

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Balance Sheet as at	Schedule	June 30, 2001	June 30, 2000	March 31, 2001
<b>SOURCES OF FUNDS</b>				
SHAREHOLDERS' FUNDS				
Share capital	1	33,08,05,085	33,07,58,335	33,07,92,085
Reserves and surplus	2	1562,52,96,675	927,12,34,168	1356,55,99,903
		1595,61,01,760	960,19,92,503	1389,63,91,988
<b>APPLICATION OF FUNDS</b>				
FIXED ASSETS				
Original cost	3	738,74,44,287	373,65,25,244	631,14,44,025
Less: Depreciation		278,86,97,454	151,26,93,565	244,13,15,982
Net book value		459,87,46,833	222,38,31,679	387,01,28,043
Add: Capital work-in-progress		164,01,15,365	53,04,58,784	170,65,04,250
		623,88,62,198	275,42,90,463	557,66,32,293
INVESTMENTS	4	44,44,22,821	36,16,97,129	34,11,54,821
DEFERRED TAX ASSETS	5	16,59,00,000	-	-
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry debtors	6	309,12,07,202	228,39,91,832	302,37,02,417
Cash and bank balances	7	446,28,93,265	426,00,41,918	385,06,10,285
Loans and advances	8	468,17,78,978	196,24,84,174	430,27,93,623
		1223,58,79,445	850,65,17,924	1117,71,06,325
Less: Current liabilities	9	154,53,25,723	116,79,86,403	134,91,81,176
Provisions	10	158,36,36,981	85,25,26,610	184,93,20,275
NET CURRENT ASSETS		910,69,16,741	648,60,04,911	797,86,04,874
		1595,61,01,760	960,19,92,503	1389,63,91,988

