

Indian GAAP – Statement of cash flows

Consolidated cash flow statement for the		<i>in Rs. Crore</i>	
	Schedule	Quarter ended June 30, 2002	
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit before tax			258.13
Adjustments to reconcile profit before tax to cash provided			
By operating activities			
(Profit)/Loss on sale of fixed assets			(0.01)
Depreciation and amortization			40.49
Interest income			(17.71)
Effect of deferred taxes			(0.62)
Income taxes paid during the period	1		(25.34)
Exchange differences on translation of foreign currency deposits			(0.09)
Changes in current assets and liabilities			
Sundry debtors			(77.15)
Loans and advances	2		(51.14)
Current liabilities and provisions	3		65.90
NET CASH GENERATED BY OPERATING ACTIVITIES			192.46
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of preference share capital			49.00
Proceeds on exercise of stock options			0.40
Dividends paid during the period, including Dividend Tax			(82.73)
NET CASH USED IN FINANCING ACTIVITIES			(33.33)
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	4		(54.20)
Proceeds on disposal of fixed assets			0.12
Long-term investments in securities	5		(0.27)
Interest income			17.71
NET CASH USED IN INVESTING ACTIVITIES			(36.64)
Effect of exchange differences on translation of foreign currency deposits			0.09
Net (decrease)/increase in cash and cash equivalents during the period			122.58
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			1,026.96
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			1,149.54
NOTES ON THE STATEMENT OF CASH FLOWS			7

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

for Bharat S Raut & Co.
Chartered Accountants

S. Balasubrahmanyam <i>Partner</i>	N. R. Narayana Murthy <i>Chairman and Chief Mentor</i>	Nandan M. Nilekani <i>Chief Executive Officer, President and Managing Director</i>	S. Gopalakrishnan <i>Chief Operating Officer and Deputy Managing Director</i>	Deepak M. Satwalekar <i>Director</i>
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Marti G. Subrahmanyam <i>Director</i>	Philip Yeo <i>Director</i>	Jitendra Vir Singh <i>Director</i>	Omkar Goswami <i>Director</i>	Larry Pressler <i>Director</i>
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Claude Smadja <i>Director</i>	K. Dinesh <i>Director</i>	S. D. Shibulal <i>Director</i>	T. V. Mohandas Pai <i>Director and Chief Financial Officer</i>	Phaneesh Murthy <i>Director</i>
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Srinath Batni <i>Director</i>	V. Balakrishnan <i>Company Secretary and Vice President – Finance</i>
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Bangalore

July 10, 2002

		<i>In Rs.crores</i>
Schedules to the Statement of Consolidated Cash flows		Quarter ended June 30, 2002
1	INCOME TAXES PAID DURING THE PERIOD	
	Charge as per the Profit and Loss Account	42.50
	Add: Increase in advance income taxes	25.96
	(Increase)/Decrease in income tax provision	(43.12)
		<u>25.34</u>
2	CHANGE IN LOANS AND ADVANCES DURING THE PERIOD	
	As per the Balance Sheet	723.17
	Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(256.94)
	Advance income taxes separately considered	(262.21)
		<u>204.02</u>
	Less: Opening balance considered	(152.88)
		<u>51.14</u>
3	CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD	
	As per the Balance Sheet	510.20
	Add: (Less): Provisions separately considered in the cash flow Statement:	
	Income taxes	(282.69)
	Dividends	-
		<u>227.51</u>
	Less: Non cash transactions – (refer note7.3)	(24.50)
	Less: Opening balance considered	(137.11)
		<u>65.90</u>
4	PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS	
	As per the Balance Sheet	140.23
	Less: Non cash transactions – (also refer note7.3)	(24.50)
	Less: Opening Capital work-in-progress	(150.67)
	Add: Closing Capital work-in-progress	89.14
		<u>54.20</u>
5	LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD	
	As per the Balance Sheet	44.71
	Add: Provisions on investments	-
	Less: Opening balance considered	44.44
		<u>0.27</u>
6	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	
	As per the Balance Sheet	892.60
	Add: Deposits with financial institutions and body corporate, included herein	256.94
		<u>1,149.54</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 8.18 as at June 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 quarter, 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 (around 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.