
Buildings	1,958	286	-	2,244	378	71	-	449	1,795	1,580
Plant and machinery#	869	143	44	968	416	89	43	462	506	453
Computer equipment#	1,076	133	72	1,137	848	127	62	913	224	228
Furniture and fixtures#	581	70	53	598	327	56	48	335	263	254
Leasehold improvements	33	10	-	43	17	3	-	20	23	16
Vehicles	3	-	-	3	-	-	-	-	3	3
	5,439	696	169	5,966	1,986	346	153	2,179	3,787	3,453
Previous period	4,642	395	3	5,034	1,836	288	3	2,121	2,913	
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 half-year ended September 30, 2008, certain assets which are 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 September 30, 2008 March 31, 2008

4 INVESTMENTS

Trade (unquoted) – at cost

Long- term investments	11	12
Less: Provision made for investments	11	12

- -

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

Liquid mutual funds*	-	72
	-	72

Aggregate amount of unquoted investments

* refer to note 24.2.11

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5 DEFERRED TAX ASSETS

Fixed assets	110	91
Sundry debtors	6	7
Others	20	21
	136	119

6 SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured		
considered good	-	-
considered doubtful	30	21

Other debts

Unsecured		
considered good*	3,535	3,297
considered doubtful	52	20

Less: Provision for doubtful debts

	82	41
	3,535	3,297

* Includes dues from companies where directors are interested

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7 CASH AND BANK BALANCES

Cash on hand	-	-
Balances with scheduled banks		
In current accounts *	158	293
In deposit accounts in Indian Rupees	6,902	5,913
Balances with non-scheduled banks		
In deposit accounts in foreign currency	133	153
In current accounts in foreign currency	628	591
	7,821	6,950

*Includes balance in unclaimed dividend account

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CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

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

8 LOANS AND ADVANCES

Unsecured, considered good		
Advances		
Prepaid expenses	27	33
For supply of goods and rendering of services	14	13
Advance to gratuity trust	2	12
Interest accrued and not due	42	186
Withholding and other taxes receivable	73	13
Others	18	21
	<u>176</u>	<u>278</u>
Unbilled revenues	813	482
Advance income tax	152	218
MAT credit entitlement	300	175
Loans and advances to employees		
Housing and other loans	43	42
Salary advances	89	73
Electricity and other deposits	39	32
Rental deposits	32	25
Deposits with financial institution and body corporate (refer to note 24.2.9)	1,248	1,446
	<u>2,892</u>	<u>2,771</u>
Unsecured, considered doubtful		
Loans and advances to employees	2	1
	<u>2,894</u>	<u>2,772</u>
Less: Provision for doubtful loans and advances to employees	3	1
	<u><u>2,891</u></u>	<u><u>2,771</u></u>

9 CURRENT LIABILITIES

Sundry creditors		
Goods and services	22	53
Accrued salaries and benefits		
Salaries	74	80
Bonus and incentives	335	413
Unavailed leave	228	190
For other liabilities		
Provision for expenses	607	450
Retention monies	49	53
Withholding and other taxes payable	232	218
Mark to Market forward contract & option - liability, net	368	118
Payable for acquisition of subsidiary	4	-
Gratuity obligation - unamortised amount	31	33
Others	11	10
	<u>1,961</u>	<u>1,618</u>
Advances received from clients	29	6
Unearned revenue	396	286
Unclaimed dividend	3	2
	<u><u>2,389</u></u>	<u><u>1,912</u></u>

10 PROVISIONS

Proposed dividend	572	1,559
Provision for		
Tax on dividend	97	265
Income taxes*	525	402
Post-sales client support and warranties	54	53
	<u>1,248</u>	<u>2,279</u>