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 15**

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet

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

for Bharat S Raut & Co.  
Chartered Accountants

Balaji Swaminathan  
Partner

N. R. Narayana Murthy  
Chairman  
and Chief Executive Officer

Nandan M. Nilekani  
Managing Director, President  
and Chief Operating Officer

Deepak M. Satwalekar  
Director

Marti G. Subrahmanyam  
Director

Jitendra Vir Singh  
Director

Omkar Goswami  
Director

Larry Pressler  
Director

Rama Bijapurkar  
Director

S. Gopalakrishnan  
Deputy Managing Director

K. Dinesh  
Director

S. D. Shibulal  
Director

T. V. Mohandas Pai  
Director and  
Chief Financial Officer

Phaneesh Murthy  
Director

Srinath Batni  
Director

V. Balakrishnan  
Company Secretary and  
Vice President – Finance

Bangalore  
July 10, 2001

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Profit and Loss Account for the	Schedule	Quarter ended		Year ended
		June 30, 2001	June 30, 2000	March 31, 2001
<b>INCOME</b>				
Software development services and products				
Overseas		596,30,21,488	351,05,78,423	1874,02,66,421
Domestic		16,21,65,861	4,47,21,726	26,53,92,386
Other income	11	13,49,39,605	15,11,07,532	59,37,14,915
		<b>626,01,26,954</b>	<b>370,64,07,681</b>	<b>1959,93,73,722</b>
<b>EXPENDITURE</b>				
Software development expenses	12	318,32,88,293	189,39,05,266	958,17,66,650
Administration and other expenses	13	53,67,64,710	28,50,11,949	177,54,70,971
Provision for investments		-	-	15,28,98,608
		<b>372,00,53,003</b>	<b>217,89,17,215</b>	<b>1151,01,36,229</b>
<b>Operating profit (PBIDT)</b>		<b>254,00,73,951</b>	<b>152,74,90,466</b>	<b>808,92,37,493</b>
Interest		-	-	-
Depreciation		35,48,03,492	17,73,71,717	112,89,45,152
<b>Profit before tax and extraordinary item</b>		<b>218,52,70,459</b>	<b>135,01,18,749</b>	<b>696,02,92,341</b>
Provision for taxation	14	28,50,00,000	13,71,00,000	72,71,00,000
<b>Profit after tax before extraordinary item</b>		<b>190,02,70,459</b>	<b>121,30,18,749</b>	<b>623,31,92,341</b>
Extraordinary item – transfer of intellectual property rights (net of tax)		-	5,49,44,000	5,49,44,000
<b>Net profit after tax and extraordinary item</b>		<b>190,02,70,459</b>	<b>126,79,62,749</b>	<b>628,81,36,341</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>190,02,70,459</b>	<b>126,79,62,749</b>	<b>628,81,36,341</b>
Dividend				
Interim		-	-	16,53,78,418
Final		-	-	49,61,85,878
Dividend Tax		-	-	8,69,94,211
Amount transferred - general reserve		-	-	553,95,77,834
Balance in Profit and Loss Account		190,02,70,459	126,79,62,749	-
		<b>190,02,70,459</b>	<b>126,79,62,749</b>	<b>628,81,36,341</b>
<b>EARNINGS PER SHARE</b> (equity shares, par value Rs. 5 each)				
Basic		28.72	19.17	95.06
Diluted		28.59	18.93	94.76
Number of shares used in computing earnings per share				
Basic		6,61,59,038	6,61,51,036	6,61,52,131
Diluted		6,64,65,149	6,69,81,506	6,63,58,311

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** 15

The schedules referred to above and the notes form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.  
for Bharat S Raut & Co.  
Chartered Accountants

Balaji Swaminathan Partner	N. R. Narayana Murthy Chairman and Chief Executive Officer	Nandan M. Nilekani Managing Director, President and Chief Operating Officer	Deepak M. Satwalekar Director
Marti G. Subrahmanyam Director	Jitendra Vir Singh Director	Omkar Goswami Director	Larry Pressler Director
Rama Bijapurkar Director	S. Gopalakrishnan Deputy Managing Director	K. Dinesh Director	S. D. Shibulal Director
T. V. Mohandas Pai Director and Chief Financial Officer	Phaneesh Murthy Director	Srinath Batni Director	V. Balakrishnan Company Secretary and Vice President - Finance

Bangalore  
July 10, 2001

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Schedules to the Balance Sheet as at June 30, 2001 June 30, 2000 March 31, 2001**1. SHARE CAPITAL**

## AUTHORIZED

Equity shares, Rs. 5 (Rs. 5; Rs. 5) par value

10,00,00,000 (10,00,00,000; 10,00,00,000) equity shares 50,00,00,000 50,00,00,000 50,00,00,000

## ISSUED, SUBSCRIBED AND PAID UP

Equity shares, Rs. 5 (Rs. 5; Rs. 5) par value\*

6,61,60,717 (6,61,51,367; 6,61,58,117) equity shares fully paid up 33,08,03,585 33,07,56,835 33,07,90,585

[Of the above, 5,78,88,200 (5,78,88,200; 5,78,88,200) equity shares fully paid up have been issued as bonus shares by capitalization of the general reserve]

Add: Forfeited shares 1,500 1,500 1,50033,08,05,085 33,07,58,335 33,07,92,085

\* for details of options in respect of the above shares, refer to note 15.2.15

**2. RESERVES AND SURPLUS**Capital reserve 5,93,54,103 5,93,54,103 5,93,54,1035,93,54,103 5,93,54,103 5,93,54,103Share premium account as at April 1, 320,75,30,416 318,37,81,595 318,37,81,595

Add : Received during the year

On conversion of stock options issued to employees 41,26,313 9,98,171 2,37,48,821321,16,56,729 318,47,79,766 320,75,30,416General reserve as at April 1, 1029,87,15,384 475,91,37,550 475,91,37,550Add: Cumulative effect on recognition of deferred tax assets 15,53,00,000 - -Add: Transfers from the Profit and Loss Account - - 553,95,77,8341045,40,15,384 475,91,37,550 1029,87,15,384Balance in Profit and Loss Account 190,02,70,459 126,79,62,749 -1235,42,85,843 602,71,00,299 1029,87,15,3841562,52,96,675 927,12,34,168 1356,55,99,903

