



TATA STEEL

A Century of Trust



100th Annual Report
2006-2007



"We think we started on sound and straightforward business principles, considering the interests of the shareholders our own and the health and welfare of the employees, the sure foundation of our success."

- Jamsetji N Tata, Founder

Tata Steel is Asia's first and India's largest integrated steel company in the private sector.



A Century of Trust

One Indian. One vision. One century.

Over a hundred years ago, Jamsetji Tata envisaged a self-reliant India. He aspired to improve the quality of life of Indians. He foresaw industrial progress and national prosperity. One century later, his timeless vision and futuristic foresight still drive Tata Steel.

Tata Steel has over the years, vindicated and lived up to the ideals of its founder by building schools, hospitals and playgrounds while expanding the horizons of operations, markets and organisational growth. Today, Jamsetji's vision has manifested into a global conglomerate that has aligned itself to the progress and prosperity of India.

Every stakeholder of Tata Steel has a bond of trust with the company. Trust that prevails over changing paradigms. Trust that helps navigate challenges. Trust that reinforces business. This trust, a true inheritance of Tata Steel, will pave the way for the future.

Milestones
in time



Creating an enthused
workforce



Enhancing
shareholder value



Table of Contents

Chairman's statement.....	4
Board of Directors.....	6
Senior Management.....	8
Performance highlights 2006-07	9
Financial highlights 2006-07	10
Milestones in time.....	12
Creating an enthused workforce	16
Redefining steel with world-class products	22
Enhancing shareholder value	28
Improving the quality of life	34
Growth and globalisation.....	44
Domestic Operations.....	50
International Operations.....	54
Corus	58
Management of Ethics.....	64
Corporate Sustainability Initiatives.....	65

Annual General Meeting on
Wednesday, 18th July, 2007 at Birla
Matushri Sabhagar at 3.30 p.m.
As a measure of economy, copies of the
Annual Report will not be distributed at
the Annual General Meeting.
Shareholders are requested to kindly
bring their copies to the meeting.

Visit us at : www.tatasteel.com
E-mail : cosectisco@tata.com
Tel.: +91 22 66658282

Disclaimer: Consolidated financial results
of Tata Steel for the year 2006-07 do not
include the financial performance of
Corus as the acquisition was completed
after 31st March, 2007.



Redefining steel with
world-class products



Improving the
quality of life



Growth and
globalisation

Directors' Report.....	68	Financial Statistics	163
Management Discussion and Analysis	89	Dividend Statistics	164
Highlights.....	113	Financial Ratios	165
Sources & Utilisation of Funds.....	114	Corporate Governance Report.....	166
Auditors' Report	115	Section 212 of the Companies Act, 1956, related to Subsidiary Companies	184
Annexure to the Auditors' Report	116		
Balance Sheet	120		
Profit & Loss Account	121		
Cash Flow Statement	122		
Schedules forming part of the Profit & Loss Account	124		
Notes to Schedule 4	126		
Schedules forming part of the Balance Sheet	127		
Notes on Balance Sheet & Profit and Loss Account	141		
Balance Sheet Abstract and Company's General Business Profile	161		
Production Statistics	162		
		Consolidated Financial Statements	
		Auditors' Report	186
		Consolidated Balance Sheet	188
		Consolidated Profit and Loss Account	189
		Consolidated Cash Flow Statement	190
		Schedules forming part of the Consolidated Profit and Loss Account	192
		Schedules forming part of the Consolidated Balance Sheet	194
		Notes to the Consolidated Financial Statements	200

Chairman's statement



Dear Shareholder,

The year has seen a continued strong demand for steel. The global consumption of steel crossed 1100 million tonnes, with China producing over 400 million tonnes (almost 34% of the world's production capacity). 2006 was also a year of consolidation. The world's largest steel conglomerate, Mittal Steel, acquired the global number two, Arcelor, to create by far, history's largest steel conglomerate named Arcelor Mittal with a total capacity of 118 million tonnes per annum. (The next largest global steel company has a production capacity of only 34 million tonnes per annum). Consolidation in this otherwise highly fragmented industry will provide a new dimension to global scale and new pressures on the availability of iron ore and related raw materials. The mineral-rich countries and independent iron ore, coal and other key mineral mine-owners will therefore have a significant bearing on steel prices going forward.

The year for Tata Steel

This has been a momentous year for Tata Steel. It has been a year of record performance and growth with

significant progress in the expansion programme to raise capacity from 5 to 6.8 million tonnes in Jamshedpur. But undoubtedly the most notable event during the year was the company's public offer to acquire 100% of the shares of Corus Group plc, a 21 million tonne capacity steel producer with plants in the United Kingdom and the Netherlands. Together, Tata Steel and Corus will be a 30 million tonne steel enterprise, (after completion of the expansion programme in Jamshedpur), and the sixth largest steel company in the world, with operations in four continents. The acquisition of Corus has transformed Tata Steel from a domestic steel producer to an international steel company with global scale. It is a fitting tribute to the vision of our Founder, Jamsetji N. Tata, that this very major transformation has taken place in the centenary year of the Company's operations.

The synergies that will be derived from Tata Steel and Corus coming together will be of tremendous strategic value to both organisations. The leveraging of low cost intermediate products from India with further processing at Corus to produce high-end finished products, along with several operation-related initiatives will improve the competitiveness of Corus in the European markets while India will benefit from high-value, sophisticated finished products developed in Corus' R&D facilities. Further, the combined entity will foster cross fertilisation of Research & Development personnel, and domain expertise in the automotive, packaging and construction sectors, in addition to the exchange of technology, best practices and expertise. An integration team is in place, which will drive the operations as one single virtual enterprise. The enthusiasm, support and acceptance of the acquisition by employees on both sides has been very heartening.

