

In Rs crore

		Quarter ended March 31,		Half year ended March 31,	
		2003	2002	2003	2002
CASHFLOWS FROM OPERATING ACTIVITIES					
Profit before tax		315.00	249.26	628.81	490.30
Adjustments to reconcile profit before tax to cash provided					
By operating activities					
(Profit)/Loss on sale of fixed assets		(0.06)	(0.08)	(0.14)	(0.06)
Depreciation and amortization		52.76	44.82	102.24	86.15
Interest Income		(22.16)	(15.27)	(41.68)	(27.64)
Effect of Deferred Taxes		(1.78)	(1.89)	(3.23)	(5.58)
Income taxes paid during the period	1	(59.56)	(27.13)	(123.96)	(52.44)
Exchange differences on translation of foreign currency deposits		-	(7.37)	-	(9.44)
Changes in current assets and liabilities					
Sundry debtors		(24.82)	(26.20)	(53.89)	6.88
Loans and advances	2	(41.38)	(8.44)	(53.99)	(20.92)
Current liabilities and provisions	3	33.75	(34.81)	47.01	(51.04)
NET CASH GENERATED BY OPERATING ACTIVITIES		251.75	172.89	501.17	416.21
CASHFLOWS FROM FINANCING ACTIVITIES					
Proceeds on exercise of stock options		2.90	2.79	10.37	4.19
Dividends paid during the period, including Dividend Tax		-	-	(82.76)	(54.68)
NET CASH GENERATED/ USED IN FINANCING ACTIVITIES		2.90	2.79	(72.39)	(50.49)
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets and change in capital work-in-progress	4	(70.60)	(38.18)	(121.46)	(91.24)
Proceeds on disposal of fixed assets		0.09	0.47	0.17	0.56
Long-term investments in securities	5	-	-	-	-
Interest income		22.16	15.27	41.68	27.64
NET CASH USED IN INVESTING ACTIVITIES		(48.35)	(22.44)	(76.61)	(63.04)
Effect of exchange differences on translation of foreign currency deposits		-	7.37	-	9.44
Net (decrease)/increase in cash and cash equivalents during the period		206.30	160.61	349.17	312.12
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,432.21	866.35	1,289.34	714.84
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	1,638.51	1,026.96	1,638.51	1,026.96

NOTES ON THE STATEMENT OF CASH FLOWS7
This is the Cash Flow Statement referred to in our report of even datefor Bharat S Raut & Co.
Chartered AccountantsS. Balasubrahmanyam
PartnerN. R. Narayana Murthy
Chairman and Chief MentorNandan M. Nilekani
Chief Executive Officer,
President and
Managing DirectorS. Gopalakrishnan
Chief Operating Officer
and Deputy Managing DirectorDeepak M. Satwalekar
DirectorMartti G. Subrahmanyam
DirectorOmkar Goswami
DirectorRama Bijapurkar
DirectorK. Dinesh
DirectorS. D. Shibulal
DirectorT. V. Mohandas Pai
Director and
Chief Financial OfficerSrinath Batni
DirectorV. Balakrishnan
Company Secretary and
Vice President – FinanceBangalore
April 10, 2003

Schedules to the Statement of Cash flows	Quarter ended March 31,		Half year ended March 31,	
	2003	2002	2003	2002
1 INCOME TAXES PAID DURING THE PERIOD				
Charge as per the Profit and Loss Account	56.00	38.93	113.50	73.93
Add: Increase in advance income taxes	(117.01)	2.89	(51.16)	32.11
Less: Increase/(Decrease) in income tax provision	120.57	(14.69)	61.62	(53.60)
	<u>59.56</u>	<u>27.13</u>	<u>123.96</u>	<u>52.44</u>
2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD				
As per the Balance Sheet	872.78	643.87	872.78	643.87
Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents	(302.28)	(254.74)	(302.28)	(254.74)
Advance income taxes separately considered	(289.99)	(236.25)	(289.99)	(236.25)
	<u>280.51</u>	<u>152.88</u>	<u>280.51</u>	<u>152.88</u>
Less: Opening balance considered	(239.13)	(144.44)	(226.52)	(131.96)
	<u>41.38</u>	<u>8.44</u>	<u>53.99</u>	<u>20.92</u>
3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD				
As per the Balance Sheet	703.23	459.41	703.23	459.41
Add/				
(Less): Provisions separately considered in the cash flow Statement				
Income taxes	(274.81)	(239.57)	(274.81)	(239.57)
Dividends	(96.05)	(82.73)	(96.05)	(82.73)
Dividend tax	(12.30)	-	(12.30)	-
	<u>320.07</u>	<u>137.11</u>	<u>320.07</u>	<u>137.11</u>
Less: Non Cash transactions	-	-	-	-
Less: Opening balance considered	(286.32)	(171.92)	(273.06)	(188.15)
	<u>33.75</u>	<u>(34.81)</u>	<u>47.01</u>	<u>(51.04)</u>
4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS				
As per the Balance Sheet	80.45	113.96	137.25	176.77
Less: Opening Capital work-in-progress	(86.41)	(226.45)	(92.35)	(236.20)
Less: Non Cash transaction	-	-	-	-
Add: Closing Capital work-in-progress	76.56	150.67	76.56	150.67
	<u>70.60</u>	<u>38.18</u>	<u>121.46</u>	<u>91.24</u>
5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD				
As per the Balance Sheet	33.20	44.44	33.20	44.44
Add: Provisions on investments	-	-	-	-
	<u>33.20</u>	<u>44.44</u>	<u>33.20</u>	<u>44.44</u>
Less: Opening balance considered	(33.20)	(44.44)	(33.20)	(44.44)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
As per the Balance Sheet	1,336.23	772.22	1,336.23	772.22
Add: Deposits with financial institutions and body corporate, included herein	302.38	254.74	302.28	254.74
	<u>1,638.51</u>	<u>1,026.96</u>	<u>1,638.51</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 1.60 as at March 31, 2003 set aside for payment of dividends.
- 7.3 During the year ended March 31, 2003, 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 year ended March 31, 2003.
- 7.5 The previous year's/period's figures have been recast/ restated, wherever necessary, to conform to the current period's presentation.