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Schedules to the Balance Sheet as at **June 30, 2001** June 30, 2000 March 31, 2001**4. INVESTMENTS****Trade (unquoted) - at cost****Long- term investments**

Yantra Corporation, USA, a subsidiary company 75,00,000 (75,00,000; 75,00,000) common stock at US\$ 0.20 each, fully paid, par value US\$ 0.01 each	5,32,51,600	5,32,51,600	5,32,51,600
6,36,363 (6,36,363; 6,36,363) Series A convertible preferred stock, at US\$ 0.75 each, fully paid, par value US\$ 0.01 each	1,73,44,074	1,73,44,074	1,73,44,074
EC Cubed, Inc., USA 13,00,108 (13,00,108; 13,00,108) Series D convertible preferred stock at US\$ 2.3075 each, fully paid, par value US\$ 0.0001 each	13,08,00,000	13,08,00,000	13,08,00,000
Alpha Thinx Mobile Phone Services AG, Austria 27,790 (Nil; 27,790) bearer shares at € 20 each, fully paid, par value € 1 each	2,20,98,608	-	2,20,98,608
	<b>22,34,94,282</b>	20,13,95,674	22,34,94,282
Less: Provision for investments	<b>22,34,94,282</b>	7,05,95,674	22,34,94,282
	-	13,08,00,000	-
Asia Net Media (BVI) Ltd., the British Virgin Islands 3,00,00,000 (Nil; 3,00,00,000) ordinary shares at US\$ 0.05 each, fully paid, par value US\$ 0.01 each	6,84,75,000	-	6,84,75,000
CiDRA Corporation, USA 33,333 (33,333; 33,333) Series D convertible preferred stock at US\$ 90 each, fully paid, par value US\$ 0.01 each	13,40,08,660	13,40,08,660	13,40,08,660
JASDIC Park Company, Japan 480 (480; 480) common stock at ¥ 50,000 each, fully paid, par value ¥ 50,000 each	75,38,109	75,38,109	75,38,109
M-Commerce Ventures Pte Ltd, Singapore Units in the company, each unit representing 1 ordinary share of Singapore \$ 1 each, fully paid, par value Singapore \$ 1 and 9 redeemable preferred shares of Singapore \$ 1, fully paid, at a premium of Singapore \$ 1,110 per redeemable preferred stock 70 (Nil; 70) ordinary shares	1,845	-	1,845
630 (Nil; 630) redeemable preference shares	1,84,45,855	-	1,84,45,855
OnMobile Systems Inc., (formerly Onscan Inc.) USA 1,00,000 (1,00,000; 1,00,000) common stock at US\$ 0.4348 each, fully paid, par value US\$ 0.001 each	19,42,162	19,42,162	19,42,162
1,00,000 (1,00,000; 1,00,000) Series A voting convertible preferred stock at US\$ 0.4348 each, fully paid, par value US\$ 0.001 each	19,42,162	19,42,162	19,42,162
44,00,000 (44,00,000; 44,00,000) Series A non-voting convertible preferred stock at US\$ 0.4348 each, fully paid, par value US\$ 0.001 each	8,54,55,676	8,54,55,676	8,54,55,676
Purpleyogi Inc., USA 2,76,243 (Nil; 2,76,243) Series D convertible preferred stock at US\$ 1.81 each fully paid, par value US\$ 0.001 each	2,33,34,992	-	2,33,34,992
Workadia Inc. USA 4,40,000 (Nil; Nil) Series B convertible preferred stock at US\$ 5.00 each, fully paid, par value US \$ 0.001 each	10,32,68,000	-	-
Software Services Support Education Center Limited 1 (1; 1) equity share of Rs. 10 each, fully paid, par value Rs. 10	10	10	10
The Saraswat Co-operative Bank Limited 1,035 (1,035; 1,035) equity shares of Rs. 10 each, fully paid, par value Rs. 10	10,350	10,350	10,350
	<b>44,44,22,821</b>	36,16,97,129	34,11,54,821
Aggregate of unquoted investments - carrying value / cost	<b>44,44,22,821</b>	36,16,97,129	34,11,54,821

