

Cash Flow Statement for the year ended 31st March, 2005

	Year ended 31-03-2005 Rs. Crores	Year ended 31-03-2004 Rs. Crores
A. Cash Flow from Operating Activities		
Net Profit before Taxes and Extraordinary Items	758.79	734.27
Adjustments for :		
Depreciation/Amortisation	359.62	333.95
Interest Expenditure	166.98	265.85
Interest Income	(97.80)	(107.28)
Income from Trade Investments	(1.27)	(1.38)
Dividend from Subsidiaries	(9.80)	(1.06)
Income from Other Investments	(7.91)	(6.14)
Provision for diminution in value of Investments written back (Net)	(46.22)	(6.26)
Provision for doubtful deposits	—	1.27
Provision for doubtful debts/advances (net)	2.22	(14.58)
Provision for Contingencies	30.00	—
Retiring Gratuities	24.54	10.07
Leave Encashment	6.01	3.90
Pension Scheme	2.58	2.33
Profit on sale/retirement of Assets (Net) (including profit on sale of power plant at Wadi Rs. 32.75 crores - Previous Year Rs. Nil)	(35.96)	(3.48)
Loss on Exchange on loan repayments (Net)	0.03	5.13
Guarantee Fees for Loans	0.04	7.45
Profit on Sale of Investments (Net)	(191.01)	(35.28)
Net increase in Foreign Currency Liabilities written off	—	95.08
Unrealised Exchange Loss/(Gain) (Net)	5.42	(5.55)
Miscellaneous Expenditure written off	18.20	13.44
	<u>225.67</u>	<u>557.46</u>
Operating Profit before Working Capital Changes	984.46	1,291.73
Adjustments for :		
Trade & Other Receivables	(41.60)	208.32
Inventories	(31.04)	17.76
Trade Payables	(188.46)	(138.08)
	<u>(261.10)</u>	<u>88.00</u>
Cash Generated from Operations	723.36	1,379.73
Taxes Paid	(229.50)	(284.74)
Retiring Gratuities Paid	(17.38)	(6.42)
Leave Encashment Paid	(5.00)	(2.20)
Pension Paid	(2.62)	(1.18)
Voluntary Retirement Scheme Compensation Paid	(24.77)	—
	<u>(279.27)</u>	<u>(294.54)</u>
Cash Flow before Extraordinary Items	444.09	1,085.19
Extraordinary Items	—	—
Net Cash from Operating Activities	444.09	1,085.19
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(418.97)	(254.18)
Sale of Fixed Assets	4.30	5.24
Purchase of Investments	(6,973.38)	(5,185.99)
Sale of Investments	6,436.51	4,950.53
Interest Received	101.90	117.09
Inter-corporate deposits/advances	157.00	331.06
Income from Trade Investments	1.27	1.38
Income from Subsidiaries	9.80	1.06
Income from Other Investments	8.04	10.27
Sale proceeds on sale of Power Plant at Wadi	235.45	—
Sale proceeds on sale of Broadband Division	130.00	—
Net Cash used in Investing Activities	(308.08)	(23.54)
C. Cash Flow from Financing Activities		
Increase in Capital Contributions	—	*
Calls in Arrears Received	—	0.01
Proceeds from Borrowings	1,536.80	89.57
Repayment of Borrowings	—	—
(including premium on redemption of debentures Rs. Nil - Previous Year Rs. 40.84 crores)	(396.65)	(791.48)
Guarantee/Upfront Fees for Loans	(0.04)	(7.82)
Interest Paid	(164.99)	(282.16)
Dividend Paid	(137.86)	(127.78)
Additional Income-tax on Dividend Paid	(18.13)	(16.50)
FCCB and Debenture Issue Expenses Paid	(20.55)	—
Net Cash from Financing Activities	798.58	(1,136.16)
Net Increase/(Decrease) in Cash and Cash Equivalents	934.59	(74.51)
Cash and Cash Equivalents as at 1st April, 2004 (Opening Balance)	51.90	126.41
Adjustment consequent to sale of Broadband Division	*	—
Cash and Cash Equivalents as at 31st March, 2005 (Closing Balance)	986.49	51.90

Cash Flow Statement for the year ended 31st March, 2005 (Contd.)

Notes :1. Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs. 9.29 crores (Previous Year Rs. 0.87 crore).

2. Cash and cash equivalents include :

- (i) Cash and cheques on Hand (includes cheques on hand Rs. 10.53 crores - 31st March, 2004 Rs. 22.16 crores)
- (ii) Current Accounts with Scheduled Banks
- (iii) Term Deposits with Scheduled Banks
- (iv) Term Deposits with Standard Chartered Bank, London - Non-Scheduled Bank
- (v) Margin money deposit with a Scheduled Bank (against a Bank Guarantee)

	Year ended 31-03-2005 Rs. Crores	Year ended 31-03-2004 Rs. Crores
	11.15	22.36
	28.27	29.54
	424.14 @	—
	437.21 !	—
	78.83	—
	979.60	51.90
Add : Unrealised Exchange Loss/(Gain) included in Cash and Cash Equivalents	6.89	Nil
@ Includes Rs. 421.14 crores in foreign currency. ! in foreign currency	986.49	51.90

3. Purchase of Investments include purchase of shares in Subsidiaries :

- (a) Af-Taab Investment Company Limited Rs. Nil (Previous Year Rs. 29.69 crores)
- (b) Tata Power Broadband Company Limited Rs. 69.90 crores (Previous Year Rs. 0.10 crore)
- (c) Tata Power Trading Company Limited Rs. Nil (Previous Year Rs. 2.00 crores)
- (d) Powerlinks Transmission Limited Rs. 32.56 crores (Previous Year Rs. 66.94 crores)
- (e) Alaknanda Hydro Power Company Limited Rs. Nil (Previous Year Rs. 3.12 crores)

4. Sale of Investments include Rs. 327 crores (Previous Year Rs. Nil) and Rs. 14.55 crores (Previous Year Rs. Nil) in respect of sale of shares pertaining to Tata Petrodyne Limited - a Subsidiary and Tata Ceramics Limited - an Associate respectively.

5. Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

As per our report attached.

For S. B. BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN
Partner

For A. F. FERGUSON & CO.
Chartered Accountants

R. A. BANGA
Partner

For and on behalf of the Board,

R. N. TATA
Chairman.

F. A. VANDREVALA
Managing Director.

S. RAMAKRISHNAN
Executive Director.

B. J. SHROFF
Secretary.

Mumbai, 30th May, 2005.

Mumbai, 30th May, 2005.