

Indian GAAP – Statement of cash flows

		Quarter ended September 30,		Half-year ended September 30,		<i>In Rs Crore</i>
		2002	2001	2002	2001	Year ended March 31, 2002
CASHFLOWS FROM OPERATING ACTIVITIES						
	Profit before tax	270.77	234.56	530.12	453.09	943.39
	Adjustments to reconcile profit before tax to cash provided					
	By operating activities					
	(Profit)/Loss on sale of fixed assets	0.14	0.01	0.13	(0.02)	(0.09)
	Depreciation and amortization	46.24	39.01	86.72	74.49	160.65
	Interest Income	(18.69)	(11.79)	(36.37)	(23.60)	(51.23)
	Effect of Deferred Taxes	(8.74)	(2.05)	(9.36)	(3.11)	(8.69)
	Provision on long term investments	23.76	-	23.76	-	-
	Income taxes paid during the period/year	(70.20)	(40.94)	(95.54)	(78.84)	(131.27)
	Exchange differences on translation of foreign currency deposits	1.06	(2.56)	0.97	(3.82)	(13.26)
	Changes in current assets and liabilities					
	Sundry debtors	(44.96)	(34.48)	(121.52)	(41.23)	(34.36)
	Loans and advances	(22.05)	(9.15)	(73.64)	(18.10)	(39.02)
	Current liabilities and provisions	46.38	26.18	111.45	45.89	(5.16)
NET CASH GENERATED BY OPERATING ACTIVITIES		223.71	198.79	416.72	404.74	820.96
CASHFLOWS FROM FINANCING ACTIVITIES						
	Proceeds on exercise of stock options	2.75	-	3.15	0.41	4.60
	Dividends paid during the period/year, including Dividend Tax	-	-	(82.73)	(54.68)	(109.37)
NET CASH GENERATED/ USED IN FINANCING ACTIVITIES		2.75	-	(79.58)	(54.27)	(104.77)
CASHFLOWS FROM INVESTING ACTIVITIES						
	Purchases of fixed assets and change in capital work-in-progress	(44.02)	(129.75)	(97.80)	(231.49)	(322.74)
	Proceeds on disposal of fixed assets	0.04	0.95	0.16	1.03	1.60
	Long-term investments in securities	-	-	(12.52)	(10.32)	(10.32)
	Interest income	18.69	11.79	36.37	23.60	51.23
NET CASH USED IN INVESTING ACTIVITIES		(25.29)	(117.01)	(73.79)	(217.18)	(280.23)
	Effect of exchange differences on translation of foreign currency deposits	(1.06)	2.56	(0.97)	3.82	13.26
Net (decrease)/increase in cash and cash equivalents during the period/year		200.11	84.34	262.38	137.11	449.22
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		1,089.23	630.51	1,026.96	577.74	577.74
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		6	1,289.34	714.85	1,289.34	714.85

NOTES ON THE STATEMENT OF CASH FLOWS

7 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 Mentor

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

S. Gopalakrishnan
Chief Operating Officer and
Deputy Managing Director

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Jitendra Vir Singh
Director

Omkar Goswami
Director

Larry Pressler
Director

Claude Smadja
Director

Ram a Bijapurkar
Director

K. Dinesh
Director

S. D. Shibulal
Director

T. V. Mohandas Pai
Director and
Chief Financial Officer

Srinath Batni
Director

V. Balakrishnan
Company Secretary and
Vice President – Finance

Bangalore
October 10, 2002

Schedules to the Statement of Cash flows	In Rs Crore				
	Quarter ended September 30, 2002	September 30, 2001	Half-year ended September 30, 2002	September 30, 2001	Year ended March 31, 2002
1 INCOME TAXES PAID DURING THE PERIOD/YEAR					
Charge as per the Profit and Loss Account	45.00	33.00	87.50	61.50	135.43
Add: Increase in advance income taxes	78.94	42.90	104.90	80.40	112.51
Less: Increase/(Decrease) in income tax provision	(53.74)	(35.05)	(96.86)	(63.06)	(116.67)
	70.20	40.94	95.54	78.84	131.27
2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD/YEAR					
As per the Balance Sheet	870.10	623.20	870.16	623.26	643.87
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(302.49)	(287.16)	(302.49)	(287.16)	(254.74)
Advance income taxes separately considered	(341.15)	(204.14)	(341.15)	(204.14)	(236.25)
	226.52	131.90	226.52	131.96	152.88
Less: Opening balance considered	(204.47)	(122.81)	(152.88)	(113.86)	(113.86)
	22.05	9.15	73.64	18.10	39.02
3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD/YEAR					
As per the Balance Sheet	692.20	428.80	692.25	428.80	459.41
Add/ (Less): Provisions separately considered in the cash flow Statement					
Income taxes	(336.43)	(185.97)	(336.43)	(185.97)	(239.57)
Dividends	(82.76)	(49.62)	(82.76)	(49.62)	(82.73)
Dividend tax	-	(5.06)	-	(5.06)	-
	273.01	188.15	273.06	188.15	137.11
Less: Non Cash transactions	-	-	(24.50)	-	-
Less: Opening balance considered	(226.68)	(161.97)	(137.11)	(142.27)	(142.27)
	46.33	26.18	111.45	45.88	(5.16)
4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS					
As per the Balance Sheet	40.64	57.57	180.62	165.95	342.72
Less: Opening Capital work-in-progress	(88.97)	(164.01)	(150.67)	(170.65)	(170.65)
Less: Non Cash transaction	-	-	(24.50)	-	-
Add: Closing Capital work-in-progress	92.30	236.10	92.35	236.19	150.67
	44.00	129.70	97.80	231.49	322.74
5 LONG TERM INVESTMENTS IN SECURITIES DURING THE PERIOD/YEAR					
As per the Balance Sheet	33.20	44.44	33.20	44.44	44.44
Add: Provisions on investments	23.70	-	23.76	-	-
	56.90	44.44	56.96	44.44	44.44
Less: Opening balance considered	(56.96)	(44.44)	(44.44)	(34.12)	(34.12)
	-	-	12.52	10.32	10.32
6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR					
As per the Balance Sheet	986.80	427.60	986.85	427.69	772.22
Add: Deposits with financial institutions and body corporate, included herein	302.40	287.10	302.49	287.16	254.74
	1,289.30	714.80	1,289.34	714.85	1,026.96

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 1.53 as at September 30, 2002 (as at September 30, 2001, Rs 0.76 and March 31, 2002, Rs 0.48) set aside for payment of dividends, also an amount of Rs 4.88 (nil as at September 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 half year, 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 (approximately 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 September 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.