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CASH FLOW STATEMENT

For the year ended 31st March		Notes	2005 Rs. Million	2004 Rs. Million
A	Cash Flow from Operating Activities			
	Net Profit Before tax and prior period items		13,660.83	26,690.40
	Adjustments for :			
	Depreciation		5,960.39	5,611.57
	Interest paid		1,398.03	1,049.72
	Foreign Exchange Fluctuations	Note 3	14.73	(454.37)
	(Profit) / Loss on Sale of fixed assets		(38.36)	1.62
	Income from Investments		(392.50)	(617.48)
	Dividend Received		(1,547.68)	(1,129.47)
	Other Non-Cash items	Note 4	(428.85)	604.26
	Operating Profit before Working Capital Changes		18,626.59	31,756.25
	Invested in :			
	Trade Receivables		128.79	(558.70)
	Other receivables		(2,545.97)	(1,527.23)
	Inventory		(19,756.10)	1,155.71
	Current Liabilities & Payables		10,384.12	2,461.06
	Cash generated from Operations		6,837.43	33,287.09
	Direct Taxes paid		(4,360.33)	(6,839.11)
	Cash flow before prior period items		2,477.10	26,447.98
	Prior Period Items		(97.35)	(335.25)
	Non Cash items		5.29	6.43
	Net Cash from Operating Activities		2,385.04	26,119.16
B	Net Cash Flow on Investing Activities			
	Purchase of fixed assets	Note 5	(14,766.02)	(16,164.50)
	Sale of fixed assets		208.13	32.47
	Investment in Joint Venture Companies			
	Petroleum India International		(1.68)	(9.66)
	Petronet CCK Ltd.		-	-
	Petronet CI Ltd.		-	-
	Petronet LNG Ltd.		-	(987.44)



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Sale of Investments		3,000.01	2,285.00
Income from Investment		392.50	617.48
Dividend Received		1,547.68	1,129.47
Net Cash Flow on Investing Activities		(9,619.38)	(13,097.18)
C Net Cash Flow on Financing Activities			
Long term Borrowings		5,091.69	1,535.39
Repayment of loans		(3,488.90)	(5,462.03)
Interest paid		(1,824.45)	(1,411.59)
Interim Dividend Paid		(1,500.00)	(1,800.00)
Dividend Paid		(3,450.00)	(3,900.00)
Corporate Dividend Tax		(646.90)	(730.32)
Effect of exchange differences on foreign currency forward contract		(160.78)	85.63
Net Cash Flow on Financing Activities		(5,979.34)	(11,682.92)
D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)		(13,213.68)	1,339.06
Cash and Cash equivalents as at 31st March		2004	2003
Cash in Hand		4,049.45	2,224.66
Cash at Bank		2,093.41	4,218.73
Cash in transit		123.19	299.17
Cash Credit from scheduled banks		(12,761.80)	(17,445.05)
Unsecured loans from scheduled banks / ICDs / CPs		(2,867.68)	-
		(9,363.43)	(10,702.49)
Cash and Cash equivalents as at 31st March		2005	2004
Cash in Hand		1,550.89	4,049.45
Cash at Bank		1,912.84	2,093.41
Cash in transit		60.16	123.19
Cash Credit from scheduled banks		(7,258.13)	(12,761.80)
Unsecured loans from scheduled banks / ICDs / CPs		(18,842.87)	(2,867.68)
		(22,577.11)	(9,363.43)
Net change in Cash and Cash equivalents		(13,213.68)	1,339.06



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Explanatory notes to Cash Flow Statement

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit / loss arising due to conversion of current assets / current liabilities receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations" .
4. "Other Non-Cash items" include excess provisions written back, foreign exchange adjustments, diminution in value of investment, transfer to Capital reserve, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5. "Purchase of Fixed Assets" include reduction in liability of Rs. 16.74 million (2003-04 - additional liability of Rs.17.33 million) arising on account of exchange rate variation during the year.
6. Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.



For and on behalf of the Board of Directors
Sd/-
ASHOK SINHA
Chairman and Managing Director (I/C)

As per our attached report of even date
For and on behalf of
V. SANKAR AIYAR & CO.
Chartered Accountants
Sd/-
S. VENKATRAMAN
Partner

Place : Mumbai
Dated :19th May, 2005