

**INFOSYS TECHNOLOGIES LIMITED**

Consolidated cash flow statement for the

*in Rs. crore*

		Quarter ended December 31, 2002	Nine months ended
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		312.41	840.03
Adjustments to reconcile profit before tax to cash provided			
By operating activities			
(Profit)/Loss on sale of fixed assets		(0.08)	0.05
Depreciation and amortization		50.05	136.93
Interest income		(20.37)	(57.87)
Effect of deferred taxes		(1.45)	(10.81)
Provisions on long-term investments		-	23.76
Income taxes paid during the period	1	(64.66)	(160.35)
Exchange differences on translation of foreign currency deposits		-	0.97
Changes in current assets and liabilities			
Sundry debtors		(31.83)	(154.83)
Loans and advances	2	(13.82)	(88.92)
Current liabilities and provisions	3	10.97	127.67
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>241.22</b>	<b>656.63</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of preference share capital		-	49.00
Proceeds on exercise of stock options		7.47	10.62
Dividends paid during the period, including dividend tax		(82.76)	(165.49)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(75.29)</b>	<b>(105.87)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets and change in capital work-in-progress	4	(52.33)	(153.52)
Proceeds on disposal of fixed assets		0.08	0.25
Long-term investments in securities	5	-	(0.27)
Interest income		20.37	57.87
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(31.88)</b>	<b>(95.67)</b>
Effect of exchange differences on translation of foreign currency deposits		-	(0.97)
<b>Net (decrease)/increase in cash and cash equivalents during the period</b>		<b>134.05</b>	<b>454.12</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,347.03	1,026.96
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6</b>	<b>1,481.08</b>	<b>1,481.08</b>
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 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	Philip Yeo Director	Jitendra Vir Singh Director	Omkar Goswami Director	Larry Pressler Director
Claude Smadja Director	Rama Bijapurkar Director	K. Dinesh Director	S. D. Shibulal Director	T. V. Mohandas Pai Director and Chief Financial Officer
Srinath Batni Director	V. Balakrishnan Company Secretary and Vice President – Finance			

Bangalore  
January 10, 2003

**INFOSYS TECHNOLOGIES LIMITED***In Rs. crore*

Schedules to the Statement of Cash flows	Quarter ended December 31, 2002	Nine months ended
<b>1 INCOME TAXES PAID DURING THE PERIOD</b>		
Charge as per the Profit and Loss Account	57.50	145.00
<i>Add:</i> Increase in advance income taxes	66.11	171.16
(Increase)/Decrease in income tax provision	(58.95)	(155.81)
	<u>64.66</u>	<u>160.35</u>
<b>2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD</b>		
As per the Balance Sheet	991.57	991.57
<i>Less:</i> Deposits with financial institutions and body corporate, included in cash and cash equivalents	(342.36)	(342.36)
Advance income taxes separately considered	(407.41)	(407.41)
	<u>241.80</u>	<u>241.80</u>
<i>Less:</i> Opening balance considered	(227.98)	(152.88)
	<u>13.82</u>	<u>88.92</u>
<b>3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD</b>		
As per the Balance Sheet	684.66	684.66
<i>Add/</i>		
( <i>Less:</i> ) Provisions separately considered in the cash flow Statement:		
Income taxes	(395.38)	(395.38)
Dividends	-	-
	<u>289.28</u>	<u>289.28</u>
<i>Less:</i> Non cash transactions – ( <i>refer note 7.3</i> )	-	(24.50)
<i>Less:</i> Opening balance considered	(278.31)	(137.11)
	<u>10.97</u>	<u>127.67</u>
<b>4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS</b>		
As per the Balance Sheet	58.50	242.27
<i>Less:</i> Non cash transactions – ( <i>refer note 7.3</i> )	-	(24.50)
<i>Less:</i> Opening Capital work-in-progress	(92.59)	(150.67)
<i>Add:</i> Closing Capital work-in-progress	86.42	86.42
	<u>52.33</u>	<u>153.52</u>
<b>5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD</b>		
As per the Balance Sheet	20.95	20.95
<i>Add:</i> Provisions on investments	-	23.76
<i>Less:</i> Opening balance considered	(20.95)	(44.44)
	<u>-</u>	<u>0.27</u>
<b>6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
As per the Balance Sheet	1,138.72	1,138.72
<i>Add:</i> Deposits with financial institutions and body corporate, included herein	342.36	342.36
	<u>1,481.08</u>	<u>1,481.08</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 1.94 as at December 31, 2002 set aside for payment of dividends.
- 7.3 During the nine months ended December 31, 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.