



Consolidated Statement of Cash Flows

For the Year Ended December 31, 2007

	For the year ended 31.12.2007 Rs. in millions	For the year ended 31.12.2007 USD in millions	For the year ended 31.12.2006 Rs. in millions	For the year ended 31.12.2006 USD in millions
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:				
Net Profit Before Tax	4,741.48	120.31	2,941.72	66.50
Adjustments for:				
Depreciation/Amortisation	784.84	19.92	620.61	14.03
Amortisation of expenses/Depreciation for Product Development	54.89	1.39	13.31	0.30
Provision for doubtful debts	-	-	22.97	0.52
Bad debts/One time charge backs	51.18	1.29	384.83	8.70
Unrealised foreign exchange (gain)/loss, net	(196.67)	(4.99)	31.22	0.71
(Profit)/Loss on sale of fixed assets, net	7.57	0.19	(0.67)	(0.02)
Fixed assets written off	2.36	0.06	-	-
Interest expense	1,315.47	33.38	409.35	9.25
Interest income	(349.57)	(8.87)	(284.43)	(6.43)
Dividend income	(0.08)	-	(0.73)	(0.02)
Operating profit before working capital changes	6,411.47	162.68	4,138.18	93.54
Movement in working capital				
(Increase)/Decrease in inventories	(1,114.20)	(28.27)	(964.70)	(21.80)
(Increase)/Decrease in sundry debtors	(459.51)	(11.66)	(1,459.10)	(33.00)
(Increase)/Decrease in loans and advances	(280.64)	(7.12)	(263.75)	(5.96)
Increase/(Decrease) in current liabilities and provisions	(122.15)	(3.10)	991.97	22.42
Cash generated from operations	4,434.97	112.53	2,442.60	55.20
Direct Taxes paid, including fringe benefit tax	(662.89)	(16.82)	(557.20)	(12.59)
Net cash provided by operating activities	3,772.08	95.71	1,885.40	42.61
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:				
Purchase of fixed assets including capital work-in-progress	(3,360.65)	(85.27)	(2,709.29)	(61.23)
Proceeds from sale of fixed assets	10.34	0.26	35.28	0.80
Purchase of investments	(773.05)	(19.62)	(350.00)	(7.91)
Proceeds from sale of investments	100.00	2.54	350.00	7.91
Repayment by companies/(loan to companies)	(42.97)	(1.09)	57.75	1.31
Interest received	374.35	9.50	404.84	9.15
Dividend received	0.08	-	0.73	0.02
Acquisition of subsidiary companies during the year	(12,985.43)	(329.50)	(6,552.13)	(148.08)
Net cash provided by/(used in) investing activities	(16,677.33)	(423.18)	(8,762.82)	(198.03)



	For the year ended 31.12.2007 Rs. in millions	For the year ended 31.12.2007 USD in millions	For the year ended 31.12.2006 Rs. in millions	For the year ended 31.12.2006 USD in millions
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:				
Proceeds from issuance of share capital	-	-	0.45	0.01
Premium on issue of shares	-	-	9.62	0.22
(Repayment)/proceeds from borrowings, net	10,034.78	254.63	10,564.03	238.74
Interest paid	(1,519.68)	(38.56)	(414.25)	(9.36)
Dividend paid (including tax on dividend)	(1,738.11)	(44.10)	(621.28)	(14.04)
Net cash from/(used in) financing activities	6,776.99	171.97	9,538.57	215.57
Translation/consolidation adjustment	(341.33)	(8.66)	(9.07)	(0.20)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(6,469.59)	(164.16)	2,652.08	59.95
CASH AND CASH EQUIVALENTS, beginning of year	9,731.78	246.94	7,139.34	161.32
Cash acquired on acquisition of subsidiaries	592.96	15.04	75.53	1.71
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(53.37)	(1.36)	(135.17)	(3.05)
CASH AND CASH EQUIVALENTS, at the end of year	3,801.78	96.46	9,731.78	219.93
Components of Cash and Cash Equivalents: as at December 31, 2007				
Cash	1.67	0.04	1.93	0.04
With banks				
- on current accounts	590.93	14.99	472.53	10.68
- on margin money accounts	23.92	0.61	24.53	0.55
- on fixed deposit accounts	3,185.26	80.82	9,232.79	208.66
	3,801.78	96.46	9,731.78	219.93

As per our report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per **Vijay Bhatt**
Partner
Membership No: 36647

Place : Mumbai
Date : February 20, 2008

R. B. Gandhi
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman and Managing Director

B. L. Maheshwari
Shekhar Datta
Aman Mehta
Bharat Patel
R. A. Shah
Abid Hussain
Directors