

INFOSYS TECHNOLOGIES LIMITED
Consolidated Cash flow statement for the*in Rs. crore*

		Quarter ended September 30, 2002	Half year ended September 30, 2002
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit before tax		269.50	527.63
Adjustments to reconcile profit before tax to cash provided			
By operating activities			
(Profit)/Loss on sale of fixed assets		(0.14)	(0.13)
Depreciation and amortization		46.39	86.88
Interest income		(19.79)	(37.50)
Effect of deferred taxes		(8.74)	(9.36)
Provisions on long-term investments		23.76	23.76
Income taxes paid during the period/year	1	(70.35)	(95.69)
Exchange differences on translation of foreign currency deposits		1.06	0.97
Changes in current assets and liabilities			
Sundry debtors		(45.84)	(123.01)
Loans and advances	2	(23.96)	(75.10)
Current liabilities and provisions	3	50.80	116.70
NET CASH GENERATED BY OPERATING ACTIVITIES		222.69	415.15
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of preference share capital		-	49.00
Proceeds on exercise of stock options		2.74	3.14
Dividends paid during the period/year, including Dividend Tax		-	(82.73)
NET CASH USED IN FINANCING ACTIVITIES		2.74	(30.59)
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	4	(46.99)	(101.19)
Proceeds on disposal of fixed assets		0.32	0.44
Long-term investments in securities	5	-	(0.27)
Interest income		19.79	37.50
NET CASH USED IN INVESTING ACTIVITIES		(26.88)	(63.52)
Effect of exchange differences on translation of foreign currency deposits		(1.06)	(0.97)
Net (decrease)/increase in cash and cash equivalents during the period/year		197.49	320.07
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		1,149.54	1,026.96
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	6	1,347.03	1,347.03
NOTES ON THE STATEMENT OF CASH FLOWS	7		

This is the Cash Flow Statement referred to in our report of even date

for Bharat S Raut & Co.
Chartered AccountantsS. Balasubrahmanyam
PartnerN. R. Narayana Murthy
Chairman and Chief MentorNandan M. Nilekani
Chief Executive Officer, President
and Managing DirectorS. Gopalakrishnan
Chief Operating Officer and
Deputy Managing DirectorDeepak M. Satwalekar
DirectorMarti G. Subrahmanyam
DirectorJitendra Vir Singh
DirectorOmkar Goswami
DirectorLarry Pressler
DirectorClaude Smadja
DirectorRama Bijapurkar
DirectorK. Dinesh
DirectorS. D. Shibulal
DirectorT. V. Mohandas Pai
Director and
Chief Financial OfficerSrinath Batni
DirectorV. Balakrishnan
Company Secretary and
Vice President – FinanceBangalore
October 10, 2002

INFOSYS TECHNOLOGIES LIMITED

Schedules to the Statement of Cash flows	<i>In Rs.crores</i>	
	Quarter ended September 30 2002	Half Year ended
1 INCOME TAXES PAID DURING THE PERIOD/YEAR		
Charge as per the Profit and Loss Account	45.00	87.50
Add: Increase in advance income taxes	79.09	105.05
(Increase)/Decrease in income tax provision	(53.74)	(96.86)
	<u>70.35</u>	<u>95.69</u>
2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD/YEAR		
As per the Balance Sheet	912.20	912.20
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(342.92)	(342.92)
Advance income taxes separately considered	(341.30)	(341.30)
	<u>227.98</u>	<u>227.98</u>
Less: Opening balance considered	(204.02)	(152.88)
	<u>23.96</u>	<u>75.10</u>
3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD/YEAR		
As per the Balance Sheet	697.50	697.50
Add/		
(Less): Provisions separately considered in the cash flow Statement:		
Income taxes	(336.43)	(336.43)
Dividends	(82.76)	(82.76)
	<u>278.31</u>	<u>278.31</u>
Less: Non cash transactions – (refer note 7.3)	-	(24.50)
Less: Opening balance considered	(227.51)	(137.11)
	<u>50.80</u>	<u>116.70</u>
4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per the Balance Sheet	43.54	183.77
Less: Non cash transactions – (also refer note 7.2)	-	(24.50)
Less: Opening Capital work-in-progress	(89.14)	(150.67)
Add: Closing Capital work-in-progress	92.59	92.59
	<u>46.99</u>	<u>101.19</u>
5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD/YEAR		
As per the Balance Sheet	20.95	20.95
Add: Provisions on investments	23.76	23.76
Less: Opening balance considered	(44.71)	(44.44)
	<u>-</u>	<u>0.27</u>
6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		
As per the Balance Sheet	1,004.11	1,004.11
Add: Deposits with financial institutions and body corporate, included herein	342.92	342.92
	<u>1,347.03</u>	<u>1,347.03</u>

7 NOTES ON THE STATEMENT OF CASH FLOWS

- 7.1 Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transactions.
- 7.2 The balance of cash and cash equivalents includes Rs 1.53 as at September 30, 2002 set aside for payment of dividends, also an amount of Rs 4.88 has been retained in escrow for payment to IQ Financial Systems, USA towards purchase of IPR and the same is payable on the successful renewal of certain customer contracts in favor of the company. Accordingly such cash is not available to the company.
- 7.3 During the half year ended September 30, 2002, the company entered into an agreement with the Aeronautical Development Agency, India for acquiring the intellectual property rights in AUTOLAY, a commercial software application product used in the design of high performance structural systems. The agreement requires the company to pay a consideration of \$ 5 million (approximately Rs. 24.50) by 10 years of the contract date. The intellectual property has been recorded in the books of account along with the corresponding liability, which in substance is a non-cash transaction and hence has been excluded in the statement of cash flows.
- 7.4 This being the first year of presentation of consolidated cash flow statement, prior period comparatives have not been provided.