**5. DEFERRED TAX ASSETS**

Fixed assets	7,75,00,000	-	-
Investments	6,90,00,000	-	-
Debtors	1,14,00,000	-	-
Others	80,00,000	-	-
	<b>16,59,00,000</b>	-	-

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Schedules to the Balance Sheet as at	June 30, 2001	June 30, 2000	March 31, 2001
<b>6. SUNDRY DEBTORS</b>			
Debts outstanding for a period exceeding six months			
Unsecured			
considered good	-	-	-
considered doubtful	13,64,19,514	2,62,13,904	9,61,74,738
Other debts			
Unsecured			
considered good*	309,12,07,202	228,39,91,832	302,37,02,417
considered doubtful	9,44,42,708	-	8,55,48,753
	<u>332,20,69,424</u>	<u>231,02,05,736</u>	<u>320,54,25,908</u>
Less: Provision for doubtful debts	<u>23,08,62,222</u>	<u>2,62,13,904</u>	<u>18,17,23,491</u>
	<u>309,12,07,202</u>	<u>228,39,91,832</u>	<u>302,37,02,417</u>
*includes due by subsidiary - Yantra Corporation	46,90,468	1,68,19,590	99,80,017
<b>7. CASH AND BANK BALANCES</b>			
Cash on hand	1,71,689	30,08,898	96,062
Balances with scheduled banks			
in current accounts *	19,10,70,954	10,25,47,955	12,79,65,496
in deposit accounts in Indian rupees	214,15,79,425	9,94,83,787	181,88,52,687
in deposit accounts in foreign currency	139,17,38,386	275,12,28,474	136,36,28,601
Balances with non-scheduled banks@			
in deposit account in foreign currency	-	69,43,99,799	-
in current accounts	73,83,32,811	60,93,73,005	54,00,67,439
	<u>446,28,93,265</u>	<u>426,00,41,918</u>	<u>385,06,10,285</u>
*includes Rs 1,92,30,601; Rs 1,37,40,241 and Rs 48,15,163, representing the balances in unclaimed dividend accounts as at June 30, 2001 and June 30, 2000 and March 31, 2001 respectively			
@ refer to note 15.2.18 for details of balances with non-scheduled banks			
<b>8. LOANS AND ADVANCES</b>			
<b>Unsecured, considered good</b>			
Advances			
prepaid expenses	11,53,78,439	11,60,57,065	13,75,24,974
advances paid for supply of goods and rendering of services	3,55,36,968	3,81,14,040	4,58,01,731
others	1,95,88,307	1,32,38,019	1,92,05,252
	<u>17,05,03,714</u>	<u>16,74,09,124</u>	<u>20,25,31,957</u>
Costs in excess of billings	2,60,15,877	1,00,00,940	2,34,52,011
Advance income tax	161,14,35,254	63,07,28,828	123,73,97,792
Loans and advances to employees *			
housing and other loans	57,47,95,373	40,69,17,051	50,45,83,928
salary advances	27,40,19,687	17,01,47,683	24,47,71,738
Electricity and other deposits	7,12,30,614	3,58,01,120	4,76,12,044
Rental deposits	11,15,45,251	8,21,49,544	11,56,91,996
Deposits with financial institutions / body corporate	184,22,33,208	45,93,29,884	192,67,52,157
	<u>468,17,78,978</u>	<u>196,24,84,174</u>	<u>430,27,93,623</u>
<b>Unsecured, considered doubtful</b>			
Loans and advances to employees	7,04,156	-	7,11,816
	<u>468,24,83,134</u>	<u>196,24,84,174</u>	<u>430,35,05,439</u>
Less: Provision for doubtful loans and advances to employees	<u>7,04,156</u>	<u>-</u>	<u>7,11,816</u>
	<u>468,17,78,978</u>	<u>196,24,84,174</u>	<u>430,27,93,623</u>
* includes due by non-director officers of the company	2,04,62,199	1,51,84,336	1,05,74,738
Maximum amounts due by non-director officers at any time during the year	2,16,77,105	2,27,36,892	2,83,52,485