The financing of the Corus acquisition has been structured

in a manner that ring-fences the Company's balance sheet and protects our shareholders' interests. The Company has satisfied itself that the acquisition of Corus in no way jeopardises long-term shareholder value or the dividend paying capacity of the Company. Although there was a rise in market price of the Corus shares and while there was a competitive bid which further raised the acquisition price of Corus, I believe that when one looks back at this acquisition – even at this price, it will be seen as a bold visionary move.

As in the case of others, raw material security is a significant imperative for the long-term sustainability of the Company's success. Focused efforts are therefore being made by the Company to achieve higher levels of raw material security to meet its increased needs in line with its further growth aspirations. Tata Steel is actively exploring operations in resource-rich countries for iron ore and coal, as also seeking fresh leases for iron ore and coal at various locations in India.

Two years ago, Tata Steel had initiated steps to establish three green field steel plants with captive iron ore mines in Orissa, Chattisgarh and Jharkhand, which would add an additional capacity of 23 million tonnes. As and when these additional capacities come on-stream, hopefully by 2015, Tata Steel will have a total annual capacity of 56 million tonnes.

As we celebrate the hundredth year of existence of the Company in 2007, it is a matter of great pride to reflect on and recognise the enormous progress made by Tata Steel over the years. There have been good times and difficult times over its history, but the Company has managed to reduce its costs, improve its productivity and has now been recognised as one of the lowest cost and most cost-efficient steel companies in the world.

The modernisation programme that the Company completed seven years ago has converted Tata Steel into a highly competitive modern steel producer. This could never have happened without the total support and commitment of all employees in meeting the challenges of change.

As one looks into the future, one continues to see demand for steel as the principal base material for most industrial products. Within India itself the country's growing prosperity will inevitably result in a dramatic increase in the demand for steel to meet the needs of large infrastructure programmes which India will have to undertake in order to sustain the high level of economic growth which it enjoys today. Tata Steel and Corus will undoubtedly need to work together to build a highly successful and viable combined enterprise which will leave a worthy legacy for future generations of stakeholders. The embedded spirit and commonness of purpose of the employees in each company will overcome the challenges of the combining of two cultures, and the breaking down of territorial boundaries, to create a truly competitive international steel enterprise.

The years ahead will have great challenges. However the rewards will also be great. The new Tata Steel and Corus now takes its place in the global steel arena as an important player in the global steel industry, which can no longer be termed as a "sunset industry".



Chairman
Mumbai, 31st May, 2007

Board of Directors

as on 17th May, 2007

Mr. R. N. Tata (*Chairman*)

Mr. James Leng (*Deputy Chairman*)

Mr. Nusli N. Wadia

Mr. S. M. Palia

Mr. Suresh Krishna

Mr. Ishaat Hussain

Dr. Jamshed J. Irani

Mr. Subodh Bhargava

Mr. Jacobus Schraven

Dr. Anthony Hayward

Mr. Philippe Varin

Mr. B. Muthuraman (*Managing Director*)

Dr. T. Mukherjee (*Deputy Managing Director – Steel*)

Mr. A. N. Singh (*Deputy Managing Director – Corporate Services*)

Senior Management

Mr. B. Muthuraman *Managing Director*

Dr. T. Mukherjee *Deputy Managing Director (Steel)*

Mr. A. N. Singh *Deputy Managing Director (Corporate Services)*

Mr. H. M. Nerurkar *Vice President (KPO & Technology)*

Mr. A. D. Baijal *Vice President (Global Mineral Resources)*

Mr. U. K. Chaturvedi *Vice President (Long Products)*

Mr. R. P. Singh *Vice President (Engineering Services & Products)*

Mr. Koushik Chatterjee *Vice President (Finance)*

Mr. Anand Sen *Vice President (Flat Products)*

Mr. Varun Jha *Vice President (Chhattisgarh Project)*

Mr. Abanindra M. Misra *Vice President (Raw Materials)*

Mr. Avinash Prasad *Vice President (Industrial Relations)*

Mr. Om Narayan *Vice President (Safety & Services)*

Mr. H. C. Kharkar *Vice President (TQM & CSI)*

Mr. Radhakrishnan Nair *Chief Human Resource Officer*

COMPANY SECRETARY

Mr. J.C. Bham

REGISTERED OFFICE

Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001.
Tel : (022) 6665 8282 Fax : (022) 6665 7724 / 6665 7725
E-mail : cosectisco@tata.com Website : www.tatasteel.com

LEGAL ADVISORS

AZB & Partners
Amarchand & Mangaldas & Suresh. A. Shroff & Co.
Herbert Smith LLP
Mulla & Mulla and Craigie Blunt & Carve

AUDITORS

Messrs Deloitte Haskins & Sells

SHARE REGISTRARS

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.
Tel : (022) 6656 8484 Fax : (022) 6656 8494 / 6656 8496
E-mail : csg-unit@tsrdarashaw.com
Website : http://www.tsrdarashaw.com

