

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Accounting Policies :

- (a) The financial statements are prepared under the historical cost convention on an accrual basis.
- (b) Sale of Products and Services :
- (i) Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.
- (ii) Export incentive under the Duty Entitlement Pass Book Scheme has been recognised on the basis of credits afforded in the pass book.
- (c) Gratuity :
- Provision for gratuity liability to employees is made on the basis of actuarial valuation.
- (d) Leave Salaries :
- Provision is made for value of unutilised leave due to employees at the end of the year.
- (e) Relining Expenses :
- Relining expenses other than expenses on Blast Furnace relining are charged as an expense in the year in which they are incurred.
- (f) Research and Development :
- Research and Development costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.
- (g) Depreciation :
- (I) Capital assets whose ownership does not vest in the Company have been depreciated over the estimated period of their utility or five years, whichever is less.
- (II) In respect of other assets, depreciation is provided on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 as under :—
- (i) In respect of plant and machinery, railway siding, buildings and vehicles acquired before 1.4.1993 the specified period has been re-calculated by applying the revised rates in force in terms of the notification dated 16.12.1993 and the unamortised value of the asset has been allocated equally over the remaining part of the specified period and on assets acquired after 31.3.1993 at the revised rates.
- For the purposes of determining the appropriate depreciation rates plant and machinery falling in the category of continuous process plants has been identified on the basis of technical opinion obtained by the Company. Extra shift depreciation, wherever applicable is calculated on actual shift basis in respect of each mill/shop/unit.
- (ii) In respect of furniture, fixtures and office equipment acquired before 1.4.1993 at the rates in force prior to the abovementioned notification and at the revised rates for assets acquired thereafter.
- (iii) Development of Property and Mining Rights are depreciated over the useful life of the mine or lease period whichever is shorter.
- (iv) Blast Furnace relining is depreciated over a period of 10 years (average expected life).
- (v) Freehold land is not depreciated.
- (vi) Leasehold land is amortised over the life of the lease.
- (h) Foreign Exchange Transactions
- Foreign currency transactions (FCT) and forward exchange contracts used to hedge FCT (including firm commitments and forecast transactions) are initially recognized at the spot rate on the date of the transaction/contract.
- Monetary assets and liabilities relating to foreign currency transactions and forward exchange contracts remaining unsettled at the end of the year are translated at year end rates.
- The differences in translation and realized gains and losses on foreign exchange transactions (including option contracts), other than those relating to fixed assets are recognized in the Profit and Loss Account. Further in respect of transactions covered by forward exchange contracts, the differences between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss account over the period of the contract. Exchange difference relating to monetary items that are in substance forming part of the Company's net investment in non integral foreign operations are accumulated in Foreign Exchange Fluctuation Reserve Account.
- Exchange differences (including arising out of forward exchange contracts) in respect of liabilities incurred to acquire fixed assets prior to April 01, 2004, are adjusted to the carrying amount of such fixed assets.
- (i) Fixed Assets :
- All fixed assets are valued at cost less depreciation. Pre-operation expenses including trial run expenses (net of revenue) are capitalised. Interest on borrowings and financing costs during the period of construction is added to the cost of fixed assets.
- Blast Furnace relining is capitalised. The written down value of the asset consisting of lining/relining expenditure embedded in the cost of the furnace is written off in the year of fresh relining. For assets identified for replacement during future relining, the written down value is depreciated proportionately over the period to the planned relining date.

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(j) Investments :

Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value. When investment is made in partly convertible debentures with a view to retain only the convertible portion of the debentures, the excess of the face value of the non-convertible portion over the realisation on sale of such portion is treated as a part of the cost of acquisition of the convertible portion of the debenture.

(k) Inventories :

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realisable value. Purchased goods-in-transit are carried at cost.

Work-in-progress is carried at lower of cost and net realisable value.

Coal, iron ore and other raw materials produced and purchased by the Company are carried at lower of cost and net realisable value. Purchased raw materials-in-transit are carried at cost.

Stores and spare parts are carried at or below cost.

Cost of inventories is generally ascertained on the 'weighted average' basis. Work-in-progress and finished and semi-finished products are valued on full absorption cost basis.

(l) Miscellaneous Expenditure :

In respect of the Schemes of Early Separation Compensation, net present value of the future liability for pension payable is amortised equally over five years.

The increase in the net present value of the future liability for pension payable to employees who have opted for retirement under the Early Separation Scheme (ESS) of the Company is charged to the Profit and Loss Account.

(m) Compensation under the Employees Family Benefit Scheme of the Company is calculated on the basis of the net present value of the future monthly payments and charged to Profit and Loss Account.

(n) Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods.

2. Contingent Liabilities :

(a) Guarantees :—

The Company has given guarantees aggregating **Rs. 177.66** crores (31.3.2005 : Rs. 351.79 crores) to banks and financial institutions on behalf of others. As at 31st March, 2006 the contingent liabilities under these guarantees amounted to **Rs. 177.66** crores (31.3.2005 : Rs. 351.79 crores).

(b) Claims not acknowledged by the Company relating to the following areas :

	Financial year 2005-06 Rs. Crores	<i>Financial year 2004-05 Rs. Crores</i>
(i) Excise	175.06	51.94
(ii) Customs	21.15	25.23
(iii) Sales Tax	293.86	348.38
(iv) State Levies	107.12	91.79
(v) Suppliers and Service Contract	109.46	116.03
(vi) Labour Related	31.22	30.12
(vii) Income Tax	68.74	82.23

(c) Claim by a party arising out of conversion arrangement - **Rs. 195.82** crores (31.3.2005 : Rs. 195.82 crores). The Company has not acknowledged this claim and has instead filed a claim of **Rs. 139.65** crores (31.3.2005 : Rs. 139.65 crores) on the party. The matter is pending before the Calcutta High Court.

(d) The Excise Department has raised a demand of **Rs. 235.48** crores (31.3.2005 : Rs. Nil) denying the benefit of Notification No. 13/2000 which provides for exemption to the integrated steel plant from payment of excise duty on the freight amount incurred for transporting material from plant to stock yard and consignment agents. The Company has filed an appeal with CESTAT Kolkata.

(e) The State Government of Orissa introduced "Orissa Rural Infrastructure and Socio Economic Development Act 2004" with effect from February 2005 levying tax on mineral bearing land computed on the basis of value of minerals produced from the mineral bearing land. Tata Steel filed a Writ Petition in the High Court of Orissa, challenging the validity of the Act. Orissa High Court held in November 2005 that State does not have authority to levy tax on minerals. State Government of Orissa moved Supreme Court against the order of Orissa High Court and the case is pending with Supreme Court. The liability, if it materialises, as on 31.03.2006 would be **Rs.157.36** crores.

(f) The Industrial Tribunal, Ranchi has passed an award on 20.10.1998 with reference to an industrial dispute regarding permanent absorption of contract labourers engaged by the Company prior to 1981, directing the Company to absorb 658 erstwhile contract labourers w.e.f 22.8.1990. A single bench of the Patna High Court has upheld this award. The Company challenged this award before the division bench of the Jharkhand High Court which has set aside the orders of the single bench of Patna High Court as well as the Tribunal and remanded back the case to the tribunal for fresh hearing on all issues in accordance with law. The liability, if it materialises, would be to the tune of **Rs. 106.61** crores (31.3.2005 : Rs. 94.78 crores).