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Schedules to the Balance Sheet as at June 30, 2001    June 30, 2000    March 31, 2001**9. CURRENT LIABILITIES**

Sundry creditors			
for goods	2,26,196	2,10,91,182	13,07,477
for accrued salaries and benefits			
salaries	3,83,79,450	1,61,80,640	3,80,31,047
bonus and incentives	45,31,21,309	17,20,32,270	34,64,37,189
leave provisions	20,18,17,335	14,15,97,784	18,97,50,132
for other liabilities			
provision for expenses	17,31,05,286	6,65,40,310	17,70,70,370
retention monies	15,76,04,937	5,85,96,665	11,39,71,400
withholding and other taxes payable	8,18,21,836	68,15,831	5,50,36,092
others	2,17,08,942	1,40,02,336	1,78,04,294
	<u>112,77,85,291</u>	<u>49,68,57,018</u>	<u>93,94,08,001</u>
Advances received from clients	3,54,46,060	1,48,23,901	5,66,97,811
Unearned revenue	36,28,63,771	64,25,65,243	34,82,60,201
Unclaimed dividend	1,92,30,601	1,37,40,241	48,15,163
	<u>154,53,25,723</u>	<u>116,79,86,403</u>	<u>134,91,81,176</u>

**10. PROVISIONS**

Dividend payable	-	-	49,61,85,878
Provision for			
tax on dividend	-	-	5,06,10,959
income taxes	150,91,52,445	79,75,15,742	122,90,11,741
post-sales client support	7,44,84,536	5,50,10,868	7,35,11,697
	<u>158,36,36,981</u>	<u>85,25,26,610</u>	<u>184,93,20,275</u>

