

	Quarter ended September 30,		Half-year ended September 30,		<i>In Rs.</i>
	2001	2000	2001	2000	Year ended March 31, 2001
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit before tax	234,56,13,001	171,76,22,579	453,08,83,460	306,77,41,328	696,02,92,341
Adjustments to reconcile profit before tax to cash provided					
By operating activities					
(Profit)/Loss on sale of fixed assets	90,908	8,720	(202,762)	53,829	(9,17,890)
Depreciation and amortization	39,01,37,925	24,23,67,547	74,49,41,417	41,97,39,264	112,89,45,152
Income from investments	(11,78,69,505)	(9,63,60,870)	(23,59,44,565)	(17,20,17,189)	(38,46,83,890)
Effect of Deferred Taxes	(2,05,00,000)	-	(3,11,00,000)	-	-
Provisions on long-term investments	-	-	-	-	15,28,98,608
Income taxes paid during the period/year	1 (40,95,08,021)	(23,58,99,316)	(78,84,04,779)	(32,25,31,791)	(85,18,05,440)
Exchange differences on translation of foreign currency deposits	(2,56,11,312)	(9,68,21,421)	(3,82,28,604)	(17,09,97,401)	(20,17,12,483)
Changes in current assets and liabilities					
Sundry debtors	(34,47,58,003)	(14,65,76,914)	(41,22,62,788)	(106,87,87,493)	(166,19,21,164)
Loans and advances	2 (9,15,16,917)	(5,07,48,178)	(18,09,83,759)	(13,17,94,697)	(34,72,64,731)
Current liabilities and provisions	3 26,17,27,217	34,84,56,392	45,88,44,603	75,80,15,199	60,92,54,409
NET CASH GENERATED BY OPERATING ACTIVITIES	198,78,05,293	168,20,48,539	404,75,42,223	237,94,21,049	540,30,84,912
CASHFLOWS FROM FINANCING ACTIVITIES					
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)
NET CASH USED IN FINANCING ACTIVITIES	-	-	(54,26,57,524)	(21,92,42,707)	(39,82,19,977)
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets and change in capital work-in-progress	4 (129,76,83,717)	(114,01,44,667)	(231,50,57,718)	(199,85,14,640)	(463,35,45,172)
Proceeds on disposal of fixed assets	96,89,153	1,87,023	1,03,23,427	2,37,761	22,73,671
Long-term investments in securities	5 -	(9,56,09,608)	(10,32,68,000)	(22,96,18,268)	(26,63,64,960)
Income from investments	11,78,69,505	9,63,60,870	23,59,44,565	17,20,17,189	38,46,83,890
NET CASH USED IN INVESTING ACTIVITIES	(117,01,25,059)	(113,92,06,382)	(217,20,57,726)	(205,58,77,958)	(451,29,52,571)
Effect of exchange differences on translation of foreign currency deposits	256,11,312	968,21,421	382,28,604	17,09,97,401	20,17,12,483
Net (decrease)/increase in cash and cash equivalents during the period/year	84,32,91,546	63,96,63,578	137,10,55,577	27,52,97,785	69,36,24,847
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	630,51,26,473	471,93,71,802	577,73,62,442	508,37,37,595	508,37,37,595
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	6 714,84,18,019	535,90,35,380	714,84,18,019	535,90,35,380	577,73,62,442

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 Executive Officer

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

Deepak M. Satwalekar
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

October 10, 2001

Schedules to the Statement of Cash flows	Quarter ended September 30,		Half-year ended September 30,		<i>In Rs.</i>
	2001	2000	2001	2000	Year ended March 31, 2001
1 INCOME TAXES PAID DURING THE PERIOD/YEAR					
Charge as per the Profit and Loss Account	33,00,00,000	17,75,00,000	61,50,00,000	31,46,00,000	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	43,00,08,021	21,54,48,061	80,40,45,483	30,20,80,536	69,33,01,439
Less: Increase/(Decrease) in income tax provision	(35,05,00,000)	(15,70,48,745)	(63,06,40,704)	(32,85,44,745)	(60,29,91,999)
	40,95,08,021	23,58,99,316	78,84,04,779	32,25,31,791	85,18,05,440
2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD/YEAR					
As per the Balance Sheet	623,26,38,007	288,54,93,594	623,26,38,007	288,54,93,594	430,27,93,623
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(287,15,67,299)	(111,61,43,065)	(287,15,67,299)	(111,61,43,065)	(192,67,52,157)
Advance income taxes separately considered	(204,14,43,275)	(84,61,76,889)	(204,14,43,275)	(84,61,76,889)	(123,73,97,792)
	131,96,27,433	92,31,73,640	131,96,27,433	92,31,73,640	113,86,43,674
Less: Opening balance considered	(122,81,10,516)	(87,24,25,462)	(113,86,43,674)	(79,13,78,943)	(79,13,78,943)
	9,15,16,917	5,07,48,178	18,09,83,759	13,17,94,697	34,72,64,731
3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD/YEAR					
As per the Balance Sheet	428,80,08,248	272,77,79,820	428,80,08,248	272,77,79,820	319,85,01,451
Add/ Provisions separately considered in the (Less): cash flow Statement					
Income taxes	(185,96,52,445)	(95,45,64,487)	(185,96,52,445)	(95,45,64,487)	(122,90,11,741)
Dividends	(49,62,05,378)	(16,53,78,418)	(49,62,05,378)	(16,53,78,418)	(49,61,85,878)
Dividend tax	(5,06,12,949)	(363,83,252)	(5,06,12,949)	(363,83,252)	(506,10,959)
	188,15,37,476	157,14,53,663	188,15,37,476	157,14,53,663	142,26,92,873
Less: Opening balance considered	(161,98,10,259)	(122,29,97,271)	(142,26,92,873)	(81,34,38,464)	(81,34,38,464)
	26,17,27,217	34,84,56,392	45,88,44,603	75,80,15,199	60,92,54,409
4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS					
As per the Balance Sheet	57,57,78,643	62,47,78,371	165,95,41,529	152,22,93,065	349,66,44,427
Less: Opening Capital work-in-progress	(164,01,15,365)	(53,04,58,784)	(170,65,04,250)	(56,96,03,505)	(56,96,03,505)
Add: Closing Capital work-in-progress	236,20,20,439	104,58,25,080	236,20,20,439	104,58,25,080	170,65,04,250
	129,76,83,717	114,01,44,667	231,50,57,718	199,85,14,640	463,35,45,172
5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD/YEAR					
As per the Balance Sheet	44,44,22,821	45,73,06,737	44,44,22,821	45,73,06,737	34,11,54,821
Add: Provisions on investments	-	-	-	-	15,28,98,608
Less: Non-cash investment (see note 7.2 below)	-	(8,93,40,000)	-	(8,93,40,000)	(8,93,40,000)
	44,44,22,821	36,79,66,737	44,44,22,821	36,79,66,737	40,47,13,429
Less: Opening balance considered	(44,44,22,821)	(27,23,57,129)	(34,11,54,821)	(13,83,48,469)	(13,83,48,469)
	-	9,56,09,608	10,32,68,000	22,96,18,268	26,63,64,960
6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR					
As per the Balance Sheet	427,68,50,720	424,28,92,315	427,68,50,720	424,28,92,315	385,06,10,285
Add: Deposits with financial institutions and body corporate, included herein	287,15,67,299	111,61,43,065	287,15,67,299	111,61,43,065	192,67,52,157
	714,84,18,019	535,90,35,380	714,84,18,019	535,90,35,380	577,73,62,442

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 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.