(g) Uncalled liability on partly paid shares and debentures **Rs. 0.01** crore (31.3.2005 : Rs. 0.01 crore).

(h) Bills discounted **Rs. 386.82** crores (31.3.2005 : Rs. 383.35 crores).

(i) Cheques discounted : Amount indeterminate.

3. Excise Duty is inclusive of excise duty on captive consumption.

4. The Company has given undertakings to (a) IDBI, IFCI and IIBI not to dispose of its investment in The Tinplate Company of India Limited, (b) ICICI Bank Ltd. (formerly ICICI), IFCI and IIBI not to dispose of its investment in the Indian Steel Rolling Mills Ltd. (ISRM). The ISRM is under liquidation, (c) IDBI not to dispose of its investment in Wellman Incandescent India Ltd., (d) IDBI and ICICI Bank Ltd. (formerly ICICI) not to dispose of its investment in Standard Chrome Ltd., (e) Citibank N.A. New York, Bank of America and HSBC not to dispose of its investment in Tata Incorporated, New York, (f) SBI, State Bank of Indore, State Bank of Hyderabad, State Bank of Patiala and WBIDC Ltd., not to dispose of its investment in Hooghly MetCoke and Power Co. Ltd., without the prior consent of the respective financial institutions/banks so long as any part of the loans/facilities sanctioned by the institutions/banks to these six

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companies remains outstanding. The Company has also furnished a Security Bond in respect of its immovable property to the extent of Rs. 20.00 crores in favour of the Registrar of the Delhi High Court and has given an undertaking not to sell or otherwise dispose of the said property.

5. The Company has, on 20th August, 2005, signed an agreement with the Government of Jharkhand to participate in a special health insurance scheme to be formulated by the Government of Jharkhand for the purpose of providing medical facilities to the families of the people below poverty line. The state government would develop a suitable scheme and the Company has agreed to contribute to such scheme, when operational, a sum of Rs. 25.00 crores annually for a period of 30 years or upto the year of operation of the scheme whichever is less. The scheme is yet to be formed and no contribution has been made till 31st March, 2006.
6. The Company has, on 20th August, 2005 signed an agreement with the Government of Jharkhand to partner with the State for developing sports infrastructure for the National Games 2007 to be held in Jharkhand. The Company has, on request from the Government of Jharkhand, paid **Rs. 150.00** crores as advance towards the same. The actual expenditure upto **Rs. 150.00** crores would be incurred during the financial years 2006-07 and 2007-08 and the expenses would be recognized in the books of the Company based on the periodical expenditure statements received from the State Government. The Government of Jharkhand has not given any statement of expenditure till 31st March, 2006.
7. The total future liability for retiring gratuities payable in accordance with the Payment of Gratuity Act and the Company's Rules as on 31st March, 2006 as per the certificate of an independent actuary is **Rs. 647.07** crores (31.3.2005 : Rs. 590.33 crores). Having regard to the amounts available with the Gratuity Fund and the balance of **Rs. 0.81** crore (31.3.2005 : Rs. 6.77 crores) in Provision for Retiring Gratuities Account, the liability is fully covered.
8. The Company's management and the Rashtriya Colliery Mazdoor Sangh representing the employees at Jamadoba and West Bokaro collieries, on 18th September, 2005 signed an agreement to implement the revised wage structure at the collieries. The agreement is for the period from 1st July, 2001 to 30th June, 2008. The provisions of the agreement have been substantively implemented and no further provision is considered necessary.
9. (a) Provision for employee separation compensation has been calculated on the basis of net present value of the future monthly payments of pension and lump sum benefits under the scheme including **Rs. 144.15** crores (31.3.2005 : Rs. 122.30 crores) in respect of schemes introduced during the year.
 - (b) In accordance with the guidelines of Accounting Standard on Employee Benefits AS-15 (revised 2005), the rate used to discount provision for employee separation compensation (ESS) has been determined with reference to market yields on government bonds as on 31st March, 2006. Consequently, the Provision for employee separation compensation and miscellaneous expenditure are lower by **Rs. 119.00** crores and **Rs. 24.00** crores respectively and the profit before taxes is higher by **Rs. 95.00** crores.
 - (c) The amounts payable within one year under the ESS aggregate to **Rs. 242.60** crores (31.3.2005 : Rs. 204.09 crores).
 - (d) The amount shown under Miscellaneous Expenditure on ESS account, represents the balance amount to be amortised over the future years.
10. The manufacturing and other expenses and depreciation shown in the Profit and Loss Account include **Rs. 24.14** crores (2004-2005 : Rs. 30.23 crores) and **Rs. 0.84** crore (2004-2005 : Rs. 0.75 crore) respectively in respect of Research and Development activities undertaken during the year.
11. (a) Sundry Creditors [Item No. (a)(i) and (iii) to Schedule K - Page 84] include **Rs. 2.50** crores (31.3.2005 : Rs. 7.25 crores), due to small scale and ancillary undertakings.
 - (b) The list of small scale undertakings to whom amount is outstanding for more than 30 days is as follows :