Board of Directors



Mr. R. N. Tata
Chairman



Mr. James Leng
Deputy Chairman



Mr. Nusli N. Wadia



Mr. S. M. Palia



Mr. Suresh Krishna



Mr. Ishaat Hussain



Dr. Jamshed J. Irani



Mr. Subodh Bhargava



Mr. Jacobus Schraven



Dr. Anthony Hayward



Mr. Philippe Varin



Mr. B. Muthuraman
Managing Director



Dr. T. Mukherjee
Deputy Managing Director
(Steel)



Mr. A. N. Singh
Deputy Managing Director
(Corporate Services)

Senior Management



Mr. H. M. Nerurkar
Vice President
(KPO & Technology)



Mr. A. D. Bajjal
Vice President
(Global Mineral
Resources)



Mr. U. K. Chaturvedi
Vice President
(Long Products)



Mr. R. P. Singh
Vice President
(Engg. Services & Products)



Mr. Koushik Chatterjee
Vice President
(Finance)



Mr. Anand Sen
Vice President
(Flat Products)



Mr. Varun Jha
Vice President
(Chhattisgarh Project)



Mr. Abanindra M. Misra
Vice President
(Raw Materials)



Mr. Avinash Prasad
Vice President
(Industrial Relations)



Mr. Om Narayan
Vice President
(Safety & Services)



Mr. H. C. Kharkar
Vice President
(TQM & CSI)



Mr. Radhakrishnan Nair
Chief Human
Resource Officer



The state-of-the-art Hot Strip Mill control room at the Jamshedpur works.

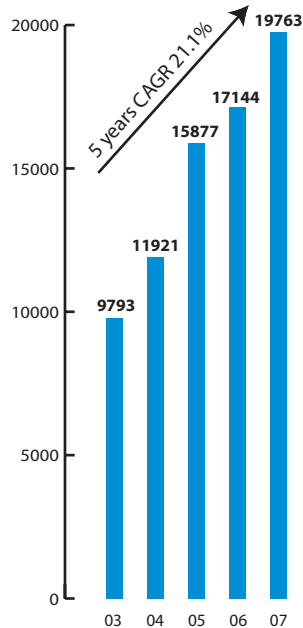
Performance highlights 2006-07

- Consolidated Turnover (excluding Corus) **up by 23% at Rs. 27,437 crores** (USD 6,311 million)
- Consolidated EBITDA (excluding Corus) **up by 20% at Rs. 7,888 crores** (USD 1,815 million)
- Consolidated Profit After Tax (excluding Corus) **up by 12% at Rs. 4,177 crores** (USD 961 million)
- **Highest ever Dividend** : 130% + 25% special dividend
- Saleable Steel Production up by 8% **at 4.93 million tonnes**
- G blast furnace crossed **2 million tonnes production**
- **Highest ever annual production** at HSM (3.24 million tonnes) and CRM (1.5 million tonnes)
- In-house **upgradation of E blast furnace** completed
- Commissioning of **4' Precision** and **3' Commercial Tube Mill** in Jamshedpur
- Gross Steel sales up by **8% at 4.79 million tonnes**
- Sales to Automotive sector up by **29% at 0.86 million tonnes**
- **Global Supplier Approval** received from Honda Engg. Services (Honda Car, Japan) for CRCA
- Sales of Branded Products up by **13% at 0.99 million tonnes**
- Turnover of Branded Products up by **20% at Rs. 4,604 crores** (USD 1,059 million) – crossed USD 1 billion for the first time
- **Consolidation of NatSteel Asia equity** holding in Xiamen, China and Vietnam
- Tata Steel (Thailand) **integration process completes one year**

Financial highlights 2006-07

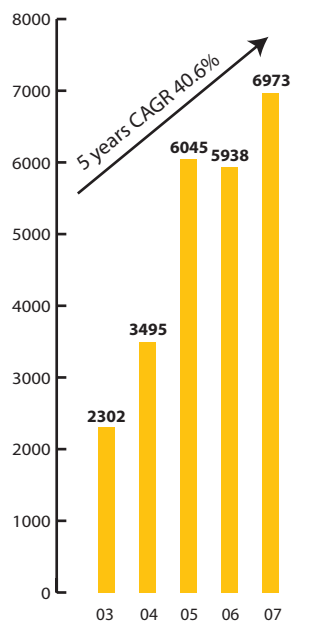
Gross Sales

(Rs. in crores)



Operating Profit

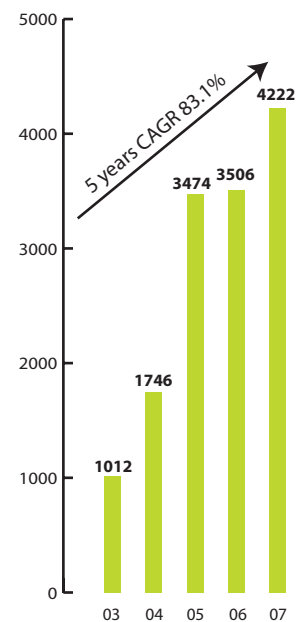
(Rs. in crores)



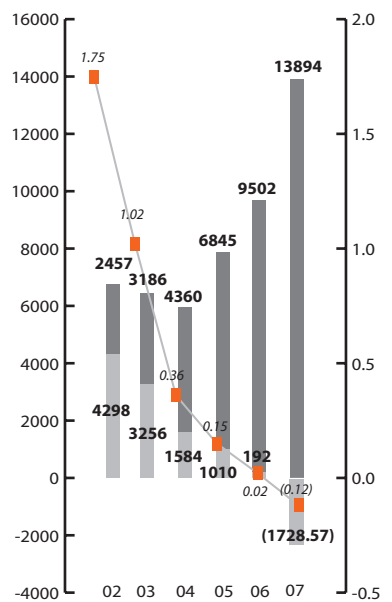
Operating Profit = Sales of Products & Services - Excise Duty - (Mfg. & Other Expenses - Expenditure transferred to Capital & Other Accounts)

