

INFOSYS TECHNOLOGIES LTD

Form 6-K

October 31, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer
Pursuant to Section 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the quarter ended September 30, 2003

Commission File Number 333-72195

Infosys Technologies Limited

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Bangalore, Karnataka, India

(Jurisdiction of incorporation or organization)

Electronics City, Hosur Road, Bangalore, Karnataka, India 561 100. +91-80-852-0261

(Address of principal executive offices)

Indicate by check mark registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934.

Yes No

If **Yes** is marked, indicate below the file number assigned to registrant in connection with Rule 2g 3-2(b).

Not applicable.

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This Form 6-K contains our Quarterly Report for the quarter ended September 30, 2003 that we mailed to our equity shareholders on or about November 01, 2003. The information contained in this Form 6-K shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Infosys Technologies Limited
Report for the second quarter ended September 30, 2003

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At a glance Indian GAAP (Non-consolidated financials)

in Rs. crores, except per share data

	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2003	2002	2003	2002	2003
For the period					
Total revenue	1,134.75	879.57	2,216.73	1,644.19	3,622.69
Export revenue	1,115.98	857.23	2,174.63	1,607.75	3,543.51
Operating profit (PBIDTA)	378.43	323.24	726.73	598.17	1,272.04
PBIDTA/revenues (%)	33.35%	36.75%	32.78%	36.38%	35.11%
Profit after tax (PAT)	300.16	225.77	578.28	442.62	957.93
PAT/revenues (%)	26.45%	25.67%	26.09%	26.92%	26.44%
Earnings per share* (par value of Rs.5 each, fully paid)					
Basic	45.30	34.10	87.29	66.87	144.68
Diluted	44.92	33.90	86.76	66.41	143.37
Dividend per share	NA	NA	14.50	12.50	27.00
Dividend amount	NA	NA	96.09	82.76	178.81
Capital expenditure	68.83	44.02	127.21	97.80	219.26
At the end of the period					
Total assets			3,335.61	2,443.32	2,860.65
Fixed assets net			793.26	753.53	772.72
Cash and cash equivalents			1,689.86	1,289.34	1,638.51
Working capital			2,031.49	1,623.01	2,017.92
Total debt					
Net worth			3,335.61	2,443.32	2,860.65
Equity			33.13	33.10	33.12
Market capitalization			30,006.92	22,552.46	26,847.33

Note:

Market capitalization is calculated by considering the share price at National Stock Exchange on the shares outstanding at the period/ year end.

*EPS figures have been calculated for the period and have not been annualized.

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Letter to the shareholder

Dear shareholder,

Your company is delighted to report another quarter of robust growth. It has increased its guidance for revenue and EPS for this fiscal. Thanks to the dedicated efforts of all Infosysians, your company expects to grow into a billion dollar company, by the end of this fiscal.

Indian GAAP revenues grew by 4.88% over Q1 FY2004 while net profits from ordinary activities witnessed an increase of 7.92%. Revenues in US\$ terms grew by 7.51% for the quarter as compared to the quarter ended June 30, 2003. Cash flows continue to be strong. Free cash flows during the quarter amounted to Rs. 313.62 crore which includes investment in liquid mutual funds.

Business opportunities continue to grow. Pricing is showing signs of stability. Margins have stabilized due to several proactive measures taken earlier. In fact, our initiatives to increase offshore revenue are yielding results. During the quarter, there was an increase of 10.9% in offshore effort as against 2.4% in onsite effort as compared to the previous quarter first service revenue. We continue to hedge our forex exposure, but the appreciating rupee may impact margins.

Your company added 29 new clients during the quarter. Significant wins include a Fortune 500 on-line shopping giant, one of the largest apparel manufacturers in the US, the second largest electronics entertainment software retailer, the world's leading provider of information, technology and services to the pharma industry in Europe, one of the largest automakers in Japan and the European arm of one of the world's leading suppliers of automotive components. In addition, Infosys completed an end-to-end package implementation for a women's specialty apparel retailer.

In Australia, one of the largest electricity utilities relies on Infosys for technology solutions that will streamline and improve its systems and processes. Infosys consulting group is advising this Australian giant on strategies to grow its BPO business.

Global corporations are leveraging Infosys expertise in business consulting to maintain competitive advantage. The company is working with one of the largest electric utilities firms in the US, to develop a framework and to redefine tools for rationalizing the company's enterprise portfolio. Infosys advised a global marketing information services corporation on defining its data architecture as well as on the selection of a package solution. During the quarter, Infosys also provided consulting services to an international provider of credit enhancement products and lender services based in the US.