ACHARYA SAFETY SPARES CORPORATION	DIAMOND AUTO & ELECTRIC WORKS	JOYTSHNA PRINTING PRESS K A INDUSTRIES	ORISSA ENGINEERING WORKS OSHAN ENTERPRISES	SOSUN ENGINEERING CO. SOUTH BIHAR PLASTICS (P) LTD.
ADBBE INDUSTRIES	DIESEL PUMP ENGINEERS	KHETAN UDYOG	OSTA ENTERPRISES	SPARE-AGE INDIA (P) LIMITED
ADITYAPURDIES	EASTERN MACHINERY WORKS	KUMAR UDYOG	PAPPU ARTS	SPECIAL TOOL MANUFACTURERS
ADROIT ENGG. COMPANY	ELASTOMER LINING WOR	KWALITY ENGINEERING COMPANY	PEST CONTROL (INDIA) LTD.	SUBERN REKHA ENTERPRISES
AMIN PRINTING PRESS	ELECTRO - MINE	LAXMI ENGINEERING & CO.	PETRO SYNTH (INDIA) LTD.	SUNDARAM INDUSTRIES LTD.
ANAND FABRICATORS PVT. LTD.	ELECTROMAG METHODS	LECHLER (INDIA) PVT.	PINAK INDUSTRIES	SUNNY GLOVES INDUSTRIES
ANK SEALS PVT. LTD.	ELEGANT ENTERPRISE	M S P INDUSTRIES PVT.LTD.	PIONEER TECHNOCRATS PVT. LTD.	SUNRAJ INDUSTRIES
ANKUR ENGG. WORKS	ELMAN'S STEEL INDIA	M/S. ELECTROCHEMICALS	POLY PACK INDIA	SUPERINTENDENCE CO. OF INDIA (P) LTD.
ARIES APPLIANCES	EMPIRE INDUSTRIES	M/S. MALLABHUM	MANUFACTURING	SUTLEJ ENGG. WORKS
ARVICO RUBBER INDUST.	FLUID CONTROL ENGINE	POLYPACKS (P) LTD.	PRAKASH ENGG. WORKS	SVEDALA INDUSTRIES
ASIAN ENGINEERING CO.	FOURESS ENGG. (INDIA) LTD.	MADRAS CUPPRUM METAL	PREET ENGG. CO.	SWARN ENGINEERING WORKS
ASSOCIATED CHEMICAL INDUSTRIES	G. R. INDUSTRIES	MAHARASHTRA MACHINE MAHATRA & CO.	PURAN SINGH & SONS	SYSTEMS AND CONTROLS
ASSOCIATED ENGG. CO.	GAJANAND ENGG.	MAIL. COM MESSAGING INDIA PVT. LTD.	QUALITY ENGINEERING WORKS	TAPOS ENTERPRISES
B M C METAL CAST LTD.	GANESH ENGINEERING WORKS	MEC FAB ENGINEERING	R.K. INDUSTRIES	TARJEET FOUNDRY
BALAJI ELECTRONICS	GEETA TIMBER MART	MECHANO RUBBER & ALLIED INDUSTRIES	R.N. PANDEY	TATA INTERNATIONAL LTD.
BARBIL EMPORIUM	GENERAL ENGG. CO.	MEHTA ENGG. WORKS	R.S. ENGINEERING WORKS	TATANAGAR COLD STORAGE CO. PVT. LTD.
BAY- CHEMICAL FABRIC P. LTD.	GENERAL ENGG. WORKS	META THERM FURNACE	RAJ INDUSTRIAL & ENGG. CO.	TATANAGAR ENGG. & MACHINE MFG. CO.
BENGAL TECHNOCRATS PVT. LTD.	GLOBE ENGG. WORKS	MICON ENGINEERS	RAJ TECHNICAL WORKS	TAURUS FLEXIBLES
BHARAT ELECTRICAL REPAIRING WORKS	GON ENGINEERING WORKS	MIM PACKS	RAJ ENGINEERING WORKS	TECHNO ENTERPRISE
BHARAT SPUN PIPE CO.	GOVIND ENGG. WORKS	MINE LINE PVT. LTD.	RANA ENGINEERING WORKS	THE MINES SERVICE CORPORATION
BHARAT STEEL & METAL INDUSTRIES	H. GURU INSTRUMENTS P. LTD.	MODERN PRINTERS	REGULAR ENGG. CO.	THE ORIENT PRINTERS
BHOGAL ENGG. CO.	H.K. INDUSTRIES	MOHINDRA ENGINEERING CONCERN	REINOLD OBSTFELD INDIA	THE WAXPOL INDUSTRIES LTD.
BIHAR ELECTRIC & REFRIGERATION CO.	HANS ENGG. CO.	NAMITA ELECTRIC WORKS	ROTOMAC INDUSTRIES PVT. LTD.	THEJO ENGINEERING SERVICES (P) LTD.
BIRLA INTERNATIONAL PVT. LTD.	HENKEL CHEMBOND SURF	NARBHERAM MOTORS	S.G. METAL INDUSTRIES	THYRISTORAGE
CALCUTTA ANODIZING WORKS	HIND ELECTRICAL AND INDUSTRIES	NASCENT DATA AID	S. DAS & CO.	TRANSDUCERS AND ALLIED PRODUCTS
CANN PHOTOCOPIERS	GENERAL INDUSTRIES	NATIONAL ENGG. ENTERPRISES	S. S.R. ENGINEERING WORKS	UDYOG PLASTICS PVT. LTD.
INDIA PVT. LTD.	HIND ENGG. CO.	NATIONAL INDUSTRIAL CORP.	S.R. UDYOG	UNION ASBESTOS & ALLIED PRODUCTS
CLASSIC PRODUCTS	HINDUSTAN ENGINEERING WORKS	NEO HIRE	SANDEEP INDUSTRIES	VASANI ENTERPRISES
CONCORD ARAI PVT. LTD.	HINDUSTAN RUBBER PRODUCT	NESCENT DATA AID	SANDHU TECHNOCRATS PVT. LTD.	VIBRO SCREEN INDUSTRIES
CONCORD STEELS WORKS	HINDUSTAN STEEL TECH.	NEW ALLENBERRY WORKS	SANJAY PRINTING WORKS	VINYAS ENGINEERS
CRS ENGG. WORKS	HYDROCRIMP A.C. (P) LTD.	NEW ALLENBY ENGG. WORKS	SARAFF RUBBER INDUSTRIES	VIRDI MECHANICAL WORKS
DARSHAN LAL & CO.	INDIA CONSTRUCTION CO.	NEW CARBONIC GAS INDUSTRIES	SHAH METAL INDUSTRIES	VISHKARMA FURNITURE SHOP
DAS & DAS	INDIA MILLS STORES SUPPLY	INDUSTRIES	SHAH BROTHERS	VIVEK INDUSTRIES
DECO STYLE COMPANY	INDIAN FORGING & STAMPING	NEW EMPIRE INDUSTRIES	SHERPA FRUIT PRODUCTS	ZEDAY TRADING CORPORATION
DEE TEE INDUSTRIES	INDRA ENGINEERS	NIMPS AGRO FARMS (TRADER)	SHILP UDYOG	
DEEPSUN INDUSTRIAL CORPORATION	J. S. ENTERPRISE	NORTHERN ENGINEERING COMPANY	SHREE PUROHIT ENGINEERING WORKS	
DHANJAL ENGINEERING WORKS	J.S.T. PLASTS	OM ENGINEERING WORKS (I) PVT. LTD.	SINGBHUM MECHINO METAL PVT. LTD.	
	JAI MAA KALI INDUSTRIES		SOKHI & SONS	
	JAI SUPRABHA PROJECT		SOKHI ENGG. CO. PVT. LTD.	
	JAIPUR STEEL STRIPS		SOLAR DIAMOND	
	JAMSHEDPUR SPRING & ENGG. CO. (P) LTD.			
	JAY PEE INDUSTRIES			

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The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

12. The Board of Industrial and Financial Reconstruction (BIFR) sanctioned a scheme for rehabilitation of The Indian Steel and Wire Products Limited (ISWP), a sick Company in FY 2003-04. In terms of the scheme, the Company –

(a) took management control of ISWP; (b) acquired 4,74,130 Equity Shares from the existing promoters at Re. 1/- per share; (c) converted Rs. 5.00 crores of dues into 50,00,000 fully paid Equity Shares at Rs. 10 each and Rs. 10.88 crores into unsecured loan to be repaid by ISWP in 8 annual instalments starting from FY 2004-05; (d) advanced **Rs. 25.17** crores as on 31.3.2006 (Rs. 18.09 crores as on 31.3.2005) to ISWP towards one time settlement with financial institutions for capital expenditure and margin for working capital.

13. Disclosure as per clause 32 of the Listing Agreement.

Loans and Advances in the nature of Loans given to Subsidiaries, Associates and Others :

Name of the Company	Relationship	Amount outstanding	Maximum balance	Investment in
		as on 31.3.2006	outstanding during	Shares of the
		Rs. crores	the year	Company
			Rs. crores	No. of Shares
Tata Korf Engineering Services Ltd.	Subsidiary	0.65	1.09	—
		0.26	0.26	—
The Indian Steel and Wire Products Ltd.	Subsidiary	31.68	34.94	—
		28.97	28.97	—
Kalimati Investment Co. Ltd.	Subsidiary	—	182.00	671,455
		—	1.00	1,404,055
NatSteel Asia Pte. Ltd.	Subsidiary	283.52	681.02	—
		660.57	673.04	—
Rujuvalika Investments Ltd.	Associates	—	—	1,168,393
		—	—	1,168,393
TRF Ltd.	Associates	—	—	—
		—	10.00	—
Tata Sons Ltd.	Others	—	—	110,893,040
		—	25.00	109,573,040
Tata Teleservices Ltd.	Others	—	15.00	—
		—	113.00	—
Tata Industries Ltd.	Others	—	20.00	570,369
		—	—	570,369

14. The Company had issued during 1992-93, 1,15,50,000 Secured Premium Notes (SPN) of Rs. 300 each aggregating to Rs. 346.50 crores with Warrants attached for subscribing to one ordinary share of Rs. 10 each per SPN at a premium of Rs. 70 per share. The warrant holders have exercised their option in respect of 1,11,61,201 Detachable Warrants. For the balance of 3,88,799 Detachable Warrants for which option has not been exercised, the option is deemed to have lapsed except in respect of approximately 12,446 Detachable Warrants applicable to matters which are in dispute and for which the option is deemed to be kept alive for the time being. In terms of issue of SPNs, they have been redeemed on 24.8.1999.