**INFOSYS TECHNOLOGIES LIMITED**

Schedules to the Profit and Loss Account for the	Quarter ended		in Rs.
	June 30, 2001	June 30, 2000	Year ended March 31, 2001
<b>11. OTHER INCOME</b>			
Interest received on deposits with banks and others (Tax deducted at source Rs. 1,71,06,524; Rs. 69,02,206 and Rs. 4,30,12,428 respectively)	11,80,75,060	7,56,56,319	38,46,83,890
Miscellaneous income	42,47,253	12,75,233	73,18,542
Exchange differences *	1,26,17,292	7,41,75,980	20,17,12,483
	<b>13,49,39,605</b>	<b>15,11,07,532</b>	<b>59,37,14,915</b>
*arising on translation of foreign currency deposits maintained abroad includes a realized gain of Rs. Nil (quarter ended June 30, 2000 – Rs Nil; year ended March 31, 2001 - Rs 5,06,25,885)			
<b>12. SOFTWARE DEVELOPMENT EXPENSES</b>			
Salaries and bonus including overseas staff expenses	251,16,36,702	131,59,03,108	675,86,45,286
Staff welfare	1,97,44,018	1,51,05,488	8,46,06,310
Contribution to provident and other funds	7,02,27,003	9,49,72,021	33,45,76,308
Foreign travel expenses	32,23,60,043	30,21,47,079	147,22,11,655
Consumables	39,15,735	90,94,196	5,86,87,245
Cost of software packages for			
own use	7,99,74,683	7,54,06,306	31,85,81,751
banking product	4,00,58,029	83,50,829	5,70,13,753
Computer maintenance	1,18,19,183	1,48,09,400	7,19,42,078
Communication expenses	10,22,07,164	4,70,05,737	31,52,55,986
Consultancy charges	2,03,72,893	1,12,91,262	9,19,25,609
Provision for post-sales client support	9,72,840	(1,80,160)	1,83,20,669
	<b>318,32,88,293</b>	<b>189,39,05,266</b>	<b>958,17,66,650</b>
<b>13. ADMINISTRATION AND OTHER EXPENSES</b>			
Professional charges	3,84,49,342	2,55,65,071	20,40,21,385
Traveling and conveyance	4,21,84,101	2,72,52,199	18,40,64,822
Rent	6,51,19,891	3,26,94,228	16,94,82,708
Telephone charges	4,24,42,313	2,91,31,034	14,02,60,363
Office maintenance	3,35,01,582	2,73,12,516	12,84,32,642
Power and fuel	4,62,90,782	2,06,50,482	11,78,45,258
Brand building	1,86,21,284	1,09,58,146	10,52,01,392
Donations	2,42,50,825	1,58,07,369	7,21,92,883
Advertisements	61,10,666	1,13,04,298	6,30,77,831
Printing and stationery	3,14,30,676	2,50,66,901	6,25,54,206
Insurance charges	1,27,62,786	52,89,398	5,17,55,298
Repairs to building	2,21,54,234	82,54,771	3,95,22,458
Repairs to plant and machinery	49,17,486	33,86,262	2,26,54,171
Rates and taxes	89,98,658	35,64,331	1,82,17,524
Commission charges	51,76,868	22,64,589	1,79,03,784
Bank charges and commission	4,80,367	5,30,303	59,39,483
Auditor's remuneration			
audit fees	5,37,500	4,46,250	17,85,000
certification charges	-	-	2,00,000
out-of-pocket expenses	50,000	50,000	2,00,000
Bad loans and advances written off	-	-	4,141
Bad debts written off	-	-	27,70,254
Provision for doubtful loans and advances	(7,660)	(1,412)	7,11,816
Provision for bad and doubtful debts	6,93,64,922	40,87,456	19,27,45,549
Freight charges	12,09,911	5,43,906	55,72,484
Professional membership and seminar participation fees	53,52,852	28,91,627	2,17,10,613
Marketing expenses	1,53,54,280	53,23,041	4,26,87,545
Postage and courier	1,17,02,538	48,77,958	2,27,86,459
Books and periodicals	33,41,757	38,54,221	1,69,10,978
Commission to non-whole time directors	24,00,000	15,00,000	59,22,049
Sales promotion expenses	11,34,626	1,87,071	70,16,656
Transaction processing fee and filing fees	1,38,49,399	3,72,625	1,52,76,339
Research grants	25,00,000	25,00,000	1,00,00,000
Other miscellaneous expenses	70,82,724	93,47,308	2,60,44,880
	<b>53,67,64,710</b>	<b>28,50,11,949</b>	<b>177,54,70,971</b>

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Schedules to the Profit and Loss Account for the

Quarter ended  
 June 30, 2001      June 30, 2000      Year ended  
 March 31, 2001

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**14. PROVISION FOR TAXATION**

Current year				
Income taxes	29,56,00,000	12,31,00,000	71,31,00,000	
Deferred taxes	(1,06,00,000)	-	-	
	<u>28,50,00,000</u>	<u>12,31,00,000</u>	<u>71,31,00,000</u>	
Prior years	-	1,40,00,000	1,40,00,000	
	<u>28,50,00,000</u>	<u>13,71,00,000</u>	<u>72,71,00,000</u>	