Profit after Tax

(Rs. in crores)



Net Debts / Equity



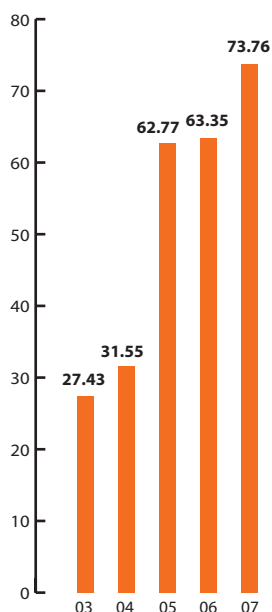
Net Debts = Secured Loans + Unsecured Loans - Current Investments - Cash & Bank Balances

Equity = Share Capital + Reserves & Surplus - Miscellaneous Expenditure (to the extent not w/o or adjusted)

Net Debts = Secured Loans + Unsecured Loans - Current Investments - Cash & Bank Balances
Equity = Share Capital + Reserves & Surplus - Miscellaneous Expenditure (to the extent not w/o or adjusted)

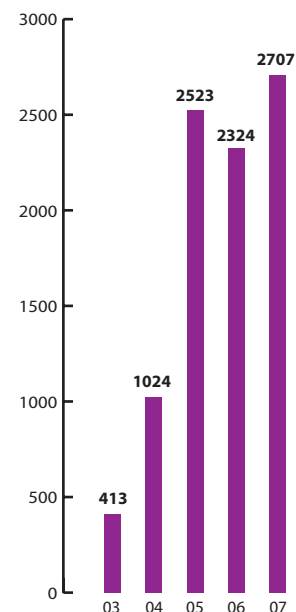
Earnings per share

(Rs. per share)



EVA

(Rs. in crores)

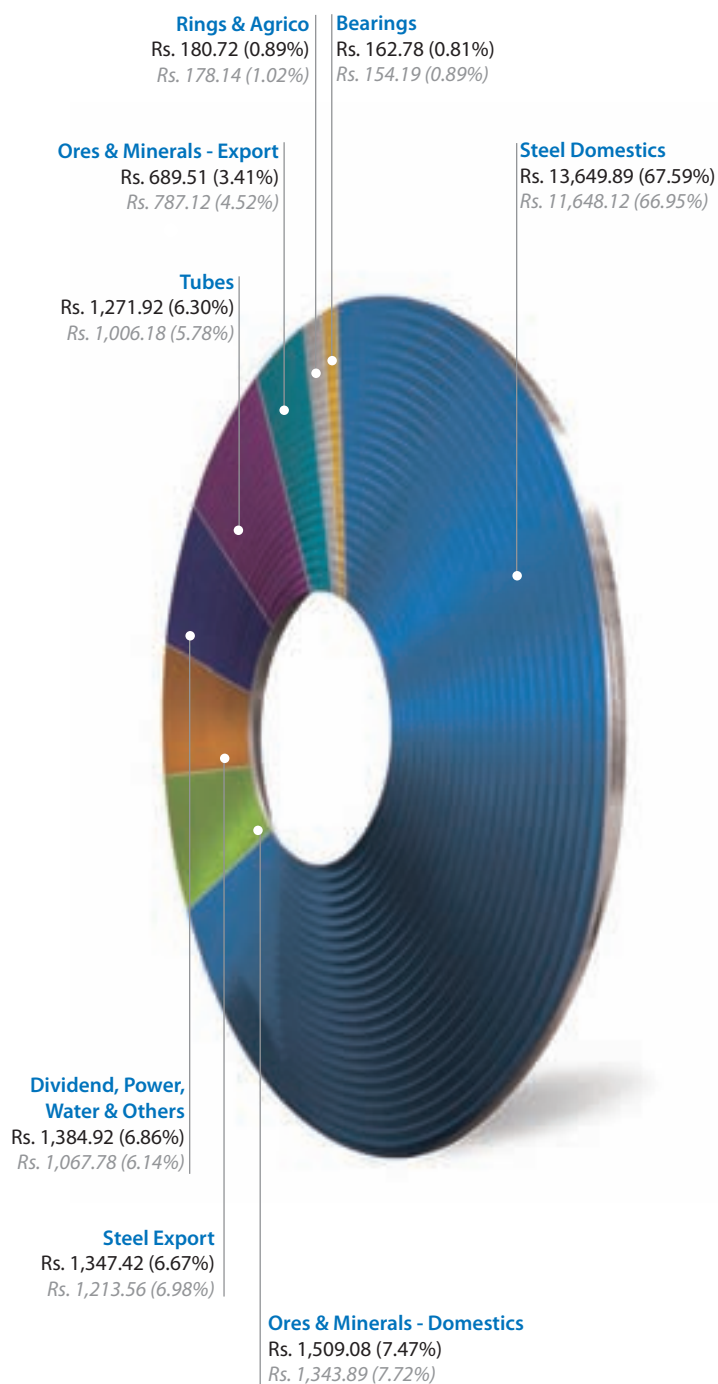
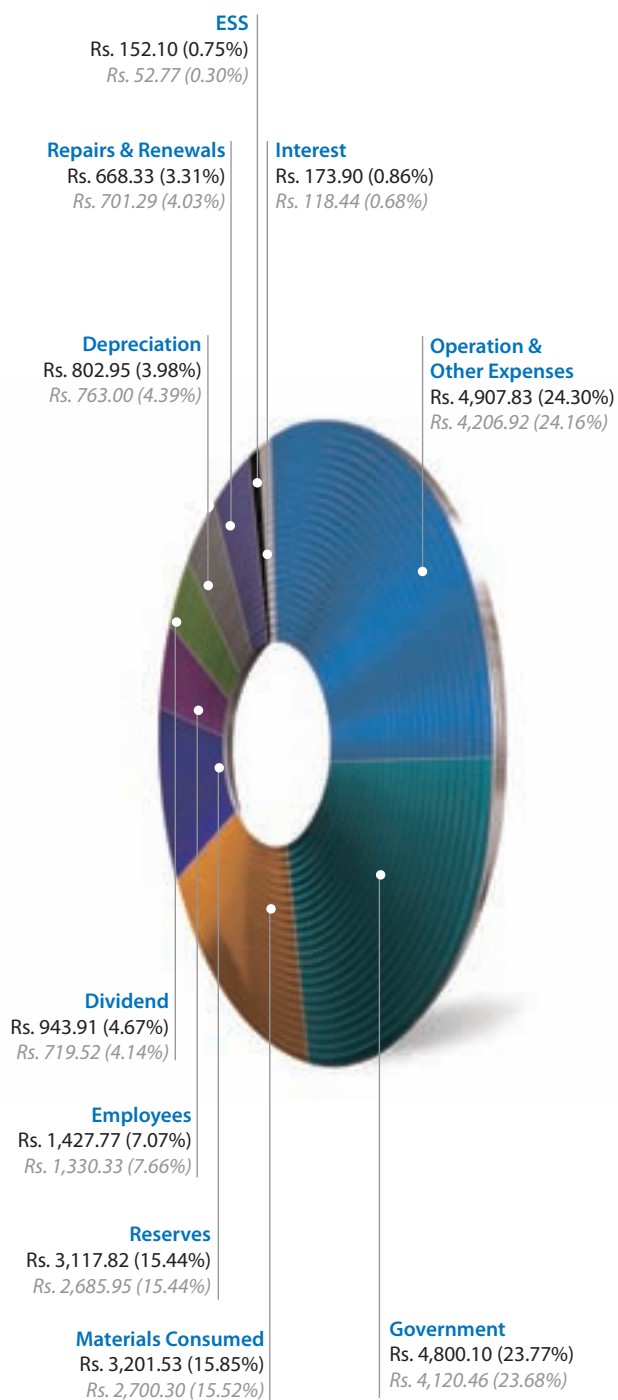