15. Estimated amount of contracts remaining to be executed on Capital Account and not provided for : **Rs. 1963.34** crores (31.3.2005 : Rs. 1100.84 crores).

16. Consequent on the realignment of the value of foreign currency loans, the rupee liability of the Company in respect of such loans has decreased by a net amount of **Rs. 15.27** crores (2004-2005 : net decrease by Rs. 5.61 crores). This decrease has been adjusted in the carrying cost of the fixed assets to the extent of **Rs. 15.27** crores (2004-2005 : Rs. 5.61 crores).

17. The Company has taken on lease Plant and Machinery, having an aggregate cost of **Rs. 4.51** crores (31.3.2005 : Rs. 45.25 crores). The element of the lease rental applicable to the cost of the assets has been charged to the Profit and Loss Account over the estimated life of the asset and financing cost has been allocated over the life of the lease on an appropriate basis. The total charge to the Profit and Loss Account for the year is **Rs. 1.19** crores (2004-2005 : Rs. 11.83 crores). The break up of total minimal lease payments due as on 31st March, 2006 and their corresponding present value are as follows :

Period	2005-2006		2004-2005	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Not later than one year	0.61	0.57	1.31	1.25
Later than one year but not later than Five years	2.09	1.54	2.56	1.84
Later than five years	—	—	0.36	0.20
Total	2.70	2.11	4.23	3.29

18. Current Tax [Item 10(a), Page 65] is net of **Rs. Nil** (2004-2005 : Rs. 27.34 crores) being excess provision for tax relating to earlier years written back to the Profit and Loss Account.

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19. Information about Primary Business Segments :

Particulars	Business Segments			Unallocable Total	
	Steel	Ferro Alloys and Minerals	Others	Rs. crores	Rs. crores
	Rs. crores	Rs. crores	Rs. crores	Rs. crores	Rs. crores
Revenue :					
Total External Sales	12,837.03	1,310.77	991.59		15,139.39
	12,315.31	1,308.79	874.85		14,498.95
Inter segment sales	630.51	113.71	14.27		758.49
	677.18	140.85	13.42		831.45
Total Revenue	13,467.54	1,424.48	1,005.86		15,897.88
	12,992.49	1,449.64	888.27		15,330.40
Less : Inter segment sales	630.51	113.71	14.27		758.49
	677.18	140.85	13.42		831.45
Total Sales	12,837.03	1,310.77	991.59		15,139.39
	12,315.31	1,308.79	874.85		14,498.95
Segment result before interest, exceptional items and tax	4,618.66	572.52	54.13	165.86	5,411.17
	4,764.60	700.89	38.84	70.28	5,574.61
Less : Interest (See Schedule 3, Page 68)					118.44
					186.80
Profit before Exceptional items and tax					5,292.73
					5,387.81
Exceptional items					
Less : Employee's Separation Compensation (See Note 9, Page 87)					52.77
					119.11
Add : Profit on Sale of Long-Term Investments					—
					28.58
Profit before Tax					5,239.96
					5,297.28
Taxes					1,733.58
					1,823.12
Profit after Taxes					3,506.38
					3,474.16
Segment Assets	12,873.06	328.88	311.00	589.71	14,102.65
	11,752.46	312.53	266.70	864.13	13,195.82
Segment Liabilities	2,483.68	139.53	107.50	1,078.01	3,808.72
	2,337.41	111.73	99.18	1,151.67	3,699.99
Total cost incurred during the year to acquire Segment assets	1,497.06	11.84	18.68		1,527.58
	1,932.65	29.21	16.51		1,978.37
Segment Depreciation	753.23	14.07	7.80		775.10
	600.43	10.27	8.08		618.78
Non-Cash Expenses other than depreciation	9.18	(0.61)	0.90	4.98	14.45
	19.49	(0.22)	1.11	3.58	23.96

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Information about Secondary Segments :- Geographical	2005-06	<i>2004-05</i>
	Rs. crores	<i>Rs. crores</i>
Revenue by Geographical Market		
India	13,160.35	<i>12,187.82</i>
Outside India	1,979.04	<i>2,311.13</i>
	<u>15,139.39</u>	<i><u>14,498.95</u></i>
Additions to Fixed Assets and Intangible Assets		
India	1,527.58	<i>1,978.37</i>
Outside India	—	<i>—</i>
	<u>1,527.58</u>	<i><u>1,978.37</u></i>
Carrying Amount of Segment Assets		
India	13,817.09	<i>12,532.49</i>
Outside India	285.56	<i>663.33</i>
	<u>14,102.65</u>	<i><u>13,195.82</u></i>

Notes :

- (i) The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisational structure and internal reporting system. The Company's operations predominantly relate to manufacture of Steel and Ferro Alloys and Minerals Division. Other business segments comprise Tubes, Bearings.
- (ii) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocated corporate cost. Assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

(iii) Total Unallocable assets exclude :	2005-06	<i>2004-05</i>
	Rs. crores	<i>Rs. crores</i>
Investments	4,069.96	<i>2,432.65</i>
Miscellaneous expenditure	253.27	<i>214.82</i>
	<u>4,323.23</u>	<i><u>2,647.47</u></i>
Total Unallocable Liabilities exclude :		
Secured Loans	2,191.74	<i>2,468.18</i>
Unsecured Loans	324.41	<i>271.52</i>
Provision for Employee Separation Compensation	1,388.71	<i>1,514.26</i>
Deferred Tax Liability (Net)	957.00	<i>829.42</i>
	<u>4,861.86</u>	<i><u>5,083.38</u></i>

- (iv) Transactions between segments are primarily for materials which are transferred at market determined prices and common costs are apportioned on a reasonable basis.

