

INFOSYS TECHNOLOGIES LIMITED		<i>In Rs.</i>					
Cashflow Statement	Schedule	Quarter ended March 31,		Half Year ended March 31,		Year ended March 31,	
		2001	2000	2001	2000	2001	2000
CASHFLOWS FROM OPERATING ACTIVITIES							
Profit before tax		203,42,43,523	97,84,66,385	389,25,51,013	181,83,21,178	696,02,92,341	325,64,85,819
Adjustments to reconcile profit before tax to cash provided by operating activities							
Profit on sale of fixed assets		(1,30,502)	(2,359)	(9,71,719)	(4,09,238)	(9,17,890)	(8,73,015)
Depreciation and amortization		37,90,13,208	18,70,86,391	70,92,05,888	33,18,85,471	112,89,45,152	53,23,27,389
Income from investments		(10,28,45,451)	(7,70,68,876)	(20,96,55,488)	(14,58,56,769)	(37,54,58,594)	(26,68,79,106)
Provisions on long-term investments		2,20,98,608	-	15,28,98,608	-	15,28,98,608	-
Income taxes paid during the period	1	(21,61,39,963)	(9,99,85,779)	(52,92,73,649)	(21,69,16,396)	(85,18,05,440)	(35,53,53,877)
Exchange differences on translation of foreign currency deposits		37,33,837	(76,94,209)	(3,07,15,082)	(15,68,374)	(20,17,12,483)	(9,93,27,075)
Changes in current assets and liabilities							
Sundry debtors		1,59,22,194	2,18,13,957	(59,31,33,671)	(2,70,71,449)	(166,19,21,164)	(51,65,92,828)
Loans and advances	2	(13,27,54,159)	(14,54,28,768)	(21,54,70,034)	(23,75,72,704)	(34,72,64,731)	(41,49,70,588)
Current liabilities and provisions	3	(13,47,40,522)	15,29,70,228	(14,87,60,790)	11,45,70,573	60,92,54,409	35,99,38,427
NET CASH GENERATED BY OPERATING ACTIVITIES		186,84,00,773	101,01,56,970	302,66,75,076	163,53,82,292	541,23,10,208	249,47,55,146
CASHFLOWS FROM FINANCING ACTIVITIES							
Proceeds on exercise of stock options		1,55,71,281	1,76,25,277	2,27,84,400	1,76,25,277	2,37,85,906	1,76,25,277
Dividends paid during the period		-	-	(20,17,61,670)	(11,01,21,102)	(42,20,05,883)	(19,92,57,109)
Expenses relating to the issue of American Depository Shares ("ADSs")		-	(8,76,424)	-	(29,76,424)	-	(2,35,06,514)
Expenses relating to the issue of ADS-linked stock options		-	(1,01,93,113)	-	(1,01,93,113)	-	(1,01,93,113)
NET CASH USED IN FINANCING ACTIVITIES		1,55,71,281	65,55,740	(17,89,77,270)	(10,56,65,362)	(39,82,19,977)	(21,53,31,459)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchases of fixed assets	4	(138,34,59,147)	(53,12,66,596)	(263,50,30,532)	(100,10,87,136)	(463,35,45,172)	(159,87,03,617)
Proceeds on the sale of fixed assets		2,04,085	41,812	20,35,910	4,48,691	22,73,671	10,20,400
Long-term investments	5	-	(13,08,00,000)	(3,67,46,692)	(13,08,00,000)	(26,63,64,960)	(13,08,00,000)
Income from investments		10,28,45,451	7,70,68,876	20,96,55,488	14,58,56,769	37,54,58,594	26,68,79,106
NET CASH USED IN INVESTING ACTIVITIES		(128,04,09,611)	(58,49,55,908)	(246,00,85,826)	(98,55,81,676)	(452,21,77,867)	(146,16,04,111)
Effect of exchange differences on translation of foreign currency deposits		(37,33,837)	76,94,209	3,07,15,082	15,68,374	20,17,12,483	9,93,27,075
Net (decrease) increase in cash and cash equivalents during the period		59,98,28,606	43,94,51,011	41,83,27,062	54,57,03,628	69,36,24,847	91,71,46,651
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		517,75,33,836	464,42,86,584	535,90,35,380	453,80,33,967	508,37,37,595	416,65,90,944
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	577,73,62,442	508,37,37,595	577,73,62,442	508,37,37,595	577,73,62,442	508,37,37,595

NOTES ON THE CASHFLOW STATEMENT

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The schedules referred to above and the notes thereon form an integral part of the Cashflow Statement.