Infosys Banking Business Unit (BBU) bagged its seventeenth client in India with one of the top public sector banks deploying FINACLE suite of products. Other significant wins in this sector include a leading bank headquartered in Saudi Arabia and a leading private sector bank headquartered in Mumbai, India. FINACLE® has emerged as the world's most scalable open systems based core-banking solution. In the recently concluded rigorous benchmarking exercise on HP Superdome server at the HP Capacity Planning Centre in Atlanta, USA, FINACLE® broke all hitherto published benchmark results for core banking transaction processing.

Your company is making investments in order to enhance its end-to-end solution capability. It is also increasing capital spending on its global infrastructure. Infosys proposes to establish a software development center for 200 professionals in Shanghai. The China subsidiary will be offering software services to domestic companies in China and multinational companies operating in China. It will also serve as a hub for software services in Asia Pacific.

Your company is strengthening its client relationship management framework. Further, during the quarter, your company held its annual client forum Milan in the US. In fact, there was increased participation overall as well as increase in the number of high profile attendees (VP and above).

As a result of several proactive measures taken earlier, your company has increased its productivity and efficiency across all activities. Global corporations are increasingly accepting the outsourcing model and your company continues to focus on providing enhanced customer value. Your company has added several strategic clients which have the potential to grow into multi-million dollar accounts. We continue to demonstrate the scalability of our operations by adding a net of 2,025 employees without compromising on operational excellence. In fact, your company's net employee addition for this quarter has been the highest ever.

As in the past, Infosysians continue to help global corporations transform their business leveraging technology. Our growth has been made possible through their unstinting commitment. On your behalf, we salute them for contributing to yet another successful quarter.

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Bangalore
October 10, 2003

Nandan M. Nilekani
*Chief Executive Officer, President
and Managing Director*

S. Gopalakrishnan
*Chief Operating Officer
and Deputy Managing Director*

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Auditors report to the members of Infosys Technologies Limited

We have audited the attached Balance Sheet of Infosys Technologies Limited (the Company) as at September 30, 2003, the Profit and Loss Accounts and Cash Flow Statements of the Company for the quarter and half-year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account have been kept by the Company so far as appears from our examination of the books;
- (c) the Balance Sheet, the Profit and Loss Accounts and the Cash Flow Statements dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Profit and Loss Accounts and the Cash Flow Statements dealt with by this report comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable; and
- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2003;
 - (ii) in the case of the Profit and Loss Accounts, of the profit of the Company for the quarter and half year ended on that date; and
 - (iii) in the case of the Cash Flow Statements, of the cash flows of the Company for the quarter and half year ended on that date.

*for Bharat S. Raut & Co.
Chartered Accountants*

*S. Balasubrahmanyam
Partner
Membership No. 53315*

Bangalore
October 10, 2003

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Balance Sheet as at

	in Rs. crore		
	September 30, 2003	September 30, 2002	March 31, 2003
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share capital	33.13	33.10	33.12
Reserves and surplus	3,302.48	2,410.22	2,827.53
	<u>3,335.61</u>	<u>2,443.32</u>	<u>2,860.65</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	1,414.53	1,137.72	1,273.32
Less: Depreciation and amortization	683.27	476.54	577.15
Net book value	731.26	661.18	696.17
Add: Capital work-in-progress	62.00	92.35	76.55
	<u>793.26</u>	<u>753.53</u>	<u>772.72</u>
INVESTMENTS	476.99	33.20	33.20
DEFERRED TAX ASSETS	33.87	33.58	36.81
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	577.26	458.25	512.14
Cash and bank balances	1,382.71	986.85	1,336.23
Loans and advances	937.64	870.16	872.78
	<u>2,897.61</u>	<u>2,315.26</u>	<u>2,721.15</u>
Less: Current liabilities	370.99	262.36	315.25
Provisions	495.13	429.89	387.98
NET CURRENT ASSETS	<u>2,031.49</u>	<u>1,623.01</u>	<u>2,017.92</u>
	<u>3,335.61</u>	<u>2,443.32</u>	<u>2,860.65</u>

This is the Balance Sheet referred to in our report of even date.

