

**INFOSYS TECHNOLOGIES LIMITED**

Cash flow statement for the

*in Rs. crore*

		Quarter ended June 30, 2002	June 30, 2001	Year ended March 31, 2002
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		259.35	218.53	943.39
Adjustments to reconcile profit before tax to cash provided				
By operating activities				
(Profit)/Loss on sale of fixed assets		(0.01)	(0.03)	(0.09)
Depreciation and amortization		40.48	35.48	160.65
Interest income		(17.68)	(11.81)	(51.23)
Effect of deferred taxes		(0.62)	(1.06)	(8.69)
Income taxes paid during the period/year	1	(25.34)	(37.89)	(131.27)
Exchange differences on translation of foreign currency deposits		(0.09)	(1.26)	(13.26)
Changes in current assets and liabilities				
Sundry debtors		(76.56)	(6.75)	(34.36)
Loans and advances	2	(51.59)	(8.95)	(39.02)
Current liabilities and provisions	3	65.07	19.71	(5.16)
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>193.01</b>	205.97	820.96
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds on exercise of stock options		0.40	0.41	4.60
Dividends paid during the period/year, including Dividend Tax		(82.73)	(54.68)	(109.37)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(82.33)</b>	(54.27)	(104.77)
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of fixed assets and change in capital work-in-progress	4	(53.79)	(101.74)	(322.74)
Proceeds on disposal of fixed assets		0.13	0.06	1.60
Long-term investments in securities	5	(12.52)	(10.32)	(10.32)
Interest income		17.68	11.81	51.23
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(48.50)</b>	(100.19)	(280.23)
Effect of exchange differences on translation of foreign currency deposits		0.09	1.26	13.26
<b>Net (decrease)/increase in cash and cash equivalents during the period/year</b>		<b>62.27</b>	52.77	449.22
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		1,026.96	577.74	577.74
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR</b>	<b>6</b>	<b>1,089.23</b>	630.51	1,026.96
NOTES ON THE STATEMENT OF CASH FLOWS	<b>7</b>			

This is the 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>
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>
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>
Srinath Batni <i>Director</i>	V. Balakrishnan <i>Company Secretary and Vice President – Finance</i>			

Bangalore

July 10, 2002

## INFOSYS TECHNOLOGIES LIMITED

In Rs.crores

Schedules to the Statement of Cash flows	Quarter ended		Year ended
	June 30, 2002	June 30, 2001	March 31, 2002
<b>1 INCOME TAXES PAID DURING THE PERIOD/YEAR</b>			
Charge as per the Profit and Loss Account	42.50	28.50	135.43
Add: Increase in advance income taxes	25.96	37.40	112.51
(Increase)/Decrease in income tax provision	(43.12)	(28.01)	(116.67)
	<b>25.34</b>	<b>37.89</b>	<b>131.27</b>
<b>2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD/YEAR</b>			
As per the Balance Sheet	668.59	468.17	643.87
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(201.91)	(184.22)	(254.74)
Advance income taxes separately considered	(262.21)	(161.14)	(236.25)
	<b>204.47</b>	<b>122.81</b>	<b>152.88</b>
Less: Opening balance considered	(152.88)	(113.86)	(113.86)
	<b>51.59</b>	<b>8.95</b>	<b>39.02</b>
<b>3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD/YEAR</b>			
As per the Balance Sheet	509.37	312.90	459.41
Add/ Provisions separately considered in the cash flow			
(Less): Statement:			
Income taxes	(282.69)	(150.92)	(239.57)
Dividends	-	-	(82.73)
	<b>226.68</b>	<b>161.98</b>	<b>137.11</b>
Less: Non cash transactions – (refer note 7.3)	(24.50)	-	-
Less: Opening balance considered	(137.11)	(142.27)	(142.27)
	<b>65.07</b>	<b>19.71</b>	<b>(5.16)</b>
<b>4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS</b>			
As per the Balance Sheet	139.99	108.38	342.72
Less: Non cash transactions – (also refer note 7.3)	(24.50)	-	-
Less: Opening Capital work-in-progress	(150.67)	(170.65)	(170.65)
Add: Closing Capital work-in-progress	88.97	164.01	150.67
	<b>53.79</b>	<b>101.74</b>	<b>322.74</b>
<b>5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD/YEAR</b>			
As per the Balance Sheet	56.96	44.44	44.44
Add: Provisions on investments	-	-	-
Less: Opening balance considered	(44.44)	(34.12)	(34.12)
	<b>12.52</b>	<b>10.32</b>	<b>10.32</b>
<b>6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR</b>			
As per the Balance Sheet	887.32	446.29	772.22
Add: Deposits with financial institutions and body corporate, included herein	201.91	184.22	254.74
	<b>1,089.23</b>	<b>630.51</b>	<b>1,026.96</b>

## 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 (as at June 30, 2001, Rs 1.92 and March 31, 2002, Rs 0.48) set aside for payment of dividends, also an amount of Rs 4.88 (nil as at June 30, 2001 and March 31, 2002) 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 Long-term investments in securities includes Rs. 12.25 invested in Progeon Ltd., a subsidiary, in the quarter ended June 30, 2002.
- 7.5 The previous year's/period's figures have been recast/ restated, wherever necessary, to conform to the current period's presentation.