

INFOSYS TECHNOLOGIES LIMITED

Consolidated cash flow statement for the

in Rs. crore

| | | Quarter ended March 31, 2003 | Half year ended |
|---|---|---------------------------------|-----------------|
| CASHFLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 315.74 | 628.14 |
| Adjustments to reconcile profit before tax to cash provided | | | |
| By operating activities | | | |
| (Profit)/Loss on sale of fixed assets | | (0.05) | (0.13) |
| Depreciation and amortization | | 53.40 | 103.46 |
| Interest income | | (22.80) | (43.16) |
| Effect of deferred taxes | | (1.78) | (3.23) |
| Income taxes paid during the period | 1 | (59.60) | (124.26) |
| Changes in current assets and liabilities | | | |
| Sundry debtors | | (27.09) | (58.92) |
| Loans and advances | 2 | (43.46) | (57.28) |
| Current liabilities and provisions | 3 | 35.37 | 46.34 |
| NET CASH GENERATED BY OPERATING ACTIVITIES | | 249.73 | 490.96 |
| CASHFLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds on exercise of stock options | | 2.90 | 10.37 |
| Dividends paid during the period, including dividend tax | | - | (82.76) |
| NET CASH USED IN FINANCING ACTIVITIES | | 2.90 | (72.39) |
| CASHFLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of fixed assets and change in capital work-in-progress | 4 | (72.30) | (124.63) |
| Proceeds on disposal of fixed assets | | 0.09 | 0.17 |
| Long-term investments in securities | 5 | - | - |
| Interest income | | 22.80 | 43.16 |
| NET CASH USED IN INVESTING ACTIVITIES | | (49.41) | (81.30) |
| Net (decrease)/increase in cash and cash equivalents during the period | | 203.22 | 337.27 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 1,481.08 | 1,347.03 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 6 | 1,684.30 | 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 | Quarter ended | Half year ended |
|--|-----------------|-----------------|
| | March 31, 2003 | |
| 1 INCOME TAXES PAID DURING THE PERIOD | | |
| Charge as per the Profit and Loss Account | 56.00 | 113.50 |
| Add: Increase in advance income taxes | (116.97) | (50.86) |
| (Increase)/Decrease in income tax provision | 120.57 | 61.62 |
| | <u>59.60</u> | <u>124.26</u> |
| 2 CHANGE IN LOANS AND ADVANCES DURING THE PERIOD | | |
| As per the Balance Sheet | 913.46 | 913.46 |
| Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents | (337.76) | (337.76) |
| Advance income taxes separately considered | (290.44) | (290.44) |
| | <u>285.26</u> | <u>285.26</u> |
| Less: Opening balance considered | (241.80) | (227.98) |
| | <u>43.46</u> | <u>57.28</u> |
| 3 CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE PERIOD | | |
| As per the Balance Sheet | 707.81 | 707.81 |
| Add/ | | |
| (Less): Provisions separately considered in the cash flow Statement: | | |
| Income taxes | (274.81) | (274.81) |
| Dividends | (96.05) | (96.05) |
| Dividend tax | (12.30) | (12.30) |
| | <u>324.65</u> | <u>324.65</u> |
| Less: Opening balance considered | (289.28) | (278.31) |
| | <u>35.37</u> | <u>46.34</u> |
| 4 PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS | | |
| Purchases during the period | 81.33 | 139.83 |
| Less: Opening Capital work-in-progress | (86.42) | (92.59) |
| Add: Closing Capital work-in-progress | 77.39 | 77.39 |
| | <u>72.30</u> | <u>124.63</u> |
| 5 LONG-TERM INVESTMENTS IN SECURITIES DURING THE PERIOD | | |
| As per the Balance Sheet | 20.95 | 20.95 |
| Less: Opening balance considered | (20.95) | (20.95) |
| | <u>-</u> | <u>-</u> |
| 6 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | |
| As per the Balance Sheet | 1,346.54 | 1,346.54 |
| Add: Deposits with financial institutions and body corporate, included herein | 337.76 | 337.76 |
| | <u>1,684.30</u> | <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 This being the first year of presentation of consolidated cash flow statement, prior period comparatives have not been provided.