| | | | Year ended March 31, | | | |
|--|--|--|-----------------------|--|----------------------------------|--|
| CASHFLOWS FROM O | PERATING ACTIVITIES | | | 2003 | 2002 | |
| Profit before tax | | | | 1,158.93 | 943.39 | |
| | profit before tax to cash provided | | | | | |
| By operating activities (Profit)/Loss on sale of | fixed assets | | | | (0.09) | |
| Depreciation and amort | | | | 188.95 | 160.65 | |
| Interest Income | iization | | | (78.05) | (51.23) | |
| Effect of Deferred Taxe | es | | | (12.59) | (8.69) | |
| Provision on long term | | | | 23.77 | - | |
| Income taxes paid during | ng the year | 1 | 1 | (219.50) | (131.27) | |
| Exchange differences of | n translation of foreign currency of | leposits | | (0.97) | (13.26) | |
| Changes in current assets a | and liabilities | | | | | |
| Sundry debtors | | | | (175.41) | (34.36) | |
| Loans and advances | | | 2 | (127.63) | (39.02) | |
| Current liabilities and p | Current liabilities and provisions | | 3 | 158.46 | (5.16) | |
| NET CASH GENEDATE | D BY OPERATING ACTIVITIES | 2 | | 915.96 | 820.96 | |
| | | , | • | 913.90 | 820.90 | |
| | INANCING ACTIVITIES | | | 13.52 | 4.60 | |
| Proceeds on exercise of stock options Dividends paid during the year, including Dividend Tax | | | | (165.49) | (109.37) | |
| Dividends paid during the | year, meraanig Dividena Tax | | | (103.17) | (10).57) | |
| NET CASH GENERATE | D/ USED IN FINANCING ACTIV | VITIES | • | (151.97) | (104.77) | |
| CASHFLOWS FROM I | NVESTING ACTIVITIES | | | | | |
| Purchases of fixed assets and change in capital work-in-progress | | 4 | (219.26) | (322.74) | | |
| Proceeds on disposal of fix | |) | | 0.33 | 1.60 | |
| Long-term investments in | securities | | 5 | (12.53) | (10.32) | |
| Interest income | | | | 78.05 | 51.23 | |
| NET CASH USED IN INVESTING ACTIVITIES | | | | (153.41) | (280.23) | |
| Effect of exchange differe | Effect of exchange differences on translation of foreign currency deposits | | | 0.97 | 13.26 | |
| Net (decrease)/increase in | n cash and cash equivalents dur | ing the year | | 611.55 | 449.22 | |
| CASH AND CASH EQUI | ASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | | 1,026.96 | 577.74 | |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR NOTES ON THE STATEMENT OF CASH FLOWS | | THE YEAR | 6 7 | 1,638.51 | 1,026.96 | |
| | atement referred to in our report of e | ven date | / | | | |
| for Bharat S Raut & Co. | | | | | | |
| Chartered Accountants | | | | | | |
| . Balasubrahmanyam Partner | N. R. Narayana Murthy Chairman and Chief Mentor | Nandan M. Nilekani Chief Executive Officer, President and Managing Director | Chief | opalakrishnan Operating Officer Deputy Managing Director | Deepak M. Satwalekar Director | |
| farti G. Subrahmanyam iirector | Omkar Goswami Director | Rama Bijapurkar Director | K. Dinesh Director | | S. D. Shibulal Director | |
| . V. Mohandas Pai irector and hief Financial Officer | Srinath Batni Director | V. Balakrishnan Company Secretary and Vice President – Finance | | | | |

Bangalore April 10, 2003

| Schedules to the Statement of Cash flows | Year ended March 31 | In Rs crore |
|--|---------------------|-------------|
| | 2003 | 2002 |
| INCOME TAXES PAID DURING THE YEAR | | |
| Charge as per the Profit and Loss Account | 201.00 | 135.43 |
| Add: Increase in advance income taxes | 53.74 | 112.51 |
| Less: Increase/(Decrease) in income tax provision | (35.24) | (116.67) |
| | 219.50 | 131.27 |
| 2 CHANGE IN LOANS AND ADVANCES DURING THE YEAR | | |
| As per the Balance Sheet | 872.78 | 643.87 |
| Less: Deposits with financial institutions and body corporate, included in cash and cash equivalents | (302.28) | (254.74) |
| Advance income taxes separately considered | (289.99) | (236.25) |
| | 280.51 | 152.88 |
| Less: Opening balance considered | (152.88) | (113.86) |
| | 127.63 | 39.02 |
| CHANGE IN CURRENT LIABILITIES AND PROVISIONS DURING THE YEAR | | |
| As per the Balance Sheet Add/ | 703.23 | 459.41 |
| (Less): Provisions separately considered in the cash flow Statement | | |
| Income taxes | (274.81) | (239.57) |
| Dividends | (96.05) | (82.73) |
| Dividend tax | (12.30) | |
| | 320.07 | 137.11 |
| Less: Non Cash transactions | (24.50) | (1.40.07) |
| Less: Opening balance considered | (137.11) | (142.27) |
| | 158.46 | (5.16) |
| PURCHASES OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS | | |
| As per the Balance Sheet | 317.87 | 342.72 |
| Less: Opening Capital work-in-progress | (150.67) | (170.65) |
| Less: Non Cash transaction | (24.50) | 150.67 |
| Add: Closing Capital work-in-progress | 76.56 219.26 | 322.74 |
| | 219.20 | 322.74 |
| LONG-TERM INVESTMENTS IN SECURITIES DURING THE YEAR | 22.20 | 44.44 |
| As per the Balance Sheet Add: Provisions on investments | 33.20 23.77 | 44.44 |
| Add. Provisions on investments | 56.97 | 44.44 |
| Less: Opening balance considered | (44.44) | (34.12) |
| Less. Opening balance considered | 12.53 | 10.32 |
| 6 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| As per the Balance Sheet | 1,336.23 | 772.22 |
| Add: Deposits with financial institutions and body corporate, included herein | 302.28 | 254.74 |
| Add. Deposits with intentions and oddy corporate, included noton | | |
| | 1,638.51 | 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 1.60 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.