* Refer to note 24.2.8

Schedules to Consolidated Profit and Loss Account for the

	Quarter ended September 30,		Half-year ended September 30,	
	2008	2007	2008	2007
11 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES				
Salaries and bonus including overseas staff expenses	2,344	1,863	4,578	3,632
Overseas group health insurance	27	26	74	26
Contribution to provident and other funds	59	46	114	91
Staff welfare	25	13	39	24
Overseas travel expenses	155	107	335	257
Traveling and conveyance	-	-	-	2
Technical sub-contractors	113	69	198	152
Software packages				
For own use	86	49	151	95
For service delivery to clients	6	2	22	14
Communication expenses	26	16	47	34
Rent	18	11	37	17
Computer maintenance	7	6	13	12
Consumables	8	4	13	11
Provision for post-sales client support and warranties	7	5	3	5
Miscellaneous expenses	10	14	21	28
	<u>2,891</u>	<u>2,231</u>	<u>5,645</u>	<u>4,400</u>
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	203	161	379	303
Overseas group health insurance	1	1	3	1
Contribution to provident and other funds	1	1	2	2
Staff welfare	2	1	3	2
Overseas travel expenses	34	24	68	52
Traveling and conveyance	2	1	3	2
Brand building	30	17	44	28
Commission and earnout charges	5	57	11	58
Professional charges	8	8	14	13
Rent	4	4	8	8
Marketing expenses	5	4	11	10
Telephone charges	4	2	7	4
Printing and stationery	1	-	1	-
Advertisements	1	2	1	4
Sales promotion expenses	1	-	2	1
Communication expenses	1	-	2	-
Miscellaneous expenses	-	-	1	-
	<u>303</u>	<u>283</u>	<u>560</u>	<u>488</u>
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	101	84	200	162
Contribution to provident and other funds	4	3	8	6
Overseas group health insurance	2	-	2	-
Staff welfare	-	-	-	1
Telephone charges	43	33	79	64
Professional charges	71	41	123	83
Power and fuel	39	31	75	61
Office maintenance	42	31	79	60
Guesthouse maintenance	-	-	1	-
Traveling and conveyance	26	24	49	47
Overseas travel expenses	10	6	18	11
Insurance charges	6	6	13	14
Printing and stationery	4	3	7	10
Rates and taxes	9	8	17	14
Donations	7	5	12	10
Rent	7	6	12	12
Advertisements	2	2	3	5
Professional membership and seminar participation fees	2	2	4	5
Repairs to building	8	5	14	9
Repairs to plant and machinery	6	4	10	9
Postage and courier	3	3	6	6
Books and periodicals	2	1	2	2
Recruitment and training	1	1	3	2
Provision for bad and doubtful debts	30	6	45	21
Provision for doubtful loans and advances	1	-	1	-
Commission to non-whole time directors	2	1	3	2
Auditor's remuneration				
Statutory audit fees	1	-	1	-
Bank charges and commission	-	-	1	-
Research grants	-	-	2	3
Miscellaneous expenses	1	2	4	4
	<u>430</u>	<u>308</u>	<u>794</u>	<u>623</u>
14 OTHER INCOME, NET				
Interest received on deposits with banks and others*	190	143	383	325
Dividend received on investment in liquid mutual funds (non-trade unquoted)	1	5	3	6
Miscellaneous income, net (refer to note 24.2.10)	1	3	3	5
Exchange gains / (losses)	(126)	3	(206)	71
	<u>66</u>	<u>154</u>	<u>183</u>	<u>407</u>
<i>*includes tax deducted at source</i>	65	31	76	60
15 PROVISION FOR TAXATION				
Income taxes*	326	194	518	359
MAT credit entitlement	(65)	5	(125)	(39)
Deferred taxes	(10)	(5)	(17)	(12)
	<u>251</u>	<u>194</u>	<u>376</u>	<u>308</u>
<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
**Half-year ended
September 30,**

	2008	2007
16 CHANGE IN SUNDRY DEBTORS		
As per the Balance Sheet	3,535	2,568
Less: Opening balance considered	<u>(3,297)</u>	<u>(2,436)</u>
	<u>238</u>	<u>132</u>
17 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet*	2,891	2,544
Add: Gratuity transitional liability	9	-
Gratuity obligation - unamortised amount relating to plan amendment (refer to note 24.2.17)	(31)	(28)
Less: Deposits with financial institutions, included in cash and cash equivalents **	(1,037)	(1,213)
MAT credit entitlement	(300)	(37)
Advance income taxes separately considered	(152)	(299)
Interest accrued and not due	<u>(42)</u>	<u>(62)</u>
	1,338	905
Less: Opening balance considered	<u>(883)</u>	<u>(682)</u>
	<u>455</u>	<u>223</u>
* Net of gratuity transitional liability		
** Excludes restricted deposits held with LIC of Rs.211 crore (Rs.138 crore) for funding leave liability		
18 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	3,637	2,426
Add/ (Less): Unclaimed dividend	(3)	(2)
Gratuity obligation - unamortised amount relating to plan amendment	(31)	(28)
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	(525)	(254)
Dividends	(572)	(343)
Dividend tax	<u>(97)</u>	<u>(58)</u>
	2,405	1,739
Less: Opening balance considered	<u>(1,924)</u>	<u>(1,488)</u>
	<u>481</u>	<u>251</u>
19 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	376	308
Add: Increase/ (Decrease) in advance income taxes	(66)	(54)
Increase / (Decrease) in deferred taxes	17	15
Increase / (Decrease) in MAT credit entitlement	125	37
Less:(Increase)/Decrease in income tax provision	<u>(123)</u>	<u>(30)</u>
	<u>329</u>	<u>276</u>
20 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
Additions as per Balance Sheet*	668	395
Less: Opening Capital work-in-progress	(1,324)	(965)
Add: Closing Capital work-in-progress	<u>1,384</u>	<u>1,308</u>
	<u>728</u>	<u>738</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.15 Crores as at September 30,2008.		
21 INVESTMENTS IN / (DISPOSAL OF) SECURITIES *		
As per the Balance Sheet	-	15
Less:Profit on Sale of Investments	(1)	-
Less: Opening balance considered	<u>(72)</u>	<u>(25)</u>
	<u>(73)</u>	<u>(10)</u>
* Refer to note 24.2.11 for details of investments and redemptions		
22 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
As per the Balance Sheet	7,821	6,029
Add: Deposits with financial institutions, included herein (excluding interest accrued and not due)**	<u>1,037</u>	<u>1,213</u>
	<u>8,858</u>	<u>7,242</u>
** Excludes restricted deposits held with LIC of Rs.211crore (Rs.138 crore) for funding leave liability		
23 INTEREST AND DIVIDEND RECEIVED		
Interest accrued but not due opening balance	186	51
Add: Interest and dividend income	386	331
Less: Interest accrued and not due closing balance	<u>(42)</u>	<u>(62)</u>
	<u>530</u>	<u>320</u>