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**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Statement of Cash Flows for the	Schedule	Quarter ended		Year ended
		June 30, 2001	June 30, 2000	March 31, 2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		218,52,70,459	135,01,18,749	696,02,92,341
Adjustments to reconcile profit before tax to cash provided by operating activities				
(Profit)/loss on sale of fixed assets		(2,93,670)	45,109	(9,17,890)
Depreciation and amortization		35,48,03,492	17,73,71,717	112,89,45,152
Interest income		(11,80,75,060)	(7,56,56,319)	(38,46,83,890)
Effect of deferred taxes		(1,06,00,000)	-	-
Provisions on long-term investments		-	-	15,28,98,608
Provision for e-inventing		-	(39,00,977)	-
Income taxes paid during the period/year	1	(37,88,96,758)	(8,66,32,475)	(85,18,05,440)
Exchange differences on translation of foreign currency deposits		(1,26,17,292)	(7,41,75,980)	(20,17,12,483)
Changes in current assets and liabilities				
Sundry debtors		(6,75,04,785)	(92,22,10,579)	(166,19,21,164)
Loans and advances	2	(8,94,66,842)	(8,10,46,519)	(34,72,64,731)
Current liabilities and provisions	3	19,71,17,386	41,34,59,784	60,92,54,409
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>205,97,36,930</b>	<b>69,73,72,510</b>	<b>540,30,84,912</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds on exercise of stock options		41,39,313	10,01,506	2,37,85,906
Dividends paid during the period/year, including dividend tax		(54,67,96,837)	(22,02,44,213)	(42,20,05,883)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(54,26,57,524)</b>	<b>(21,92,42,707)</b>	<b>(39,82,19,977)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets and change in capital work-in-progress	4	(101,73,74,001)	(85,83,69,973)	(463,35,45,172)
Proceeds on disposal of fixed assets		6,34,274	50,738	22,73,671
Long-term investments in securities	5	(10,32,68,000)	(13,40,08,660)	(26,63,64,960)
Interest income		11,80,75,060	7,56,56,319	38,46,83,890
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(100,19,32,667)</b>	<b>(91,66,71,576)</b>	<b>(451,29,52,571)</b>
Effect of exchange differences on foreign currency deposits translations		1,26,17,292	7,41,75,980	20,17,12,483
<b>Net increase/(decrease) in cash and cash equivalents during the period/year</b>		<b>52,77,64,031</b>	<b>(36,43,65,793)</b>	<b>69,36,24,847</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		577,73,62,442	508,37,37,595	508,37,37,595
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR</b>	<b>6</b>	<b>630,51,26,473</b>	<b>471,93,71,802</b>	<b>577,73,62,442</b>

**NOTES ON THE STATEMENT OF CASH FLOWS**

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The schedules referred to above and the notes thereon form an integral part of this Statement of Cash Flows

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

Balaji Swaminathan  
PartnerN. R. Narayana Murthy  
Chairman  
and Chief Executive OfficerNandan M. Nilekani  
Managing Director, President  
and Chief Operating OfficerDeepak M. Satwalekar  
DirectorMarti G. Subrahmanyam  
DirectorJitendra Vir Singh  
DirectorOmkar Goswami  
DirectorLarry Pressler  
DirectorRama Bijapurkar  
DirectorS. Gopalakrishnan  
Deputy Managing DirectorK. Dinesh  
DirectorS. D. Shibulal  
DirectorT. V. Mohandas Pai  
Director and  
Chief Financial OfficerPhaneesh Murthy  
DirectorSrinath Batni  
DirectorV. Balakrishnan  
Company Secretary and  
Vice President – FinanceBangalore  
July 10, 2001

**INFOSYS TECHNOLOGIES LIMITED**

in Rs.

