

BHARAT SANCHAR NIGAM LIMITED				
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006				
	Year ended 31st March 2006		Year ended 31st March 2005	
PARTICULARS				
	(Rs. in Lakh)		(Rs. in Lakh)	
A. Cash flow from operating activities:				
Net (loss)/profit before tax but after Prior period and Extraordinary items	844,698		792,008	
Adjustments for:				
Depreciation	937,669		962,486	
Prior period depreciation	21,231		54,293	
Interest/Finance charges	108,980		2,929	
Interest Income	(173,340)		(80,052)	
Loss/(Profit) on Fixed Assets sold	(851)		(618)	
Debts / Advances Written off	47,059		73,437	
Provision for Bad and Doubtful Debts	159,518		26,403	
Excess provision written back	(19,133)		(39,532)	
Prior Period item other than depreciation	19,320		(855)	
Extraordinary Items	(58,296)		(176,590)	
Other Provision	181,942	1,224,099	258,941	1,080,844
Operating profit before working capital changes	2,068,797		1,872,852	
Adjustments for changes in working capital :				
- Inter Circle Remittance	1,663		(4,202)	
- Sundry Debtors	(94,637)		(77,517)	
- Other Receivables	(170,397)		(59,867)	
- Trade and Other Payables	145,474	(117,897)	(44,175)	(185,760)
Cash generated from operations	1,950,900		1,687,092	
-Taxes paid	(118,971)		(117,576)	
- Extraordinary Items	58,296		176,590	
- Prior Period item other than depreciation	(19,320)	(79,995)	855	59,869
Net cash from operating activities	1,870,905		1,746,960	

B. Cash flow from Investing activities:				
Inventories Purchased	(54,539)		(572)	
Purchase of fixed assets	(882,441)		(976,301)	
Capital Work in Progress	78,066		125,689	
Proceeds from Sale of fixed assets	84,750		133,273	
Interest Received	124,081		70,094	
Net cash used in investing activities		(650,083)		(647,817)
C. Cash flow from financing activities:				
Proceeds from long term borrowings	(93,696)		(3,679)	
Interest Paid	(108,358)		(3,068)	
Interim Dividend Paid	(42,759)		(22,614)	
Dividend Paid	(111,174)		(31,800)	
Net cash used in financing activities		(355,986)		(61,161)
Net Increase/(Decrease) in Cash and Cash Equivalents		864,835		1,037,982
Opening Cash and cash equivalents		2,193,113		1,155,133
Cash and cash equivalents as at 31.03.2006		3,057,948		2,193,113
Cash and cash equivalents comprise				
Cash, Cheques and Drafts (in hand) and Remittances in transit	3,094		179,993	
Balances with banks	3,054,854	3,057,948	2,013,120	2,193,113

Notes:

1. In the absence of adequate data regarding assets appearing in the deletions/adjustments column of the fixed assets schedule all deletions have been assumed to be cash sales.
2. In the absence of adequate details regarding unreconciled inter circle remittances with the subsidiary records, the inter circle remittances have been treated as part of working capital changes.

For and on behalf of Bharat Sanchar Nigam Limited

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

M.P.Thakur
Partner
M. No: 52473

A.K.Sinha
(Chairman and Managing Director)

S.D. Saxena
Director (Finance)

P.K.Purwar
Deputy Director General (Accounts)

Place: New Delhi
Date : 31st July 2006.

H.C. Pant
Company Secretary and General Manager(Legal)