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

20. Related Party Disclosures :

(a) List of Related Parties and Relationships

Party	Relationship
A. Bangla Steel & Mining Co. Ltd. @ Best Bar (VIC) Pte. Ltd. Best Bar Pty. Ltd. Burwill Trading Pte. Ltd. Easteel Construction Services Pte. Ltd. Easteel Services (M) Sdn. Bhd. Eastern Steel Fabricators Phillipines, Inc. Eastern Steel Services Pte. Ltd. Eastern Wire Pte. Ltd. EW Reinforcement Pty. Ltd. Hooghly MetCoke and Power Company Ltd. International Shipping Logistics FZE Jamshedpur Utilities & Services Company Ltd. Kalimati Coal Company Pty. Ltd. @ Kalimati Investment Company Ltd. Lanka Special Steels Ltd. Materials Recycling Pte. Ltd. NatFerrous Pte. Ltd. NatSteel Asia (S) Pte. Ltd. NatSteel Asia Pte. Ltd. NatSteel Equity IV Pte. Ltd. NatSteel Trade International (Shanghai) Company Ltd. NatSteel Trade International Pte. Ltd. PT Materials Recycling Indonesia Siam Industrial Wire Company Ltd. Sila Eastern Ltd. Stewarts & Lloyds of India Ltd. # Tata Incorporated Tata Korf Engineering Services Ltd. Tata Refractories Ltd. The Indian Steel and Wire Products Ltd. The Tata Pigments Ltd. TKM Overseas Transport (Europe) GmbH. @ TKM Transport Management Services Ltd. TM International Logistics Ltd. TRL Asia Pvt. Ltd. @ TRL China Ltd. @ Wuxi Jinyang Metal Products Co. Ltd.	Subsidiary
B. Adityapur Toll Bridge Ltd. Almora Magnesite Ltd. Indian Steel Rolling Mills Ltd. Jamshedpur Injection Powder Ltd. Kalinga Aquatics Ltd. Kumardhubi Fireclay & Silica Works Ltd. Kumardhubi Metal Casting & Engineering Ltd. Metal Corporation of India Ltd. Millennium Steel Public Co. Ltd. Nicco Jubilee Park Ltd. Nilachal Refractories Ltd. * Rujualika Investments Ltd. Southern Steel, Berhard Srutech Tubes (India) Pvt. Ltd. Steel Asia Development and Management Corporation Steel Asia Industries Inc. Steel Asia Manufacturing Corporation Tata Construction & Projects Ltd. Tata Metaliks Ltd. Tata Sponge Iron Ltd. TAYO Rolls Ltd. Tinplate Company of India Ltd. TKM Overseas Ltd. TRF Ltd.	Associate - Shareholding of the Company on its own or along with Subsidiaries is 20% or more.
C. Metaljunction Services Ltd. Tata Ryerson Ltd. The Dhamra Port Company Ltd. @ Southern NatSteel (Xiamen) Ltd. \$ NatSteel Vina Co. Ltd. \$	Joint Ventures
D. Tata Sons Ltd.	Promoters holding together with its Subsidiary is more than 20%
E. Key Management Personnel Mr. B. Muthuraman Dr. T. Mukherjee Mr. A. N. Singh	Whole Time Directors
F. Relatives of Key Management Personnel Ms. Sumathi Muthuraman Ms. Shuvra Mukherjee Ms. Ipshita Kamra Ms. Pallavi Arun #	Relatives of Whole Time Directors

@ Part of the year.

\$ Earlier as Associate Company now became a Joint Venture.

During the previous year.

* Ceased to be an Associate Company w.e.f. 13th March, 2006.

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

20. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Subsidiaries	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Grand Total
Purchase of Goods						
Jamshedpur Injection Powder Ltd.	—	37.92	—	—	—	37.92
	—	37.50	—	—	—	37.50
Tata Refractories Ltd.	84.17	—	—	—	—	84.17
	69.75	—	—	—	—	69.75
Tayo Rolls Ltd.	—	22.36	—	—	—	22.36
	—	21.88	—	—	—	21.88
TRF Ltd.	—	42.96	—	—	—	42.96
	—	47.43	—	—	—	47.43
Others	9.19	13.94	—	—	—	23.13
	2.64	101.45	—	—	—	104.09
	93.36	117.18	—	—	—	210.54
	72.39	208.26	—	—	—	280.65
Sale of Goods						
Tata Ryerson Ltd.	—	475.38	—	—	—	475.38
	—	385.07	—	—	—	385.07
Tata Metaliks Ltd.	—	72.07	—	—	—	72.07
	—	76.21	—	—	—	76.21
Tata Sponge Iron Ltd.	—	78.67	—	—	—	78.67
	—	48.03	—	—	—	48.03
Others	20.93	61.60	—	—	—	82.53
	26.00	36.29	—	—	—	62.29
	20.93	687.72	—	—	—	708.65
	26.00	545.60	—	—	—	571.60
Purchase of Fixed Assets						
Stewarts & Lloyds of India Ltd.	—	—	—	—	—	—
	7.98	—	—	—	—	7.98
TRF Ltd.	—	2.33	—	—	—	2.33
	—	15.40	—	—	—	15.40
	7.98	2.33	—	—	—	2.33
	—	15.40	—	—	—	23.38
Sale of Assets						
The Indian Steel and Wire Products Ltd.	0.12	—	—	—	—	0.12
	—	—	—	—	—	—
Lanka Special Steel Limited	0.12	—	—	—	—	0.12
	—	—	—	—	—	—
	0.24	—	—	—	—	0.24
	—	—	—	—	—	—
Rendering of Services to						
The Indian Steel and Wire Products Ltd.	16.21	—	—	—	—	16.21
	14.91	—	—	—	—	14.91
Tinplate Company of India Ltd.	—	32.74	—	—	—	32.74
	—	30.88	—	—	—	30.88
Others	4.40	8.69	—	—	0.06	13.15
	4.50	8.48	—	—	0.06	13.04
	20.61	41.43	—	—	0.06	62.10
	19.41	39.36	—	—	0.06	58.83
Receiving of Services from						
Jamshedpur Utilities and Services Company Ltd.	150.10	—	—	—	—	150.10
	100.16	—	—	—	—	100.16
T M International Logistics Ltd.	98.24	—	—	—	—	98.24
	102.54	—	—	—	—	102.54
Tata Ryerson Ltd.	—	75.95	—	—	—	75.95
	—	62.36	—	—	—	62.36
Tinplate Company of India Ltd.	—	166.15	—	—	—	166.15
	—	188.81	—	—	—	188.81
Others	84.55	9.60	0.02	0.02	0.28	94.47
	79.07	24.44	0.02	0.02	0.73	104.28
	332.89	251.70	0.02	0.02	0.28	584.91
	281.77	275.61	0.02	0.02	0.73	558.15
Leasing or hire purchase arrangements						
Tata Ryerson Ltd.	—	0.08	—	—	—	0.08
	—	—	—	—	—	—
Others	—	—	—	—	—	—
	—	0.63	—	—	—	0.63
	—	0.08	—	—	—	0.08
	—	0.63	—	—	—	0.63

