

**INFOSYS TECHNOLOGIES LIMITED**

Consolidated cash flow statement for the

*in Rs. crore*Year ended  
March 31, 2003**CASHFLOWS FROM OPERATING ACTIVITIES**

Profit before tax		1,155.77
Adjustments to reconcile profit before tax to cash provided		
By operating activities		
(Profit)/Loss on sale of fixed assets		(0.01)
Depreciation and amortization		190.34
Interest income		(80.67)
Effect of deferred taxes		(12.59)
Provisions on long-term investments		23.77
Income taxes paid during the period	<b>1</b>	(219.95)
Changes in current assets and liabilities		
Sundry debtors		(181.92)
Loans and advances	<b>2</b>	(132.38)
Current liabilities and provisions	<b>3</b>	163.04

**NET CASH GENERATED BY OPERATING ACTIVITIES****905.40****CASHFLOWS FROM FINANCING ACTIVITIES**

Proceeds from the issue of preference share capital		49.00
Proceeds on exercise of stock options		13.52
Dividends paid during the period, including dividend tax		(165.49)

**NET CASH USED IN FINANCING ACTIVITIES****(102.97)****CASHFLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets and change in capital work-in-progress	<b>4</b>	(225.82)
Proceeds on disposal of fixed assets		0.33
Long-term investments in securities	<b>5</b>	(0.27)
Interest income		80.67

**NET CASH USED IN INVESTING ACTIVITIES****(145.09)****Net (decrease)/increase in cash and cash equivalents during the period****657.34****CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD****1,026.96****CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD****6** **1,684.30****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*Omkar Goswami  
*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*Bangalore  
April 10, 2003

## INFOSYS TECHNOLOGIES LIMITED

In Rs. crore

Schedules to the Statement of Cash flows

Year ended  
March 31, 2003

<b>1 INCOME TAXES PAID DURING THE PERIOD</b>	
Charge as per the Profit and Loss Account	201.00
<i>Add:</i> Increase in advance income taxes	54.19
(Increase)/Decrease in income tax provision	(35.24)
	<u>219.95</u>
<b>2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD</b>	
As per the Balance Sheet	913.46
<i>Less:</i> Deposits with financial institutions and body corporate, included in cash and cash equivalents	(337.76)
Advance income taxes separately considered	(290.44)
	<u>285.26</u>
<i>Less:</i> Opening balance considered	(152.88)
	<u>132.38</u>
<b>3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD</b>	
As per the Balance Sheet	707.81
<i>Add/</i>	
( <i>Less:</i> ) Provisions separately considered in the cash flow Statement:	
Income taxes	(274.81)
Dividends	(96.05)
Dividend tax	(12.30)
	<u>324.65</u>
<i>Less:</i> Non cash transactions – ( <i>refer note 7.3</i> )	(24.50)
<i>Less:</i> Opening balance considered	(137.11)
	<u>163.04</u>
<b>4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS</b>	
As per the Balance Sheet	323.60
<i>Less:</i> Non cash transactions – ( <i>refer note 7.3</i> )	(24.50)
<i>Less:</i> Opening Capital work-in-progress	(150.67)
<i>Add:</i> Closing Capital work-in-progress	77.39
	<u>225.82</u>
<b>5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD</b>	
As per the Balance Sheet	20.95
<i>Add:</i> Provisions on investments	23.77
<i>Less:</i> Opening balance considered	(44.45)
	<u>0.27</u>
<b>6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	
As per the Balance Sheet	1,346.54
<i>Add:</i> Deposits with financial institutions and body corporate, included herein	337.76
	<u>1,684.30</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 This being the first year of presentation of consolidated cash flow statement, prior period comparatives have not been provided.