

Cash Flow Statement for the year ended 31st March, 2006

	Year ended 31-03-2006 Rs. Crores	Year ended 31-03-2005 Rs. Crores
A. Cash Flow from Operating Activities		
Net Profit before Taxes and Extraordinary Items	747.45	758.79
Adjustments for:		
Depreciation/Amortisation	278.34	359.62
Interest Expenditure	148.46	166.98
Interest Income	(109.83)	(97.80)
Income from Trade Investments	(19.31)	(1.27)
Dividend from Subsidiaries	(1.22)	(9.80)
Income from Other Investments	(20.81)	(7.91)
Provision for doubtful debts/advances (Net)	15.44	2.22
Provision for diminution in value of investments written back (Net)	(2.00)	(46.22)
Provision for Contingencies	(30.00)	30.00
Retiring Gratuities	9.54	24.54
Leave Encashment	7.25	6.01
Pension Scheme	4.76	2.58
Profit on sale/retirement of Assets (Net) [including profit on sale of Power Systems Division Rs. 22.43 crores - Previous Year including profit on sale of power plant at Wadi - Rs. 32.75 crores]	(31.80)	(35.96)
Loss on Exchange on loan repayments (Net)	(0.06)	0.03
Guarantee Fees for Loans	Nil	0.04
Profit on Sale of Investments (Net)	(149.39)	(191.01)
Unrealised Exchange Loss/(Gain) (Net)	(0.01)	5.42
Provision for future foreseeable losses, etc.	3.77	Nil
Provision for Warranties	(0.22)	0.59
Bad Debts	6.75	0.02
Miscellaneous Expenditure written off	9.82	18.20
	119.48	226.28
Operating Profit before Working Capital Changes	866.93	985.07
Adjustments for:		
Trade & Other Receivables	(401.15)	(41.62)
Inventories	(145.23)	(31.04)
Trade Payables	(6.01)	(189.05)
	(552.39)	(261.71)
Cash Generated from Operations	314.54	723.36
Taxes Paid (including Fringe Benefit Tax) (Net)	(3.95)	(229.50)
Retiring Gratuities Paid	(5.82)	(17.38)
Leave Encashment Paid	(3.18)	(5.00)
Pension Paid	(2.69)	(2.62)
Voluntary Retirement Scheme Compensation Paid	(2.04)	(24.77)
	(17.68)	(279.27)
Net Cash from Operating Activities	296.86	444.09
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(231.85)	(418.97)
Sale of Fixed Assets	10.65	4.30
Purchase of Investments	(3,882.24)	(6,973.38)
Sale of Investments	4,216.16	6,436.51
Interest Received	81.56	101.90
Inter-corporate deposits/advances (Net)	(91.16)	157.00
Income from Trade Investments	19.31	1.27
Income from Subsidiaries	1.22	9.80
Income from Other Investments	20.81	8.04
Sale proceeds on sale of Power Plant at Wadi	Nil	235.45
Sale proceeds on sale of Broadband Division	Nil	130.00
Net Cash from Investing Activities	144.46	(308.08)
C. Cash Flow from Financing Activities		
Proceeds from Borrowings	22.16	1,536.83
Repayment of Borrowings	(154.09)	(396.68)
Guarantee/Upfront Fees for Loans	Nil	(0.04)
Interest Paid	(150.78)	(164.99)
Dividend Paid	(148.03)	(137.86)
Additional Income-tax on Dividend Paid	(20.84)	(18.13)
Securities Premium received	0.03	Nil
FCCB and Debenture Issue Expenses Paid	(2.21)	(20.55)
Net Cash used in Financing Activities	(453.76)	798.58
Net Increase/(Decrease) in Cash and Cash Equivalents	(12.44)	934.59
Cash and Cash Equivalents as at 1st April, 2005 (Opening Balance)	986.49	51.90
Adjustment consequent to sale of Broadband Division	Nil	*
Cash and Cash Equivalents as at 31st March, 2006 (Closing Balance)	974.05	986.49

Cash Flow Statement for the year ended 31st March, 2006 (Contd.)

- Notes : 1. Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs.15.06 crores (Previous Year Rs. 9.29 crores).
 2. Cash and cash equivalents include :

- (i) Cash and Cheques on Hand (includes cheques on hand Rs. Nil - 31st March, 2005 - Rs. 10.53 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).

Add: Unrealised Exchange Loss(Gain) included in Cash and Cash Equivalents

 @ Includes Rs. 885.10 crores (31st March, 2005 - Rs. 421.14 crores) in foreign currency.
 ! In foreign currency

- 3. Purchase of Investments - others - include purchase of shares in Subsidiaries:
 - (a) Tata Power Broadband Co. Ltd. Rs. Nil (Previous Year Rs. 69.90 crores)
 - (b) Powerlinks Transmission Ltd. Rs. 114.70 crores (Previous Year Rs. 32.56 crores)
 - (c) Maithon Power Ltd. Rs. 4.24 crores (Previous Year Rs. Nil)
 - (d) Preference Shares of Tata Power Trading Co. Ltd. Rs. 18.00 crores (Previous Year Rs. Nil)
- 4. Sale of Investments - others - include sale of shares in Subsidiaries:
 - (a) Tata Power Broadband Co. Ltd. Rs. 201.97 crores (Previous Year Rs. Nil)
 - (b) Alaknanda Hydro Power Co. Ltd. Rs. 3.12 crores (Previous Year Rs. Nil)
 - (c) Tata Petrodyne Ltd. Rs. Nil (Previous Year Rs. 327.00 crores)
- 5. Sale of Investments - others - includes sale of shares in Associates - Tata Ceramics Ltd. Rs. Nil (Previous Year Rs. 14.55 crores)
- 6. Sale proceeds received on sale of Power Systems Division - Rs. Nil (Refer Note 15 in Notes forming part of the Accounts - Schedule "J")
- 7. Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

Year ended 31-03-2006	Year ended 31-03-2005
Rs. Crores	Rs. Crores
0.21	11.15
25.36	28.27
886.15 @	424.14 @
* !	437.21 !
78.83	78.83
990.55	979.60
(16.50)	6.89
974.05	986.49

As per our report attached.

For S.B.BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN
Partner

Mumbai, 29th May, 2006.

For A. F. FERGUSON & CO.
Chartered Accountants

R. A. BANGA
Partner

B. J. SHROFF
Secretary

Mumbai, 29th May, 2006.

For and on behalf of the Board,

R. N. TATA
Chairman

S. RAMAKRISHNAN
Executive Director