

**Consolidated Cash Flow Statement for the year ended 31 December 2010**  
(Rupees in millions, except for share data, and if otherwise stated)

	For the year ended 31 December 2010	For the year ended 31 December 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/ (loss) before taxes</b>	23,217.21	10,097.62
Adjustments for :		
Depreciation, amortisation and impairment	5,532.68	2,676.12
Fixed assets written off	90.29	7.97
Deferred employees compensation reversal	(3.45)	(8.17)
Unrealised foreign exchange (gain)/ loss (net)	(976.52)	(2,013.55)
Foreign exchange (gain)/ loss on integral operations	(204.15)	160.53
Fair valuation gain on derivatives	(5,473.50)	(8,932.47)
Dividend income	(91.70)	(9.78)
Profit on sale of long term investments	(2,404.19)	(533.22)
Unclaimed balances/ excess provision written back	(464.10)	(858.40)
Profit on sale of assets (net)	(124.88)	(137.67)
(Reversal)/ provision for diminution in value of current investments	(4.36)	127.78
Interest expense	613.89	710.43
Interest income	(1,585.67)	(1,106.21)
Provisions/ write-off for doubtful debts, advances and other current assets (net)	465.91	353.44
	<u>(4,629.75)</u>	<u>(9,563.20)</u>
<b>Operating profit before working capital changes</b>	<b>18,587.46</b>	<b>534.42</b>
Adjustments for :		
(Increase)/ decrease in inventories	(3,805.05)	865.11
Decrease/ (increase) in sundry debtors	1,113.78	(5,774.95)
Decrease in loans and advances	(5.23)	1,166.21
(Increase)/ decrease in other current assets	(870.87)	90.59
Increase in trade / other payables	6,554.63	3,923.68
	<u>2,987.26</u>	<u>270.64</u>
<b>Cash generated from operating activities before taxes</b>	<b>21,574.72</b>	<b>805.06</b>
Direct taxes paid (net of refunds)	(6,188.77)	(2,426.31)
<b>Net cash generated from/ (used in) operating activities</b>	<b>15,385.95</b>	<b>(1,621.25)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,983.41)	(5,220.51)
Proceed from sale of fixed assets	720.68	316.14
Purchase of investments	(4,080.97)	(237.46)
Cash paid for acquisition of minority interest	(0.79)	(739.54)
Sale proceeds of investments (net of cash transferred)	4,638.53	1,499.61
Decrease/ (increase) in fixed deposit with original maturity of more than 90 days	(18,885.09)	4,008.56
Interest received	791.81	1,015.01
Dividend received	91.70	9.78
<b>Net cash (used in)/ generated from investing activities</b>	<b>(21,707.54)</b>	<b>651.59</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of capital (including premium)	267.20	13.44
Increase/ (decrease) in short term bank borrowings (net)	6,697.49	(2,830.91)
Increase/ (decrease) in long term bank borrowings (net)	1,748.18	(1,644.52)
(Decrease)/ increase in other borrowings (net)	(197.61)	15.17
Short term borrowings from non convertible debentures	1,600.00	2,000.00
Re-payment of short term borrowings of non convertible debentures	(1,600.00)	(2,000.00)
Interest paid	(597.90)	(769.59)
Dividend paid to minority shareholders of subsidiaries	(9.17)	(6.28)
<b>Net cash generated from (used in) financing activities</b>	<b>7,908.19</b>	<b>(5,222.69)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,586.61</b>	<b>(6,192.35)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,476.24</b>	<b>11,782.77</b>
<b>Effect of exchange loss on cash and cash equivalents</b>	<b>(250.75)</b>	<b>(114.18)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,812.10</b>	<b>5,476.24</b>
<b>Notes :</b>		
Cash and cash equivalents include :		
Cash and cheques in hand and remittances in transit	121.63	75.79
With banks in :		
Current accounts	3,389.52	3,319.44
Deposit accounts	3,300.95	2,081.01
	<u>6,812.10</u>	<u>5,476.24</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,812.10</b>	<b>5,476.24</b>
<b>Add: Restricted cash</b>		
Fixed deposit pledged (restricted cash)	18.18	0.79
Unclaimed dividend	56.04	66.33
Fixed deposit with original maturity of more than 90 days	25,758.06	6,872.98
<b>Cash and bank balances at the end of the year</b>	<b>32,644.38</b>	<b>12,416.34</b>

**Note:** The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies (Accounting Standards) Rules, 2006.

As per our report attached

**For B S R & Co.**  
Chartered Accountants

**Vikram Aggarwal**  
Partner  
Membership No. 089826

Place : Gurgaon  
Dated : 22 February 2011

For and on behalf of the Board of Directors

**Dr. Tsutomu Une**  
Chairman

**Ranjit Kohli**  
Director - Global Accounts

Place : Gurgaon  
Dated : 22 February 2011

**Arun Sawhney**  
Managing Director

**Sushil K. Patawari**  
Company Secretary