Distribution of Revenue 2006 - 2007

(Rs. in crores)

Rupee Earned 2006 - 2007

(Rs. in crores)



Note: Figures in italics are in respect of the previous year

THE TATA IRON & STEEL COMPANY LIMITED.

The Tata Iron & Steel Company was floated in 1907



The first stake was driven in 1908 when construction of the works began at Sakchi (later renamed Jamshedpur).

The company obtained its first colliery in 1910.

In 1867, Jamsetji Tata heard Thomas Carlyle observe that "The nation which gains control of iron soon acquires control of gold". Thus the dream was born: to set up an iron and steel works which would revolutionise the industrial scenario in India.



The first blast furnace was blown in 1911.

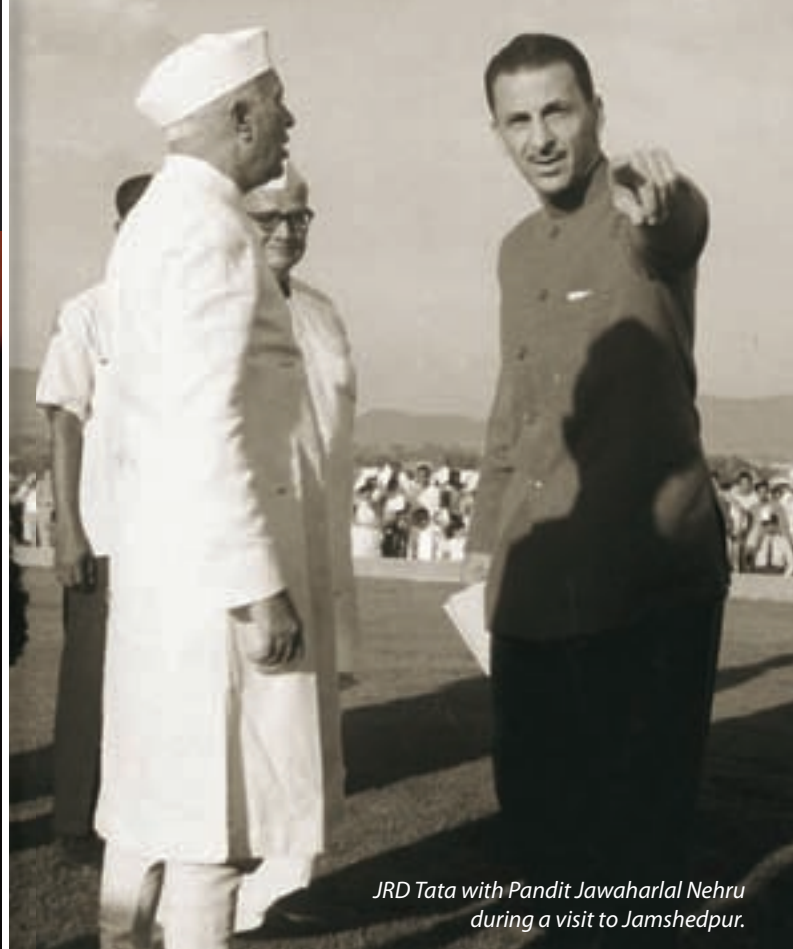
Milestones in time



The first ingot was rolled out on 16th February, 1912 and the Bar Mills commenced rolling.



