

Cash Flow Statement for the year ended 31st March, 2006

	Year Ended 31-3-2006 Rs. crores	Year Ended 31-3-2005 Rs. crores
A. Cash Flow from Operating Activities :		
Net Profit before tax	5239.96	5297.28
Adjustments for :		
Depreciation	775.10	618.78
(Profit)/Loss on sale of Assets/Discarded Assets written off	(41.00)	(32.42)
(Profit)/Loss on sale of current investments	(9.95)	(4.19)
(Profit)/Loss on sale of long term investments	—	(28.58)
Amount received on cancellation of forward covers/options	(37.73)	—
Provision for diminution in value of investments	—	0.34
Reversal of Impairment Loss	(3.33)	—
Interest income	(50.00)	(42.00)
Income from investments	(166.08)	(111.40)
Interest charged to Profit and Loss Account	168.44	228.80
Miscellaneous Expenditure - Employee Separation Compensation (amortised)	52.77	119.11
Provision for Wealth Tax	0.80	0.70
Amortisation of long term loan expenses	4.98	3.58
	<u>694.00</u>	<u>752.72</u>
Operating Profit before Working Capital Changes	5933.96	6050.00
Adjustments for :		
Trade and Other Receivables	(175.94)	(24.09)
Inventories	(302.35)	(623.32)
Trade Payables and Other Liabilities	139.60	456.76
	<u>(338.69)</u>	<u>(190.65)</u>
Cash Generated from Operations	5595.27	5859.35
Direct Taxes paid	(1747.11)	(1818.24)
Cash Flow before Exceptional Item	3848.16	4041.11
Employee Separation Compensation paid	(216.77)	(226.76)
Net Cash from Operating Activities	<u>3631.39</u>	<u>3814.35</u>
B. Cash Flow from Investing Activities :		
Purchase of fixed assets	(1527.58)	(1978.36)
Sale of fixed assets	44.00	40.13
Purchase of investments	(8037.32)	(7070.21)
Purchase of investments in Subsidiaries	(277.40)	(159.75)
Sale of investments	7089.51	6969.19
Intercorporate deposits	—	113.00
Shareholder's loan to subsidiary	—	(673.04)
Interest received	78.12	12.14
Dividend received	166.08	111.40
	<u>(2464.59)</u>	<u>(2635.50)</u>
Exceptional Items :		
Sale of long term investments in subsidiary	—	0.75
Sale of other long term investments	—	30.62
Net Cash used in Investing Activities	<u>(2464.59)</u>	<u>(2604.13)</u>

C. Cash Flow from Financing Activities :

	Year Ended 31-3-2006 Rs. crores	Year Ended 31-3-2005 Rs. crores
Capital contributions received	—	1.22
Proceeds from borrowings	535.64	219.20
Repayment of borrowings	(758.96)	(859.23)
Amount received on cancellation of forward covers/options	43.76	—
Long term loan expenses	(57.97)	—
Interest paid	(174.14)	(207.67)
Dividends paid	(713.46)	(367.76)
	<u>(1125.13)</u>	<u>(1214.24)</u>
Net Cash from Financing Activities	(1125.13)	(1214.24)
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	41.67	(4.02)
Cash and Cash equivalents as at 1st April (Opening Balance) [See Schedule I, Page 83]	246.72	250.74
Cash and Cash equivalents as at 31st March [See Schedule I, Page 83]	288.39	246.72

- Notes :** (i) Figures in brackets represent outflows.
(ii) Interest paid is exclusive of, and purchase of Fixed Assets is inclusive of, interest capitalised **Rs. 3.76** crores (2004-2005 : Rs. Nil).
(iii) Proceeds from borrowing includes translation gain on foreign currency loans **Rs. 15.27** crores (31.3.2005 : Translation Loss of Rs. 5.61 crores) which has been included in purchase of Fixed Assets.
(iv) Investment in Subsidiaries represents the portion of purchase consideration discharged in cash during the period out of the total consideration of **Rs. 707.71** crores (2004-2005 : Rs. 159.75 crores).
(v) Sale of long term investment in subsidiaries represents disposal considerations received in cash.
(vi) Previous year figures have been recast/restated wherever necessary.

As per our report attached to the Balance Sheet
For A F FERGUSON & CO.,
Chartered Accountants,
A K MAHINDRA
Partner.
For S B BILLIMORIA & CO.,
Chartered Accountants,
UDAYAN SEN
Partner.

J C BHAM
Company Secretary

For and on behalf of the Board
RATAN N TATA
NUSLI N WADIA
S M PALIA
SURESH KRISHNA
ISHAAT HUSSAIN
JAMSHED J IRANI
B MUTHURAMAN
T MUKHERJEE
A N SINGH

Chairman
Directors
Executive Directors

Mumbai, 18th May, 2006

AUDITORS' CERTIFICATE

To,
The Board of Directors,
Tata Steel Ltd.,
Bombay House, 24, Homi Mody Street,
Fort, Mumbai - 400 001.

We have examined the attached Cash Flow Statement of Tata Steel Limited for the year ended 31st March, 2006. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 18th May, 2006 to the members of the Company.

For A F FERGUSON & CO.,
Chartered Accountants,
A K MAHINDRA
Partner.
Membership No. : 10296
Mumbai, 18th May, 2006

For S B BILLIMORIA & CO.,
Chartered Accountants,
UDAYAN SEN
Partner.
Membership No. : 31220