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued
20. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Subsidiaries	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Grand Total
Finance provided (including loans and equity contributions in cash or in kind)						
Hooghly MetCoke & Power Co. Ltd.	131.00	—	—	—	—	131.00
	3.50	—	—	—	—	3.50
Kalimati Investment Co. Ltd.	202.00	—	—	—	—	202.00
	1.00	—	—	—	—	1.00
Millennium Steel Public Co. Ltd.	—	278.01	—	—	—	278.01
	—	—	—	—	—	—
NatSteel Asia Pte. Ltd.	138.05	—	—	—	—	138.05
	660.57	—	—	—	—	660.57
Others	54.69	56.57	—	—	0.65	111.91
	32.32	12.80	—	—	25.00	70.12
	525.74	334.58	—	—	0.65	860.97
	697.39	12.80	—	—	25.00	735.19
Interest income during the year						
NatSteel Asia Pte. Ltd.	16.08	—	—	—	—	16.08
	2.49	—	—	—	—	2.49
Others	1.59	1.00	—	—	—	2.59
	0.98	2.28	—	—	0.05	3.31
	17.67	1.00	—	—	—	18.67
	3.47	2.28	—	—	0.05	5.80
Guarantees and collaterals given during the year						
Tinplate Company of India Ltd.	—	—	—	—	—	—
	—	25.00	—	—	—	25.00
	—	—	—	—	—	—
	—	25.00	—	—	—	25.00
Management contracts including deputation of employees						
Tata Sons Ltd.	—	—	—	—	32.62	32.62
	—	—	—	—	31.15	31.15
Others	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	32.62	32.62
	—	—	—	—	31.15	31.15
Dividend income						
Jamshedpur Injection Powder Ltd.	—	3.02	—	—	—	3.02
	—	1.91	—	—	—	1.91
Kalimati Investment Co. Ltd.	3.28	—	—	—	—	3.28
	1.64	—	—	—	—	1.64
Tata Metaliks Ltd.	—	7.08	—	—	—	7.08
	—	4.13	—	—	—	4.13
Tata Refractories Ltd.	3.38	—	—	—	—	3.38
	1.68	—	—	—	—	1.68
Tata Sponge Iron Ltd.	—	4.28	—	—	—	4.28
	—	3.06	—	—	—	3.06
Others	1.37	3.57	—	—	—	4.94
	1.21	2.97	—	—	—	4.18
	8.03	17.95	—	—	—	25.98
	4.53	12.07	—	—	—	16.60
Provision for receivables made during the year						
The Indian Steel and Wire Products Ltd.	0.48	—	—	—	—	0.48
	—	—	—	—	—	—
Tata Korf Engineering Services Ltd.	0.39	—	—	—	—	0.39
	0.26	—	—	—	—	0.26
Others	0.13	0.05	—	—	—	0.18
	0.32	2.99	—	—	—	3.31
	1.00	0.05	—	—	—	1.05
	0.58	2.99	—	—	—	3.57
Issue of Bonus Shares Face value of Rs.10/- each						
Tata Sons Ltd.	—	—	—	—	—	—
	—	—	—	—	36.52	36.52
Others	—	—	—	—	—	—
	0.47	0.39	#	@	—	0.86
	—	—	—	—	—	—
	0.47	0.39	—	—	36.52	37.38
Dividend and Fraction Bonus amount paid to shareholders						
Tata Sons Ltd.	—	—	—	—	142.44	142.44
	—	—	—	—	73.05	73.05
Others	1.83	1.52	***	****	—	3.35
	0.94	0.78	*	**	—	1.72
	1.83	1.52	—	—	142.44	145.79
	0.94	0.78	—	—	73.05	74.77

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

20. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Subsidiaries	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Grand Total
Unsecured advances/ deposits accepted						
Tata Sons Ltd.	—	—	—	—	1.03	1.03
Others	—	0.09	—	—	—	0.09
	—	5.82	—	—	—	5.82
	—	0.09	—	—	1.03	1.12
	—	5.82	—	—	—	5.82
Remuneration Paid						
Mr. B. Muthuraman	—	—	2.20	—	—	2.20
	—	—	1.94	—	—	1.94
Mr. T. Mukherjee	—	—	1.75	—	—	1.75
	—	—	1.48	—	—	1.48
Mr. A. N. Singh	—	—	1.34	—	—	1.34
	—	—	1.21	—	—	1.21
Others	—	—	—	—	—	—
	—	—	—	0.01	—	0.01
	—	—	5.29	—	—	5.29
	—	—	4.63	0.01	—	4.64
Bad debts written off						
Tata Pigments Ltd.	0.09	—	—	—	—	0.09
	—	—	—	—	—	—
Tayo Rolls Ltd.	—	0.14	—	—	—	0.14
	—	—	—	—	—	—
Others	—	0.04	—	—	—	0.04
	0.01	0.02	—	—	—	0.03
	0.09	0.18	—	—	—	0.27
	0.01	0.02	—	—	—	0.03
Bad debts written back						
Nilachal Refractories Limited	—	5.42	—	—	—	5.42
	—	—	—	—	—	—
	—	5.42	—	—	—	5.42
	—	—	—	—	—	—
Provision of diminution in value of investments made during the year						
Nicco Jubilee Park Ltd.	—	—	—	—	—	—
	—	0.34	—	—	—	0.34
	—	—	—	—	—	—
	—	0.34	—	—	—	0.34
Guarantees outstanding as on 31.03.2006						
Tinplate Company of India Ltd.	—	95.00	—	—	—	95.00
	—	95.00	—	—	—	95.00
Others	—	1.44	—	—	—	1.44
	—	1.44	—	—	—	1.44
	—	96.44	—	—	—	96.44
	—	96.44	—	—	—	96.44
Debit balances outstanding as on 31.03.2006						
Outstanding receivables						
NatSteel Asia Pte. Ltd.	285.26	—	—	—	—	285.26
	663.06	—	—	—	—	663.06
Others	84.53	51.78	0.01	0.01	2.60	138.93
	77.23	75.51	0.01	0.01	1.55	154.31
	369.79	51.78	0.01	0.01	2.60	424.19
	740.29	75.51	0.01	0.01	1.55	817.37
Provision for outstanding receivables						
The Indian Steel and Wire Products Ltd.	7.72	—	—	—	—	7.72
	10.31	—	—	—	—	10.31
Others	1.25	2.09	—	—	—	3.34
	0.73	4.19	—	—	—	4.92
	8.97	2.09	—	—	—	11.06
	11.04	4.19	—	—	—	15.23
Credit balances outstanding as on 31.03.2006						
Outstanding Payables						
Jamshedpur Utilities and Services Company Ltd.	40.04	—	—	—	—	40.04
	29.30	—	—	—	—	29.30
Tata Ryerson Ltd.	—	16.76	—	—	—	16.76
	—	14.37	—	—	—	14.37
Tata Sons Ltd.	—	—	—	—	36.70	36.70
	—	—	—	—	34.50	34.50
Others	22.42	16.44	—	—	—	38.86
	28.90	22.93	—	—	—	51.83
	62.46	33.20	—	—	36.70	132.36
	58.20	37.30	—	—	34.50	130.00

Rs. 7280 @ Rs. 4300
 * Rs. 14829 **Rs. 8600
 *** Rs. 28418 **** 16770

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

21. The Company has the following Joint Ventures as on 31st March, 2006 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the Joint Venture companies is given below :

Name of the Joint Venture Company	Percentage of Holding	Assets	Liabilities	Contingent Liabilities	Capital commitment	Rs. crores	
						As at 31st March, 2006	Income
						For the year ended 31st March, 2006	
Tata Ryerson Ltd. (incorporated in India)	50%	152.05	80.34	33.09	2.71	367.81	354.03
		123.74	68.63	3.88	0.12	283.09	272.51
Metaljunction Services Ltd. (incorporated in India)	50%	17.44	8.17	—	0.11	15.54	9.54
		10.73	3.34	—	—	10.31	6.64
The Dhamra Port Company Ltd. (incorporated in India)	50%	54.49	1.02	—	—	—	(0.23)
		—	—	—	—	—	—

22. Earnings Per Share (EPS):

	2005-06 Rs. crores	2004-05 Rs. crores
(i) Profit after tax	3506.38	3474.16
Profit attributable to Ordinary Shareholders	3506.38	3474.16
	Nos.	Nos.
(ii) Weighted average No. of Ordinary Shares for Basic EPS	55,34,72,856	55,34,72,856
Add : Adjustment for Options relating to 12,446 (2004-05 : 12,446) Detachable Warrants (See Note 14, Page 88)	10,590	9,962
Weighted average no. of Ordinary Shares for Diluted EPS	55,34,83,446	55,34,82,818
(iii) Nominal value of Ordinary Shares	Rs.10	Rs. 10
(iv) Basic/Diluted Earnings per Ordinary Share	Rs. 63.35	Rs. 62.77