1907-2007



JRD Tata with Pandit Jawaharlal Nehru during a visit to Jamshedpur.

Jehangir Ratanji Dadabhoi Tata, known as JRD to the world, was Chairman of Tata Steel for almost half a century. He pioneered civil aviation in the subcontinent in 1932.

JRD was conferred with the Bharat Ratna - India's highest civilian award for national service in 1992 and the Padma Vibhushan - India's second highest civilian honour in 1955.

The Tatas were one of the first to own a fully mechanised iron ore mine in India at Noamundi.

The principle of Joint Consultation - that addresses various aspects of employee-management relationship - was introduced for the first time in India as early as 1920.

The Electric process of steel-making was used for producing high grade iron and steel castings in 1938.



Tata Steel carried out a 2 million tonne expansion programme (1955-1958) under a contract with Kaiser Engineers, USA.

1983 saw the beginning of the Modernisation of the steel works that was implemented in four phases.





The G blast furnace produced 14 million tonnes of hot metal in 12 years - the highest ever achieved by any blast furnace in India in its first campaign.

Milestones in time



It was December 2001 when a group of senior executives spent time discussing a new vision for Tata Steel. Rough cut ideas were then posted on the intranet. More than 7000 inputs from employees helped co-create the architecture for Vision 2007.



Tata Steel has twice won the *Asia's Most Admired Knowledge Enterprise* award.



Tata Steel is one of the few select steel companies in the world that is EVA+.



The *Prime Minister's Trophy for the Best-Integrated Steel Plant* in India has been conferred on Tata Steel five times.

Tata Steel is among the lowest cost producers of steel in the world.

World Steel Dynamics has twice ranked the company as the *World's Best Steel Maker (2005 & 2006)* and once as *India's only World-class Steel Maker (2001)*.

1907-2007



Tata Steel's state-of-the-art Cold Rolling Mill complex was inaugurated in 2000.



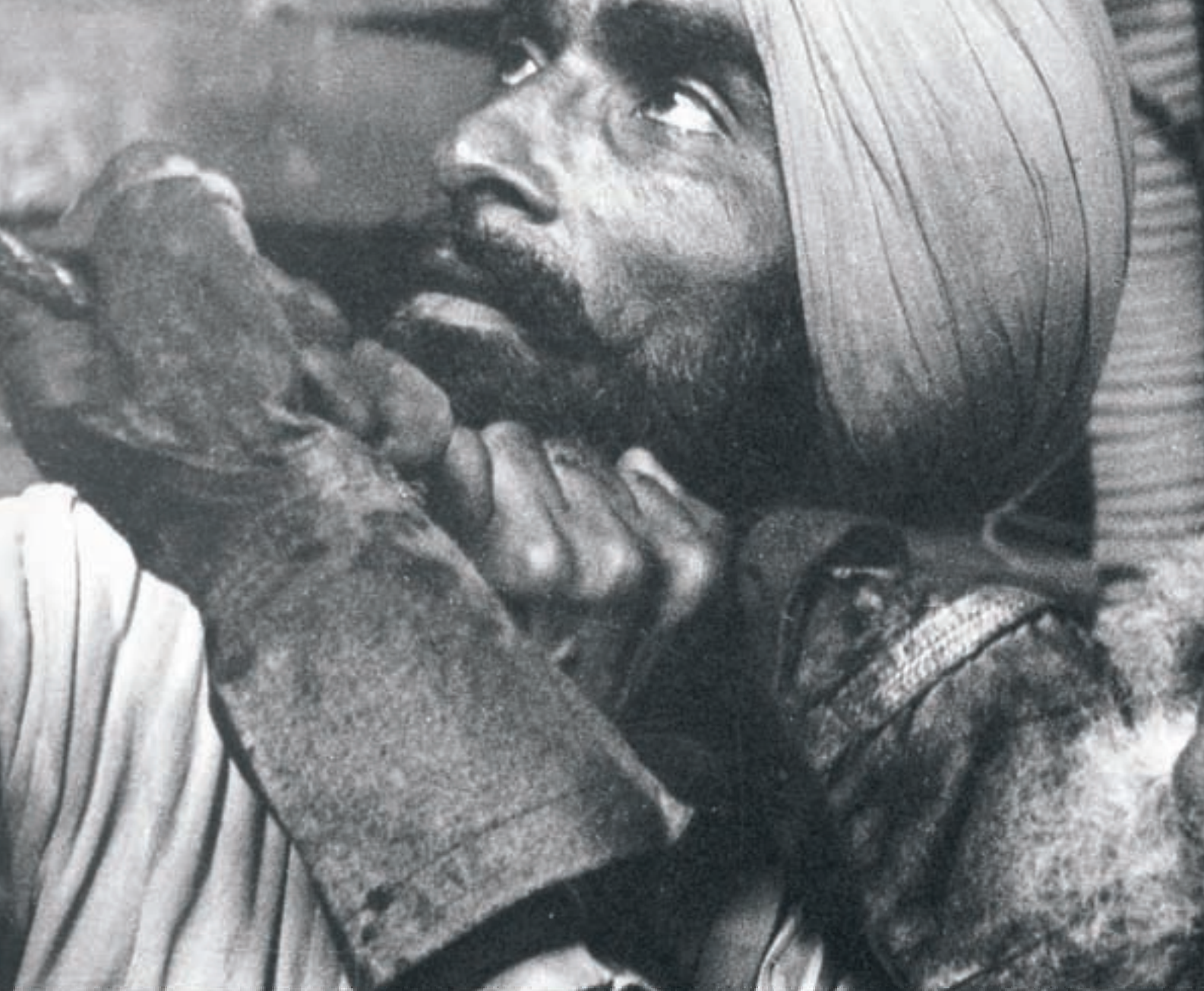
In 2005, Tata Steel made its first major overseas investment in NatSteel Asia for a stronger manufacturing and marketing footprint in South East Asia.