for Bharat S. Raut & Co.
Chartered Accountants

S. Balasubrahmanyam Partner	N. R. Narayana Murthy Chairman and Chief Mentor	Nandan M. Nilekani Chief Executive Officer, President and Managing Director	S. Gopalakrishnan Chief Operating Officer and Deputy Managing Director
	Deepak M. Satwalekar Director	Marti G. Subrahmanyam Director	Rama Bijapurkar Director
	Sridar A. Iyengar Director	K. Dinesh Director	S. D. Shibulal Director

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T. V. Mohandas Pai
*Director and
Chief Financial Officer*

Srinath Batni
Director

V. Balakrishnan
*Company Secretary and
Vice President Finance*

Bangalore
October 10, 2003

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Profit and Loss Account for the

in Rs. crore, except per share data

	Quarter ended September 30,		Half-year ended September 30,		Year ended March 31,
	2003	2002	2003	2002	2003
INCOME					
Software services and products					
Overseas	1,115.98	857.23	2,174.63	1,607.75	3,543.51
Domestic	18.77	22.34	42.10	36.44	79.18
	<u>1,134.75</u>	<u>879.57</u>	<u>2,216.73</u>	<u>1,644.19</u>	<u>3,622.69</u>
SOFTWARE DEVELOPMENT EXPENSES	587.16	424.49	1,159.94	801.88	1,813.30
	<u>587.16</u>	<u>424.49</u>	<u>1,159.94</u>	<u>801.88</u>	<u>1,813.30</u>
GROSS PROFIT	547.59	455.08	1,056.79	842.31	1,809.39
SELLING AND MARKETING EXPENSES	80.44	69.33	160.16	124.42	266.98
GENERAL AND ADMINISTRATION EXPENSES	88.72	62.51	169.90	119.72	270.37
	<u>169.16</u>	<u>131.84</u>	<u>330.06</u>	<u>244.14</u>	<u>537.35</u>
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTIZATION	378.43	323.24	726.73	598.17	1,272.04
Interest					
Depreciation and amortization	62.33	46.24	106.59	86.71	188.95
	<u>62.33</u>	<u>46.24</u>	<u>106.59</u>	<u>86.71</u>	<u>188.95</u>
OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTIZATION	316.10	277.00	620.14	511.46	1,083.09
Other income	44.28	17.53	76.73	42.42	99.61
Provision for investments	0.22	23.76	6.59	23.76	23.77
	<u>44.06</u>	<u>41.29</u>	<u>83.32</u>	<u>66.18</u>	<u>75.84</u>
NET PROFIT BEFORE TAX	360.16	270.77	690.28	530.12	1,158.93
Provision for taxation	60.00	45.00	112.00	87.50	201.00
	<u>60.00</u>	<u>45.00</u>	<u>112.00</u>	<u>87.50</u>	<u>201.00</u>
NET PROFIT AFTER TAX	300.16	225.77	578.28	442.62	957.93
AMOUNT AVAILABLE FOR APPROPRIATION	300.16	225.77	578.28	442.62	957.93
	<u>300.16</u>	<u>225.77</u>	<u>578.28</u>	<u>442.62</u>	<u>957.93</u>
DIVIDEND					
Interim	96.09	82.76	96.09	82.76	82.76
Final					96.05
Dividend Tax	12.31		12.31		12.30
Amount transferred to general reserve					766.82
Balance in Profit and Loss Account	191.76	143.01	469.88	359.86	
	<u>191.76</u>	<u>143.01</u>	<u>469.88</u>	<u>359.86</u>	
	<u>300.16</u>	<u>225.77</u>	<u>578.28</u>	<u>442.62</u>	<u>957.93</u>
EARNINGS PER SHARE (equity shares, par value Rs. 5/- each)					
Basic	45.30	34.10	87.29	66.87	144.68

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Diluted	44.92	33.90	86.76	66.41	143.37
Number of shares used in computing earnings per share					
Basic	6,62,57,028	6,61,98,735	6,62,51,101	6,61,93,632	6,62,11,068
Diluted	6,68,24,404	6,65,96,469	6,66,51,085	6,66,51,932	6,68,16,821

These are the Profit and Loss Accounts referred to in our report of even date.

for Bharat S Raut & Co.
Chartered Accountants

S. Balasubrahmanyam Partner	N. R. Narayana Murthy Chairman and Chief Mentor	Nandan M. Nilekani Chief Executive Officer, President and Managing Director	S. Gopalakrishnan Chief Operating Officer and Deputy Managing Director
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