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CASH FLOW STATEMENT

For the year ended 31st March		2006	2005
	Notes	Rs. Million	Rs. Million
A Cash Flow from Operating Activities			
Net Profit Before tax and prior period items		3906.01	13660.83
Adjustments for :			
Depreciation		7680.06	5960.39
Interest paid		2474.14	1398.03
Foreign Exchange Fluctuations	Note 3	490.21	14.73
(Profit) / Loss on Sale of fixed assets		(35.07)	(38.36)
'(Profit) / Loss on Sale of investments		4.07	(45.93)
Income from Investments		(666.25)	(392.50)
Dividend Received		(1,118.47)	(1,547.68)
Other Non-Cash items	Note 4	(636.47)	(428.85)
Operating Profit before Working Capital Changes		13,371.80	18580.66
Invested in :			
Trade Receivables		6099.56	128.79
Other receivables		18,179.17	(2,839.24)
Inventory		(14037.92)	(19,756.10)
Current Liabilities & Payables		(8,663.46)	10,678.64
Cash generated from Operations		14949.15	6792.75
Direct Taxes paid		(1638.39)	(4,360.33)
Cash flow before prior period items		13,310.76	2,432.42
Prior Period Items		(165.94)	(97.35)
Non Cash items		22.48	5.29
Net Cash from Operating Activities		13,499.18	2,340.36
B Net Cash Flow on Investing Activities			
Purchase of fixed assets	Note 5	(19,945.49)	(14,766.02)
Sale of fixed assets		108.26	208.13
Capital Grant Received		31.18	-
Investment in Joint Venture Companies			
Petroleum India International		(6.60)	(1.68)
Petronet CCK Ltd.		-	-



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Petronet CI Ltd.	-	-
Petronet LNG Ltd.	-	-
Purchase of Investments	(34,715.10)	-
Sale of Investments	6,575.30	3,045.94
Income from Investment	666.25	392.50
Dividend Received	1,118.47	1,547.68
	(46,167.73)	(9,573.45)
C Net Cash Flow on Financing Activities		
Long term Borrowings	1649.34	5091.69
Repayment of loans	(2,105.78)	(3,488.90)
Interest paid	(2,646.76)	(1,825.38)
Interim Dividend Paid	-	(1,500.00)
Dividend Paid	(2,684.54)	(3,450.32)
Corporate Dividend Tax	(379.65)	(646.90)
Realised gains of exchange differences on foreign currency loans	(93.83)	(160.78)
Net Cash Flow on Financing Activities	(6,261.22)	(5,980.59)
Net Impact of Amalgamation of KRL		
D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	(38,929.77)	(13,213.68)
Cash and Cash equivalents as at 31st March	2005	2004
Cash in Hand	1550.89	4049.45
Cash at Bank	1912.84	2093.41
Cash in transit	60.16	123.19
Cash Credit from scheduled banks	(7258.13)	(12,761.80)
CBLOs		-
Unsecured loans from scheduled banks / ICDs / CPs	(18,842.87)	(2,867.68)
Cash and Cash equivalents as at 31st March 2005 of erstwhile KRL consequent to amalgamation	(778.30)	
	(23,355.41)	(9,363.43)
Cash and Cash equivalents as at 31st March	2006	2005
Cash in Hand	2309.54	1550.89
Cash at Bank	2465.37	1912.84
Cash in transit	146.05	60.16



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Cash Credit from scheduled banks	(17,573.53)	(7,258.13)
CBLOs	(8,650.00)	
Unsecured loans from scheduled banks / ICDs / CPs	(40,982.61)	(18,842.87)
	(62,285.18)	22,577.11)
Net change in Cash and Cash equivalents	(38,929.77)	(13,213.68)

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.3.06 million (2004-05 - reduction in liability of Rs. 16.74 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.

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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 :
Dated :