ASPIRE – a programme incorporating best practices of different improvement initiatives was launched in 2003.



Tata Steel's investment in the Corus Group is the biggest investment by an Indian company in an overseas venture. Tata Steel is currently the sixth largest steel company in the world.



Over the years, Tata Steel has remained focussed on the welfare of its employees. Generation after generation of employees have lived the Tata Steel dream – identifying themselves with the cause of the company.

This loyalty has without doubt been due to the trust that the Tata Steel employees have placed in the company. It is also reciprocal to the initiatives Tata Steel has taken towards bettering the professional as well as personal lives of all employees. Tata Steel fosters a culture of Knowledge Management, provides equal opportunities for women and encourages innovation. Today, our strong workforce pools in talent and trust to empower the company to seize the opportunities of tomorrow.



This photograph taken by a Tata Steel employee was one of the early Indian pictures to win an international award.

Tata Steel employees :
Creating an
enthused
workforce

"The welfare of the labouring class must be one of the first cares of the employer."

– Sir Dorab Tata

Tata Steel has not lost focus of this philosophy and has adapted it in a broader and modern context in its Vision 2007: A lot is dependent on the individual spirit and enthusiasm of the employees to realise our vision. We will accelerate our efforts to provide a work environment that will ensure a sense of purpose and personal growth for each individual. We wish to see the smile on every face every day.

A pioneer in employee welfare, Tata Steel has invested in the power of its people and enriched, empowered and enhanced their lives. Even in its nascent years, social scientists Sidney and Beatrice Webb were brought in to work on welfare schemes. In fact, some of the initiatives introduced by Tata Steel were the first of their kind in India and some even in the western countries at that time!

Tata Steel's Human Resource policy recognises its people as the primary source of its competitiveness. It focuses on constantly updating and challenging intellectual capabilities to enable them to excel in performance. Special efforts are made for enhancing strategic thinking skills and analytical abilities of its managers and workers.

As a true 'Learning Organisation', Tata Steel has tapped the knowledge available with its people through Knowledge Management and sharing of best practices.

In the year 2003, Tata Steel celebrated 75 years of industrial harmony and mutual co-operation, coordination and understanding between the Management and the Union. It has twice emerged as "Asia's Most Admired Knowledge Enterprise" among many other prestigious awards and recognition.

Tata Steel aims at ensuring transparency, fairness and equity in all its interactions with its employees to create an enthused and happy workforce.

1920 : Tata Steel introduced initiatives like leave with pay (enforced by law in 1948), Workers' Provident Fund Scheme (enforced by law in 1952) and Workmens' Accident Compensation Scheme (enforced by law in 1924).



Maternity benefits were introduced by Tata Steel in 1928 (implemented by law in 1946).

Tata Steel introduced eight-hour working days in 1912, much before such a system was implemented by law even in most western countries.

Free medical aid was introduced in 1915 (enforced by law in 1948).



Profit Sharing Bonus was granted for the first time in India by Tata Steel as early as in 1934 (enforced by law in 1965).

Tata Steel built housing blocks for employees and offered civic amenities and planned infrastructure.



A scheme of retiring gratuity was introduced by Tata Steel in 1937 (enforced by law in 1972).

The Jamshedpur Technical Institute of Tata Steel opened in 1921.

Appraisal of the staff of Tata Steel used to be hand-written in the early years!



Tejaswini, launched in 2003, is a women empowerment programme – the first of its kind - that trains women to take up unconventional jobs in the steel works.



Shabash – a weekly scheme launched in 2002 – offers instant rewards and recognition to employees for exemplary behaviour.



Safety has always been a prime focus at Tata Steel. A Safety Committee, a Safety Department and a Safety Trophy helped spread the message all across the company.

The R.D. Tata Educational Centre was established in 2003 to improve the quality of technical education in India and to fulfill the industry need for trained professionals.





A modern swimming pool at the G Town Club in Jamshedpur was inaugurated in 2007 for the benefit of Tata Steel employees.



DuPont was enlisted among other agencies to achieve international standards in Safety and Occupational Health. The year 2004 was observed as the *Year of Safety* at Tata Steel.

Tata Steel celebrated 75 years of industrial harmony in the year 2003.



