

INFOSYS TECHNOLOGIES LTD

Form 6-K

January 20, 2004

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United States Securities and Exchange Commission
Washington, D.C. 20549

FORM 6-K

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

For the quarter ended December 31, 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 560 100. +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 12g 3-2(b).

Not Applicable

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Currency of Presentation and Certain Defined Terms

In this Quarterly Report, references to U.S. or United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. References to \$ or dollars or U.S. dollars are to the legal currency of the United States and references to Rs. or rupees or Indian rupees are to the legal currency of India. Our financial statements are presented in Indian rupees and translated into U.S. dollars and are prepared in accordance with United States Generally Accepted Accounting Principles, or U.S. GAAP. References to Indian GAAP are to Indian Generally Accepted Accounting Principles. References to a particular fiscal year are to our fiscal year ended March 31 of such year.

All references to we, us, our, Infosys or the Company shall mean Infosys Technologies Limited. Infosys is a registered trademark of Infosys Technologies Limited in the United States and India. All other trademarks or tradenames used in this Quarterly Report are the property of their respective owners.

Except as otherwise stated in this Quarterly Report, all translations from Indian Rupees to U.S. dollars are based on the noon buying rate in the City of New York on December 31, 2003, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs. 45.55 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Information contained in our website, www.infosys.com, is not part of this Quarterly Report.

Forward-looking Statements May Prove Inaccurate

In addition to historical information, this Quarterly Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such differences include but are not limited to, those discussed in the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. In addition, readers should carefully review the other information in this Quarterly Report and in the Company's periodic reports and other documents filed with the Securities and Exchange Commission (SEC) from time to time.

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Part I Financial Information

Item 1. Financial Statements

Infosys Technologies Limited and subsidiaries

Consolidated balance sheets

	(Unaudited)	
	March 31, 2003 (1)	December 31, 2003
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 354,362,918	\$ 421,302,898
Investments in liquid mutual fund units		133,011,380
Trade accounts receivable, net of allowances	109,119,856	153,010,094
Deferred tax assets	288,541	472,095
Prepaid expenses and other current assets	24,384,316	35,637,535
Unbilled revenue	19,702,186	20,420,935
	<u>507,857,817</u>	<u>763,854,937</u>
<i>Total current assets</i>		
Property, plant and equipment, net	157,194,190	182,131,622
Intangible assets, net	6,471,236	
Deferred tax assets	7,264,885	6,509,330
Investments	4,613,833	1,925,167
Prepaid income taxes	4,452,678	169,688
Other assets	16,454,328	14,651,560
	<u>\$ 704,308,967</u>	<u>\$ 969,242,304</u>
TOTAL ASSETS		
LIABILITIES AND STOCKHOLDERS EQUITY		
<i>Current Liabilities</i>		
Accounts payable	\$ 426,611	\$ 342,644
Client deposits	3,208,295	21,203,634
Other accrued liabilities	46,249,269	78,656,396
Income taxes payable		14,321,236
Unearned revenue	13,202,115	18,510,857
	<u>63,086,290</u>	<u>133,034,767</u>
<i>Total current liabilities</i>		
<i>Non-current liabilities</i>		
Preferred stock of subsidiary 0.0005% Cumulative Convertible Preference Shares, par value \$2 each, 4,375,000 preference shares Authorized, issued and outstanding 4,375,000 preference shares as of March 31, 2003 and December 31, 2003	10,000,000	10,757,408
Other non-current liabilities	5,217,758	4,427,000
<i>Stockholders Equity</i>		
Common stock, \$0.16 par value; 100,000,000 equity shares authorized, Issued and outstanding 66,243,078 and 66,455,992 as of March 31, 2003 and December 31, 2003 respectively	8,602,909	8,626,207

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Additional paid-in capital	127,042,751	144,070,027
Retained earnings	524,621,160	670,884,201
Deferred stock compensation	(2,817,066)	
Accumulated other comprehensive income	(31,444,835)	(2,557,306)
	<u> </u>	<u> </u>
Total stockholders' equity	626,004,919	821,023,129
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$704,308,967	\$969,242,304
	<u> </u>	<u> </u>

(1) March 31, 2003 balances were obtained from audited financial statements

See accompanying notes to the unaudited consolidated financial statements

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Infosys Technologies Limited and subsidiaries