This is the Cashflow Statement referred to in our certificate of even date. for Bharat S Raut & Co. Chartered Accountants

INFOSYS TECHNOLOGIES LIMITED		<i>In Rs.</i>					
Schedules to the Cashflow Statement		Quarter ended March 31,		Half Year ended March 31,		Year ended March 31,	
		2001	2000	2001	2000	2001	2000
1	INCOME TAXES PAID DURING THE PERIOD						
	Charge as per the Profit and Loss Account	21,75,00,000	12,00,00,000	41,25,00,000	22,20,00,000	72,71,00,000	39,70,00,000
	Add: Tax provided on Intellectual Property Rights sold	-	-	-	-	3,43,96,000	-
	Less: Decrease in income tax provision	(21,75,00,001)	(11,98,96,377)	(27,44,47,254)	(22,13,34,461)	(60,29,91,999)	(39,46,62,254)
	Increase in advance income taxes	216,139,964	9,98,82,156	39,12,20,903	21,62,50,857	69,33,01,439	35,30,16,131
		<u>216,139,963</u>	<u>9,99,85,779</u>	<u>52,92,73,649</u>	<u>21,69,16,396</u>	<u>85,18,05,440</u>	<u>35,53,53,877</u>
2	LOANS AND ADVANCES						
	As per the Balance Sheet	430,27,93,623	210,12,77,161	430,27,93,623	210,12,77,161	430,27,93,623	210,12,77,161
	Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(192,67,52,157)	(76,58,01,865)	(192,67,52,157)	(76,58,01,865)	(192,67,52,157)	(76,58,01,865)
	Advance income taxes separately considered	(123,73,97,792)	(54,40,96,353)	(123,73,97,792)	(54,40,96,353)	(123,73,97,792)	(54,40,96,353)
		<u>113,86,43,674</u>	<u>79,13,78,943</u>	<u>113,86,43,674</u>	<u>79,13,78,943</u>	<u>113,86,43,674</u>	<u>79,13,78,943</u>
3	CURRENT LIABILITIES AND PROVISIONS						
	As per the Balance Sheet	319,85,01,451	165,97,02,419	319,85,01,451	165,97,02,419	319,85,01,451	165,97,02,419
	Less: Provisions separately considered in the Cashflow Statement						
	Income taxes	(122,90,11,741)	(62,60,19,742)	(122,90,11,741)	(62,60,19,742)	(122,90,11,741)	(62,60,19,742)
	Dividends	(496,185,878)	(19,84,18,210)	(496,185,878)	(19,84,18,210)	(496,185,878)	(19,84,18,210)
	Dividend tax	(50,610,959)	(2,18,26,003)	(50,610,959)	(2,18,26,003)	(50,610,959)	(2,18,26,003)
		<u>142,26,92,873</u>	<u>81,34,38,464</u>	<u>142,26,92,873</u>	<u>81,34,38,464</u>	<u>142,26,92,873</u>	<u>81,34,38,464</u>
4	PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS						
	As per the Balance Sheet	127,81,10,655	52,39,70,042	197,43,51,362	84,43,82,916	349,66,44,427	117,79,35,912
	Add (less): Change in work-in-progress	10,53,48,492	72,96,554	66,06,79,170	15,67,04,220	113,69,00,745	42,07,67,705
		<u>138,34,59,147</u>	<u>53,12,66,596</u>	<u>263,50,30,532</u>	<u>100,10,87,136</u>	<u>463,35,45,172</u>	<u>159,87,03,617</u>
5	LONG-TERM INVESTMENTS IN SECURITIES						
	As per the Balance Sheet	34,11,54,821	13,83,48,469	34,11,54,821	13,83,48,469	34,11,54,821	13,83,48,469
	Add: Provisions on investments	22,34,94,282	7,05,95,674	22,34,94,282	7,05,95,674	22,34,94,282	7,05,95,674
	Less: Non-cash investment (<i>see note 7.2 below</i>)	(8,93,40,000)	-	(8,93,40,000)	-	(8,93,40,000)	-
		<u>47,53,09,103</u>	<u>20,89,44,143</u>	<u>47,53,09,103</u>	<u>20,89,44,143</u>	<u>47,53,09,103</u>	<u>20,89,44,143</u>
6	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD						
	As per the Balance Sheet	385,06,10,285	431,79,35,730	385,06,10,285	431,79,35,730	385,06,10,285	431,79,35,730
	Add: Deposits with financial institutions and body corporate, included herein	192,67,52,157	76,58,01,865	192,67,52,157	76,58,01,865	192,67,52,157	76,58,01,865
		<u>577,73,62,442</u>	<u>508,37,37,595</u>	<u>577,73,62,442</u>	<u>508,37,37,595</u>	<u>577,73,62,442</u>	<u>508,37,37,595</u>

7 NOTES ON CASH FLOW STATEMENT

- 7.1 Cash flows have been reported using the indirect method, whereby the net profit 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, segregating between cash flows from regular revenue generating, financing and investing activities of the company. 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 During the year ended March 31, 2001, the company transferred intellectual property rights in Onscan – a web-based wireless enabled notification product, to Onmobile Systems, Inc. (formerly Onscan, Inc.), USA, a company incubated by Infosys. The product was transferred for a gross consideration of Rs 8,93,40,000 (approximately US\$ 2,000,000) received as equity, preferred and non-voting securities in Onmobile Systems, Inc., and accordingly, is not considered in this statement of cash flows.