

In Rs crore

	Quarter ended December 31, 2002	2001	Nine months ended December 31, 2002	2001	Year ended March 31, 2002
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit before tax	313.81	241.04	843.93	694.13	943.39
Adjustments to reconcile profit before tax to cash provided					
By operating activities					
(Profit)/Loss on sale of fixed assets	(0.08)	0.01	0.05	(0.01)	(0.09)
Depreciation and amortization	49.48	41.33	136.19	115.83	160.65
Interest Income	(19.52)	(12.36)	(55.89)	(35.96)	(51.23)
Effect of Deferred Taxes	(1.45)	(3.69)	(10.81)	(6.80)	(8.69)
Provision on long term investments	-	-	23.76	-	-
Income taxes paid during the period/year	1 (64.40)	(25.31)	(159.94)	(104.14)	(131.27)
Exchange differences on translation of foreign currency deposits	-	(0.87)	0.97	(4.69)	(13.26)
Changes in current assets and liabilities					
Sundry debtors	(29.07)	33.07	(150.59)	(8.16)	(34.36)
Loans and advances	2 (12.61)	(12.46)	(86.25)	(30.56)	(39.02)
Current liabilities and provisions	3 13.26	(16.23)	124.71	29.65	(5.16)
NET CASH GENERATED BY OPERATING ACTIVITIES	249.42	244.53	666.13	649.29	820.96
CASHFLOWS FROM FINANCING ACTIVITIES					
Proceeds on exercise of stock options	7.47	1.39	10.62	1.80	4.60
Dividends paid during the period/year, including Dividend Tax	(82.76)	(54.68)	(165.49)	(109.36)	(109.37)
NET CASH GENERATED/ USED IN FINANCING ACTIVITIES	(75.29)	(53.29)	(154.87)	(107.56)	(104.77)
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets and change in capital work-in-progress	4 (50.86)	(53.07)	(148.66)	(284.56)	(322.74)
Proceeds on disposal of fixed assets	0.08	0.10	0.25	1.11	1.60
Long-term investments in securities	5 -	-	(12.52)	(10.32)	(10.32)
Interest income	19.52	12.36	55.89	35.96	51.23
NET CASH USED IN INVESTING ACTIVITIES	(31.26)	(40.61)	(105.04)	(257.81)	(280.23)
Effect of exchange differences on translation of foreign currency deposits	-	0.87	(0.97)	4.69	13.26
Net (decrease)/increase in cash and cash equivalents during the period/year	142.87	151.50	405.25	288.61	449.22
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	1,289.34	714.85	1,026.96	577.74	577.74
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	6 1,432.21	866.35	1,432.21	866.35	1,026.96

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	Philip Yeo Director	Jitendra Vir Singh Director	Omkar Goswami Director	Larry Pressler Director
Claude Smadja Director	Rama 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			

Schedules to the Statement of Cash flows	Quarter ended December 31,		Nine months ended December 31,		<i>In Rs crore</i>
	2002	2001	2002	2001	Year ended March 31, 2002
1 INCOME TAXES PAID DURING THE PERIOD/YEAR					
Charge as per the Profit and Loss Account	57.50	35.00	145.00	96.50	135.43
Add: Increase in advance income taxes	65.85	29.22	170.75	109.62	112.51
Less: Increase/(Decrease) in income tax provision	(58.95)	(38.91)	(155.81)	(101.98)	(116.67)
	<u>64.40</u>	<u>25.31</u>	<u>159.94</u>	<u>104.14</u>	<u>131.27</u>
2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD/YEAR					
As per the Balance Sheet	948.47	634.58	948.47	634.58	643.87
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(302.34)	(256.80)	(302.34)	(256.80)	(254.74)
Advance income taxes separately considered	(407.00)	(233.36)	(407.00)	(233.36)	(236.25)
	<u>239.13</u>	<u>144.42</u>	<u>239.13</u>	<u>144.42</u>	<u>152.88</u>
Less: Opening balance considered	(226.52)	(131.96)	(152.88)	(113.86)	(113.86)
	<u>12.61</u>	<u>12.46</u>	<u>86.25</u>	<u>30.56</u>	<u>39.02</u>
3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD/YEAR					
As per the Balance Sheet	681.70	396.80	681.70	396.80	459.41
Add/ (Less): Provisions separately considered in the cash flow Statement					
Income taxes	(395.38)	(224.88)	(395.38)	(224.88)	(239.57)
Dividends	-	-	-	-	(82.73)
Dividend tax	-	-	-	-	-
	<u>286.32</u>	<u>171.92</u>	<u>286.32</u>	<u>171.92</u>	<u>137.11</u>
Less: Non Cash transactions	-	-	(24.50)	-	-
Less: Opening balance considered	(273.06)	(188.15)	(137.11)	(142.27)	(142.27)
	<u>13.26</u>	<u>(16.23)</u>	<u>124.71</u>	<u>29.65</u>	<u>(5.16)</u>
4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS					
As per the Balance Sheet	56.80	62.81	237.42	228.76	342.72
Less: Opening Capital work-in-progress	(92.35)	(236.19)	(150.67)	(170.65)	(170.65)
Less: Non Cash transaction	-	-	(24.50)	-	-
Add: Closing Capital work-in-progress	86.41	226.45	86.41	226.45	150.67
	<u>50.86</u>	<u>53.07</u>	<u>148.66</u>	<u>284.56</u>	<u>322.74</u>
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	-	-	23.76	-	-
	<u>33.20</u>	<u>44.44</u>	<u>56.96</u>	<u>44.44</u>	<u>44.44</u>
Less: Opening balance considered	(33.20)	(44.44)	(44.44)	(34.12)	(34.12)
	<u>-</u>	<u>-</u>	<u>12.52</u>	<u>10.32</u>	<u>10.32</u>
6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR					
As per the Balance Sheet	1,129.87	609.55	1,129.87	609.55	772.22
Add: Deposits with financial institutions and body corporate, included herein	302.34	256.80	302.34	256.80	254.74
	<u>1,432.21</u>	<u>866.35</u>	<u>1,432.21</u>	<u>866.35</u>	<u>1,026.96</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 1.94 as at December 31, 2002 (as at December 31, 2001, Rs 1.73 and March 31, 2002, Rs 1.12) set aside for payment of dividends.
- 7.3 During the nine months ended December 31, 2002, 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 nine months ended December 31, 2002.
- 7.5 The previous year's/period's figures have been recast/ restated, wherever necessary, to conform to the current period's presentation.