Schedules to the Statement of Cash flows for the	Quarter ended		Year ended
	June 30, 2001	June 30, 2000	March 31, 2001
<b>1. INCOME TAXES PAID DURING THE PERIOD/YEAR</b>			
Charge as per the Profit and Loss Account	28,50,00,000	13,71,00,000	72,71,00,000
Add: Tax provided on intellectual property rights transferred	-	3,43,96,000	3,43,96,000
Increase in advance income taxes	37,40,37,462	8,66,32,475	69,33,01,439
Less: Increase/(decrease) in income tax provision	(28,01,40,704)	(17,14,96,000)	(60,29,91,999)
	<u>37,88,96,758</u>	<u>8,66,32,475</u>	<u>85,18,05,440</u>
<b>2. CHANGE IN LOANS AND ADVANCES DURING THE PERIOD/YEAR</b>			
As per the Balance Sheet	468,17,78,978	196,24,84,174	430,27,93,623
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(184,22,33,208)	(45,93,29,884)	(192,67,52,157)
Advance income taxes separately considered	(161,14,35,254)	(63,07,28,828)	(123,73,97,792)
	<u>122,81,10,516</u>	<u>87,24,25,462</u>	<u>113,86,43,674</u>
Less: Opening balance considered	(113,86,43,674)	(79,13,78,943)	(79,13,78,943)
	<u>8,94,66,842</u>	<u>8,10,46,519</u>	<u>34,72,64,731</u>
<b>3. CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD/YEAR</b>			
As per the Balance Sheet	312,89,62,704	202,05,13,013	319,85,01,451
Add/ Provisions separately considered in the Cash flow Statement			
(less): Income taxes	(150,91,52,445)	(79,75,15,742)	(122,90,11,741)
Provision for e-inventing	-	39,00,977	-
Dividends	-	-	(49,61,85,878)
Dividend tax	-	-	(5,06,10,959)
	<u>161,98,10,259</u>	<u>122,68,98,248</u>	<u>142,26,92,873</u>
Less: Opening balance considered	(142,26,92,873)	(81,34,38,464)	(81,34,38,464)
	<u>19,71,17,386</u>	<u>41,34,59,784</u>	<u>60,92,54,409</u>
<b>4. PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS</b>			
As per the Balance Sheet	108,37,62,886	89,75,14,694	349,66,44,427
Less: Opening capital work-in-progress	(170,65,04,250)	(56,96,03,505)	(56,96,03,505)
Add: Closing capital work-in-progress	164,01,15,365	53,04,58,784	170,65,04,250
	<u>101,73,74,001</u>	<u>85,83,69,973</u>	<u>463,35,45,172</u>
<b>5. LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD/YEAR</b>			
As per the Balance Sheet	44,44,22,821	36,16,97,129	34,11,54,821
Add: Provisions on investments made during the period/year	-	-	15,28,98,608
Less: Non-cash investment on transfer of intellectual property rights (refer to 7.2 below)	-	(8,93,40,000)	(8,93,40,000)
	<u>44,44,22,821</u>	<u>27,23,57,129</u>	<u>40,47,13,429</u>
Less: Opening balance considered	(34,11,54,821)	(13,83,48,469)	(13,83,48,469)
	<u>10,32,68,000</u>	<u>13,40,08,660</u>	<u>26,63,64,960</u>
<b>6. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR</b>			
As per the Balance Sheet	446,28,93,265	426,00,41,918	385,06,10,285
Add: Deposits with financial institutions and body corporate, included herein	184,22,33,208	45,93,29,884	192,67,52,157
	<u>630,51,26,473</u>	<u>471,93,71,802</u>	<u>577,73,62,442</u>

**7. NOTES ON THE STATEMENT OF CASH FLOWS**

7.1 Cash flows are reported using the indirect method, whereby profit after 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 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., USA (formerly OnScan, Inc.) – a company incubated by Infosys. The product was transferred for a gross consideration of Rs 8,93,40,000 (approximately US\$ 2,000,000) that was received as equity preferred convertible voting and non-voting stock in OnMobile Systems, Inc. Accordingly the transaction is not considered in this statement of cash flows.