23. Deferred Tax Liability (Net) (Item No. 10(b), Page 65) :

	Deferred tax (asset)/liability as at 1.4.2005 Rs. crores	Current year charge/(credit) Rs. crores	Deferred tax (asset)/liability as at 31.3.2006 Rs. crores
Deferred Tax Liabilities			
(i) Difference between book and tax depreciation	1602.19	105.36	1707.55
(ii) Prepaid Expenses	2.76	17.84	20.60
(iii) Differences in written down value of development of property	2.46	(14.21)	(11.75)
(A)	1607.41	108.99	1716.40
Deferred Tax Assets			
(i) Employee Separation Scheme	(598.27)	64.55	(533.72)
(ii) Wage Provision	(0.15)	(10.26)	(10.41)
(iii) Provision for doubtful debts & advances	(32.01)	3.34	(28.67)
(iv) Disallowance under Section 43B	(50.87)	(14.01)	(64.88)
(v) Provision for Leave Salary	(93.91)	(16.93)	(110.84)
(vi) Provision for Retiring Gratuity	(2.27)	2.00	(0.27)
(vii) Other Deferred Tax Assets/Liabilities	(0.51)	(10.10)	(10.61)
(B)	(777.99)	18.59	(759.40)
Deferred Tax Liability (Net)	829.42	127.58	957.00

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

24. Licensed and installed capacities and production : ⁽²⁾	Installed capacity ⁽³⁾	Production ⁽⁴⁾
	Tonnes	Tonnes
Class of Products		
(i) Saleable Steel (Jamshedpur works)	4,808,000 (3,320,000)	4,552,136 ^{(5), (10)&(11)} (4,109,002)
(ii) Cold Rolled Coils (Tarapur)	100,000 (100,000)	128,157 (121,275)
(iii) Wire Rods (Borivali)	265,000 (265,000)	278,647 (269,858)
Wires (Borivali & Tarapur)	205,700 (199,700)	184,349 (187,550)
Cold Rolled Coils & Profiles (Sisodra)	46,000 (46,000)	29,211 (30,449)
(iv) Ferro Manganese & Silico Manganese (Joda)	30,500 (30,500)	41,240 (44,201)
(v) Charge Chrome (Bamnipal)	50,000 (50,000)	50,030 (41,405)
(vi) Welded Steel Tubes (Jamshedpur)	212,000 (212,000)	225,062 ⁽⁶⁾ (179,190)
(vii) Carbon and Alloy Steel Bearing Rings, Annular Forgings and Flanges (Jamshedpur)	5,250 (5,250)	3,413 (2,756)
(viii) Metallurgical Machinery (Jamshedpur)	— —	10,722 ⁽⁷⁾ (19,546)
	Numbers	Numbers
(ix) Alloy Steel Ball Bearing Rings (Jamshedpur)	20,500,000 (20,500,000)	12,430,223 ⁽⁸⁾ (10,313,576)
(x) Bearings (Kharagpur)	25,000,000 (25,000,000)	28,000,044 (25,011,887)

(1) Licensed capacity is not applicable in terms of the Government of India's Notification No. S.O. 477(E) dated 25th July, 1991.

(2) Excluding items intended for captive consumption.

(3) As certified by the Managing Director and accepted by the Auditors.

(4) Including production for works use and for conversion by the third parties into finished goods for sale.

(5) Including semi-finished steel produced **679,132** tonnes (2004-2005 : 604,424 tonnes) and steel transferred for manufacture into Tubes/C.R. Strips at the Company's Tubes Division **266,711** tonnes (2004-2005 : 234,422 tonnes) / steel transferred for manufacture of Cold Rolled Coils at the Company's Cold Rolling Mill Division (West) **162,108** tonnes (2004-2005 : 156,344 tonnes) and steel transferred for manufacture of Wire Rods **247,426** tonnes (2004-2005 : 253,343 tonnes) at the Company's Wire Rod Mill (West).

(6) Including Tubes used in manufacture of Tubular Steel Structures and Scaffoldings.

(7) There is no separate installed capacity.

(8) Including rings transferred for manufacture of Bearings.

(9) Previous years figures recasted where necessary.

(10) This includes **27,729** tonnes production during trial run of New bar mill.

(11) The installed capacity for FY 2005-2006 represents the capacity as at the end of the year. Capacity addition have been made throughout the year.

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued
25. Turnover, Closing and Opening Stocks :

Class of Products	Turnover ⁽¹⁾		Closing Stock		Opening Stock	
	Tonnes	Rupees crores	Tonnes	Rupees crores	Tonnes	Rupees crores
(i) Saleable Steel (Finished)	4,050,627 ⁽²⁾	12,220.07	394,829	641.90	373,626	626.59
	3,675,090	11,081.26	373,626	626.59	305,542	410.01
Agrico Products		61.76		3.41		1.78
		60.06		1.78		0.35
		12,281.83		645.31		628.37
		11,141.32		628.37		410.36
(ii) Semi-finished Steel and Scrap	366,510	641.62	233,919	183.48	155,594	110.87
	253,067	455.33	155,594	110.87	97,956	87.45
(iii) Welded Steel Tubes	218,007 ⁽³⁾	838.34	27,086	57.47	18,431	40.86
	186,771	730.69	18,431	40.86	20,341	41.64
(iv) Carbon and Alloy Steel Bearing Rings	2,487	21.82	352	2.29	190	1.56
	2,442	23.85	190	1.56	346	2.04
(v) By-products, etc.		89.75		4.68		1.54
		89.67		1.54		1.59
(vi) Raw Materials :						
(a) Ferro Manganese	39,782	106.34	—	—	—	—
	28,107	135.08	—	—	—	—
(b) Charge Chrome/Ferro Chrome ⁽⁴⁾	144,717	511.30	—	—	—	—
	135,154	508.63	—	—	—	—
(c) Other Raw Materials	—	1,513.37	—	—	—	—
	—	1,662.24	—	—	—	—
(vii) Other Products ⁽⁵⁾	—	158.50		70.49		66.74
	—	142.22		66.74	—	49.54
(viii) Alloy Steel Ball Bearing Rings ⁽⁶⁾	12,137,966	94.56	2,446,088	12.76	2,413,180	15.68
	9,809,018	67.03	2,413,180	15.68	3,280,091	9.12
(ix) Bearings	27,379,136	154.19	2,988,022	13.50	2,504,458	12.92
	25,299,137	141.60	2,504,458	12.92	2,831,299	14.57
(x) Metallurgical Machinery	10,722	102.97	—	—	—	—
	19,546	151.40	—	—	—	—
(xi) Sale of Purchased Materials						
(a) Saleable Steel (finished/converted)	1,598	5.70	2,520	10.64	2,087	8.68
	360	1.63	2,087	8.68	1,468	4.50
(b) Scrap/Other Materials/Raw Materials	—	1.15	—	—	—	—
	—	—	—	—	—	—
		16,521.44		1,000.62		887.22
		15,250.69		887.22		620.81

Notes :

- (1) Turnover includes exchange gain (net) **Rs. 3.98** crores (2004-2005 : Rs. 5.79 crores).
- (2) Including steel material converted by re-rollers : **10,93,334** tonnes (2004-2005 : 11,03,318 tonnes).
- (3) Includes Welded Steel Tubes converted under conversion arrangement **34,397** tonnes (2004-2005 : 37,236 tonnes).
- (4) Turnover includes Ferro Chrome converted under conversion arrangement **96,228** tonnes (2004-2005 : 94,123 tonnes).
- (5) Includes tubular steel structures **Rs. 115.38** crores (2004-2005 : Rs. 99.12 crores).
- (6) Turnover includes sale proceeds of Salvaged Rings, Stock includes Semi-Finished Rings/Flanges.

