Cash Flow Statement

annexed to the Balance Sheet for the year ended 31st March, 2008

(Rs. in Crore)

			2007-08		2006-07
A	**Cash Flow from Operating Activities**				
1	Profit Before Tax		**10080.40**		10485.00
2	Adjustments for:				
	Depreciation	**2707.93**		2631.88	
	Loss/(Profit) on sale of Assets (Net)	**-13.76**		14.85	
	Loss/(Profit) on Investments	**377.34**		150.42	
	Amortisation of Capital Grants	**-0.92**		-0.91	
	Amortisation of Voluntary Retirement Compensation	**0.00**		34.06	
	Amortisation of Premium on Forward Contracts	**236.53**		113.43	
	Provision for Probable Contingencies (net)	**30.17**		31.05	
	Revenue Grant received in the form of Government Bonds	**-18997.00**		-13943.21	
	Provision for Loss in cost of Investment written back	**-4.85**		-4.94	
	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	**283.91**		8.03	
	Profit on sale of ONGC/GAIL shares	**0.00**		-3224.78	
	Provision for Dimunition in 'Receivable from trust'	**0.00**		1319.29	
	Provision for Dimunition in 'Receivable from trust' w/back	**-59.92**		0.00	
	Provision for Loss on Investments	**291.07**		177.29	
	Interest Income on Investments	**-1041.78**		-681.98	
	Dividend Income on Investments	**-706.52**		-648.11	
	Interest Expenditure	**1550.52**		1505.50	
			-15347.28		-12518.13
B	Operating Profit before Working Capital Changes (1+2)		**-5266.88**		-2033.13
C	i) Change in Working Capital: (Excluding Cash & Bank Balances)				
	Trade & Other Receivables	**-172.47**		-1103.82	
	Inventories	**-6245.46**		-131.57	
	Trade and Other Payables	**6662.89**		1379.88	
	Change in Working Capital	**244.96**		144.49	
	ii) VRS expenditure during the year	**0.00**		-5.80	
		244.96		138.69	
D	Cash Generated From Operations (B+C)		**-5021.92**		-1894.44
E	Less: Taxes paid		**4360.87**		1025.17
F	Net Cash Flow from Operating Activities (D-E)		**-9382.79**		-2919.61
G	**Cash Flow from Investing Activities:**				
	Sale/Transfer of Assets	**219.79**		197.02	
	Sale/Maturity of Investments	**9346.52**		10022.39	
	Interest Income on Investments	**1086.91**		459.88	
	Dividend Income on Investments	**706.52**		648.11	
	Purchase of Assets	**-1053.18**		-868.43	
	Finance Lease Receivable	**17.72**		27.14	
	Investment in Subsidiaries	**-10.07**		-1.22	
	Sale of investments in Joint Venture Companies	**0.00**		9.17	

(Rs. in Crore)

			2007-08		2006-07
	Investment/Advance for Investments in Joint Venture Companies	**-87.70**		-11.47	
	Expenditure on Construction Work in Progress	**-5849.96**		-3744.53	
	Net Cash used in Investing Activities		**4376.55**		6738.06
H	**Net Cash Flow From Financing Activities:**				
	Proceeds from Long-Term Borrowings	**522.16**		-620.05	
	Proceeds from/(Repayments of) Short-Term Borrowings	**7918.32**		969.05	
	Interest paid	**-1722.34**		-1594.30	
	Dividend\Dividend Tax paid	**-1813.44**		-2468.24	
	Net Cash Generated/(Used) from Financing Activities:		**4904.70**		-3713.54
I	Net Change in Cash & Cash Equivalents (F+G+H)		**-101.54**		104.91
J	Cash & Cash Equivalents as at end of the Financial Year		**824.43**		925.97
	Less:				
K	Cash & Cash Equivalents as at the beginning of Financial Year	**925.97**		744.17	
	Add: Transferred on amalgamation of IBP with IOC			76.89	
			925.97		821.06
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)		**-101.54**		104.91

Notes:

1. Cash and Cash Equivalents include:

	Cash and Bank Balances		
	As per Balance Sheet	**824.43**	925.97
	Total Cash and Cash Equivalents	**824.43**	925.97

2. The previous year's figures have been regrouped wherever necessary for uniformity in presentation.

Sd/-
(S. Behuria)
Chairman

Sd/-
(S. V. Narasimhan)
Director (Finance)

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

for **V.K. DHINGRA & CO.**
Chartered Accountants

for **M.M. NISSIM AND CO.**
Chartered Accountants

for **K K S & CO.**
Chartered Accountants

Sd/-
(CA. V.K. DHINGRA)
Partner
M. No. 014467

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. S.L. KOCHAR)
Partner
M. No. 016573

Place : New Delhi
Date : May 28, 2008