Unaudited consolidated statements of income

	Three months ended December 31,		Nine months ended December 31,	
	2002	2003	2002	2003
Revenues	\$ 200,014,166	\$ 275,886,678	\$ 537,775,974	\$ 759,911,290
Cost of revenues (including amortization of stock compensation expenses of \$729,994 and \$395,344 for the three months ended December 31, 2002 and 2003 and \$2,189,981 and \$1,653,156 for the nine months ended December 31, 2002 and 2003)	110,928,922	155,856,199	294,226,283	429,501,225
Gross profit	89,085,244	120,030,479	243,549,691	330,410,065
Operating Expenses:				
Selling and marketing expenses	14,952,660	20,827,551	40,734,946	56,243,853
General and administrative expenses	15,422,086	20,586,131	40,383,534	58,747,502
Amortization of stock compensation expense	513,954	278,343	1,541,863	1,163,910
Amortization of intangible assets	924,249	2,647,778	1,744,274	6,719,351
Total operating expenses	31,812,949	44,339,803	84,404,617	122,874,616
Operating income	57,272,295	75,690,676	159,145,074	207,535,449
Other income, net	6,907,692	8,842,133	12,538,464	24,385,839
Income before income taxes	64,179,987	84,532,809	171,683,538	231,921,288
Provision for income taxes	11,926,841	13,987,449	29,885,621	38,391,629
Net income	\$ 52,253,146	\$ 70,545,360	\$ 141,797,917	\$ 193,529,659
Earnings per equity share				
Basic	\$ 0.80	\$ 1.07	\$ 2.16	\$ 2.95
Diluted	\$ 0.78	\$ 1.05	\$ 2.13	\$ 2.91
Weighted equity shares used in computing earnings per equity share				
Basic	65,569,377	65,709,862	65,567,814	65,628,199
Diluted	66,667,561	67,181,796	66,405,932	66,557,167

See accompanying notes to the unaudited consolidated financial statements

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Infosys Technologies Limited and subsidiaries

Unaudited consolidated statements of stockholders' equity and comprehensive income

	Common stock		Additional paid-in capital	Comprehensive income
	Shares	Par value		
Balance as of March 31, 2002	66,186,130	\$ 8,597,001	\$ 123,079,948	
Common stock issued	43,359	4,480	2,191,234	
Cash dividends				
Income tax benefit arising on exercise of stock options			804,695	
Amortization of compensation related to stock option grants				
Comprehensive income				
Net income				\$ 141,797,917
Other comprehensive income				
Translation adjustment				8,232,075
Comprehensive income				\$ 150,029,992
Balance as of December 31, 2002	66,229,489	\$ 8,601,481	\$ 126,075,877	
Balance as of March 31, 2003	66,243,078	\$ 8,602,909	\$ 127,042,751	
Common stock issued	212,914	23,298	14,560,748	
Cash dividends				
Income tax benefit arising on exercise of stock options			2,466,528	
Amortization of compensation related to stock option grants				
Comprehensive income				
Net income				\$ 193,529,659
Other comprehensive income				
Unrealized gain on investments, net of taxes				89,130
Translation adjustment				28,798,399
Comprehensive income				\$ 222,417,188
Balance as of December 31, 2003	66,455,992	\$ 8,626,207	\$ 144,070,027	

[Additional columns below]

[Continued from above table, first column(s) repeated]

Accumulated other comprehensive income	Deferred stock compensation	Retained earnings	Total stockholders equity
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Balance as of March 31, 2002	\$ (45,441,148)	\$ (7,620,600)	\$ 363,764,165	\$ 442,379,366
Common stock issued				2,195,714
Cash dividends			(34,013,046)	(34,013,046)
Income tax benefit arising on exercise of stock options				804,695
Amortization of compensation related to stock option grants		3,731,844		3,731,844
Comprehensive income				
Net income			141,797,917	141,797,917
Other comprehensive income				
Translation adjustment	8,232,075			8,232,075
Comprehensive income				
Balance as of December 31, 2002	\$ (37,209,073)	\$ (3,888,756)	\$ 471,549,036	\$ 565,128,565
Balance as of March 31, 2003	\$ (31,444,835)	\$ (2,817,066)	\$ 524,621,160	\$ 626,004,919
Common stock issued				14,584,046
Cash dividends			(47,266,618)	(47,266,618)
Income tax benefit arising on exercise of stock options				2,466,528
Amortization of compensation related to stock option grants		2,817,066		2,817,066
Comprehensive income				
Net income			193,529,659	193,529,659
Other comprehensive income				
Unrealized gain on investments, net of taxes	89,130			89,130
Translation adjustment	28,798,399			28,798,399
Comprehensive income				
Balance as of December 31, 2003	\$ (2,557,306)		\$ 670,884,201	\$ 821,023,129

See accompanying notes to the unaudited consolidated financial statements

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Infosys Technologies Limited and subsidiaries

Unaudited consolidated statements of cash flows

	Nine months ended December 31,	
	2002	2003
OPERATING ACTIVITIES:		
Net income	\$ 141,797,917	\$ 193,529,659
Adjustments to reconcile net income to net cash provided b		