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

	Tonnes	Rupees crores
26. Purchase of Finished, Semi-Finished Steel and Other Products : (1)		
A. For Resale :		
(i) Finished/Semi-Finished Steel Materials	1,868	8.49
	(472)	(1.80)
(ii) Others	75	0.51
	(—)	(—)
B. For Own Consumption :		
(i) Finished/Semi-Finished Steel Materials (2)	115,404	371.78
	(229,406)	(630.30)
(ii) Sponge/Pig Iron	307,711	231.71
	(630,546)	(666.25)
(iii) Others		43.59
		(6.93)
		656.08
		<u>(1,305.28)</u>
(1) including exchange loss (net) of Rs. 0.09 crore [(2004-2005 : exchange loss (net) Rs. 0.14 crore)]		
(2) includes components for manufacture of metallurgical machinery Rs. 29.40 crores (2004-2005 : Rs. 40.45 crores)		
27. Raw materials consumed : @	Tonnes	Rupees crores
(i) Iron ore	8,486,755	273.53
	(5,986,753)	(181.78)
(ii) Coal [excluding 3,645,201 tonnes (2004-2005 : 3,939,919 tonnes) valued at Rs. 1,099.83 crores (2004-2005 : Rs. 866.19 crores) used for manufacturing coke]	1,019,483	226.56
	(841,649)	(92.10)
(iii) Coke	2,773,807	1,093.71
	(2,422,875)	(834.65)
(iv) Limestone and Dolomite	1,863,757	300.48
	(1,464,970)	(217.87)
(v) Ferro Manganese	16,516	71.84
	(16,844)	(102.47)
(vi) Zinc and Zinc Alloys	20,692	159.26
	(21,327)	(134.63)
(vii) Spelter, sulphur and other materials [excluding 88,917 tonnes valued at Rs. 14.19 crores (2004-2005 : 97,563 tonnes valued at Rs. 15.65 crores) used in the manufacture of Ferro Manganese]	798,141	513.79
	(487,702)	(362.03)
		2,639.17
		<u>(1,925.53)</u>

Note : @ The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc. including exchange gain (net) **Rs. 5.07** crores [2004-2005 : exchange loss (net) Rs. 0.44 crore]

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

28. Value of direct imports (C.I.F. value) :

	Rupees crores
(i) Raw materials	1226.82 (878.12)
(ii) Semi-finished products	122.09 (117.74)
(iii) Components, stores and spare parts	216.96 (231.98)
(iv) Capital goods	181.43 (294.79)

29. The value of consumption of directly imported and indigenously obtained raw materials, stores and spare parts and the percentage of each to the total consumption :

	Raw materials		Components, stores and spare parts	
	Rupees crores	Percentage	Rupees crores	Percentage
(a) Directly imported	1066.92 (925.16)	40.43 (48.05)	220.20 (257.54)	13.87 (18.35)
(b) Indigenously obtained	1572.25 (1,000.37)	59.57 (51.95)	1367.22 (1,146.16)	86.13 (81.65)
	2639.17 (1,925.53)	100.00 (100.00)	1587.42 (1,403.70)	100.00 (100.00)
Less : Consumption charged to other revenue accounts .			720.23 (638.52)	
			867.19 (765.18)	

- Notes : (i) The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.
- (ii) In respect of items which are purchased both from indigenous and imported sources, the identity of individual items consumed cannot be established but segregation of consumption between imported and indigenous sources has been made on a reasonable approximation determined from the Company's records.
- (iii) Stores consumed includes exchange gain (net) of **Rs. 0.72 crore** [2004-2005 : exchange gain (net) Rs. 0.28 crore].

30. Expenditure in foreign currency :

	Rupees crores	Previous Year Rupees crores
(i) Technical Know-how and Technical Consultants' Fees (net of taxes) including Rs. 55.66 crores on capital account (2004-2005 : Rs. 80.42 crores)	94.95	81.53
(ii) Interest and Commitment charges payable in foreign currencies	26.21	27.21
(iii) Commission	6.89	8.91
(iv) Payable on other accounts	20.66	25.79

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

31. Remittance in foreign currencies for dividends :

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends for the year 2004-2005 payable to non-resident shareholders, which dividends were declared during the year, are as under :

	Current Year	<i>Previous Year</i>
(i) Number of non-resident shareholders	3,619	<i>2,579</i>
(ii) Number of Ordinary shares held by them	82,172,952	<i>34,661,603</i>
(iii) Gross amount of dividends	Rs. 106.82 crores	<i>Rs. 34.66 crores</i>

32. Earnings in foreign exchange :

- (i) Export of steel and other materials (at F.O.B. value) **Rs. 2,051.20** crores (2004-2005 : *Rs. 2,183.80 crores*) [including value of exports through export houses].
- (ii) Interest received **Rs. 16.08** crores (2004-2005 : *Rs. Nil*).
- (iii) Others **Rs. 42.91** crores (2004-2005 : *Rs. 6.10 crores*).

33. Derivative Instruments :

I) The Company has entered into the following derivative instruments :

- a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2006 :

No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (Crores)
9	51.78	231.08

(Contracts include Forward Sales of US Dollar against Indian Rupee for forecast exports and also Forward Purchases of Japanese Yen against US Dollar for repayment of Short Term Foreign Currency Loans in April and May 2006.)

- b) The Company also uses derivative contracts other than forward contracts to hedge the interest rate and currency risk on its capital account. Such transactions are governed by the strategy approved by the Board of Directors which provide principles on the use of these instruments, consistent with the Company's Risk Management Policy. The Company does not use these contracts for speculative purposes.

i) Interest Rate Swaps to hedge against fluctuations in interest rate changes

No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (Crores)
1	27.25	121.59

ii) Currency and Interest Rate Swap to hedge against fluctuations in changes in exchange rate and Interest Rate

No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (Crores)
5	117.60	524.81

iii) Currency options to hedge against fluctuations in changes in exchange rate

No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (Crores)
6	135.16	603.16

(These include options used to selectively hedge the Company's exports from April 2006 to May 2008 and also options used to hedge the repayment of short term loans in May 2006.)

II) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	US Dollar Equivalent (Million)	INR Equivalent (Crores)
A. Amounts receivable in foreign currency :	Nil	Nil
B. Amounts payable in foreign currency on account of the following :		
Import of goods and services	3.96	17.69
Capital Imports	7.18	32.06
Interest payable	0.439	1.96
Loans payable	47.09	210.13

The above disclosures have been made consequent to the announcement by the Institute of Chartered Accountants of India on 2nd December, 2005, which is applicable to the financial periods ending on or after 31st March, 2006.

34. Previous year's figures have been recast/restated wherever necessary.

35. Figures in italics are in respect of the previous year.