

DSP Merrill Lynch Fund Managers Ltd.

Cash Flow Statement for the year ended on December 31, 2005

	Current Year Rs 000	Previous Year Rs 000
A. Cash Flow from Operating Activities		
Profit Before Interest, Tax and Extraordinary Items	14,164	(7,922)
Less : Interest Paid	439	497
Profit Before Tax and Extraordinary Items	13,725	(8,419)
Adjustments for :		
Depreciation	11,978	9,847
Preliminary Expenses written off during the year	80	80
Profit on Sale of Fixed Assets	(357)	(39)
Diminution/(Write Back of Provision for Diminution) in Value of Short Term Investments	-	615
Provision for Gratuity & Leave Encashment	3,055	4,658
Write Back of Provision for Diminution in Value of Investments	(615)	(1,648)
Interest on Auto Loan	439	497
Operating Profit Before Working Capital Changes	28,305	5,591
Adjustments for :		
(Increase)/Decrease in Trade Receivables	(120,271)	(9,654)
(Increase)/Decrease in Other Receivables	(7,817)	(2,623)
Increase /(Decrease) in Payables and Provisions	116,498	41,591
Cash Generated from Operations	16,716	34,906
Direct Taxes Paid	20,602	15,538
Cash Flow Before Extraordinary Items	(3,886)	19,368
Extraordinary Items	-	-
Net Cash Flow from Operating Activities	(A) (3,886)	19,368
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(22,744)	(18,828)
Proceeds from Sale of Fixed Assets	2,709	379
Net Cash Flow from Investing Activities	(B) (20,035)	(18,449)
C. Cash Flow from Financing Activities :		
(Decrease) / Increase in Secured Loans	(2,175)	3,473
Interest Paid on loans	(439)	(497)
Net Cash Flow from Financing Activities	(C) (2,614)	2,976
Net (Decrease) / Increase in Cash and Cash Equivalents	(A+B+C) (26,535)	3,895
Cash and Cash Equivalents as at the beginning of the year	202,326	198,431
Cash and Cash Equivalents as at the close of the year		
Cash & Bank Balances	4,840	9,867
Current Investments	170,951	192,459
	175,791	202,326
Net (Decrease) / Increase in Cash and Cash Equivalents	(26,535)	3,895

Note : Cash and Cash Equivalents include current investments, made as part of the Company's Cash Management Policy.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

N.P. Sarda
Partner
Membership no. 9544

Hemendra Kothari
Chairman

K.R.V. Subrahmanian
Director

Rashmi Poduval
Manager & Company
Secretary

Mumbai
23rd February, 2006

Mumbai
23rd February, 2006