From rails and barges to utensils and white goods to precision aeronautic equipment... steel touches billions of lives the world over. Millions among them are impacted by Tata Steel.

Manufacturing and delivering high-quality, world-class products is a mission that Tata Steel takes in earnest. For the past one hundred years, the company has remained true to this mission and ushered in a new-age 'Steel' era. The company has enriched its product-mix and undertaken path breaking initiatives like branding, retailing and on-line trading that have placed Tata Steel on the global steel map.



steeljunction in Kolkata - India's first organised retail store for steel - was launched by Tata Steel in 2005.

Tata Steel customers :

Redefining steel with
world-class
products

“A steel works, where men battle with fiery metals by day and by night signifies a world of incessant toil and giant forces to compel nature to release her treasures for the benefit of mankind”.

- Text from a panel illustrating Tata Steel's activities at an exhibition in 1935.

The thought was simple. The message, powerful. It encompassed the whole of mankind as the customer base. Steel was yet a commodity then. Times have changed, customer mindsets have evolved and the metal itself has been redefined. The focus however, remains – to recognise the value of customer relationships.

If pioneering steel making in India was a path-breaking step by Tata Steel then de-commoditising steel is a quantum leap. The company has introduced brands like Tata Steellium (the world's first branded Cold Rolled Steel), Tata Shaktee, Tata Tison, and many others.

Branding is only one of the many initiatives taken by Tata Steel towards unlocking customer value and product optimisation. In the late 1990s, the company undertook internal campaigns to focus the attention of its workforce on customer orientation and service. Tata Steel also made changes in its distribution system and introduced the hub and spoke model to reduce expenditure on logistics.

With an aim to create new paradigms in steel retailing, Tata Steel launched 'steeljunction' - India's first organised steel retail store. The company has also derived significant value from initiatives like Retail Value Management and Customer Value Management.

Tata Steel has successfully created high brand recall. It is continuously working towards building new business models by forging alliances with customers and suppliers to strengthen the value chain that in turn will help the company to reduce operating costs, improve service levels and offer new products and services.



Tata Steel adopted direct and simple messages that effectively advertised iron and steel goods in India in the late 1930s.

The R & D laboratory was set up in 1937. Today, Tata Steel is the first in India to develop galvanized skin panels. It is the only Indian supplier of bake hardening steel for body panels.

In 1952, Tata Steel applied Statistical Quality Control to improve its products to suit customers' requirements more effectively.

Tata Steel has introduced high-end products like galvanized steel to cater to the needs of international customers.



Tata Steel matches the most stringent requirements of the automobile industry with world-class flat products.



During World War II, armoured cars fitted with bullet-proof armour plates and rivets manufactured by Tata Steel were popular and purposeful. They were called Tatanagars.

The Wires division of Tata Steel across geographies is one of the top ten largest wire manufacturers in the world.



Tata Steel Tubes division is one of the largest manufacturers of tubes in its category in India.



Steel products on display at steeljunction.



Tata Shaktee is the flagship brand of Tata Steel in the category of galvanised corrugated sheets.



Tata Steel was the first to introduce Thermo Mechanically Treated (TMT) rebar called Tata Tiscon in India.



Tata Structura is a new-age construction material from Tata Steel that was used in the construction of the Mumbai airport.



Tata Steel's high tensile alloy steel – Tiscrom – was used in the construction of the Howrah Bridge in Kolkata.



The Bearings division offers a wide range of ball bearings.



Tata Agrico is the first organised manufacturer of hand tools and implements for agriculture in India.

The Customer Value Management initiative was launched with the objective of creating complete understanding of customer problems and finding solutions jointly.

Retail Value Management reaches out to end consumers and has redefined the selling of steel by streamlining the channel structure, introducing product improvements and changing the look and feel of steel shops.



Mr. JRD Tata - Chairman, Mr. Sumant Moolgaokar - Vice Chairman, other Directors and Senior Executives at the 1969 Annual General Meeting.

Legend has it that one Tata Steel share was known as 'ordinary' in the share market. It used to be a standard in itself. It still is.

Tata Steel evokes a deep sense of security and pride in its shareholders. Through the years, their loyalty, trust and support have inspired the company to venture towards globalisation. Tata Steel has been delivering profitable performance and enhancing shareholder value for all who have invested their trust in the company.



Shareholder interaction at an Annual General Meeting.

Tata Steel shareholders :

Enhancing
shareholder value

“As for the first time in India’s financial history I had succeeded in raising for industrial purposes such a vast sum from the hidden wealth of India for the development of our mineral resources. It was the first time that the raw materials of India did not go out and return as finished articles to be sold in the country. Above all, it was purely Swadeshi enterprise financed by Swadeshi money and managed by Swadeshi brains.”

- Sir Dorab Tata describing the first share issue in 1907

8000 people helped raise a capital of nearly Rs. 232 lakhs within three weeks. History was made then with rich and poor Indians investing in the dream of a visionary. The Tata Iron and Steel Company took root in the trust and confidence invested in it. Today, a hundred years later, this investment and the shareholder universe have increased manifold.

Today, over five lakh shareholders all over the world have reposed their faith in the company and benefit from sustained and fair returns on their investments. The company has recorded consistent dividend payouts since 1935-36 while its performance in the share markets has been stable and profitable throughout its existence. Tata Steel has channelised all resources and efforts through value based management towards earning better returns on its cost of capital.

Tata Steel, in its ongoing commitment to increase shareholder value, has taken several measures to address the information and interactive needs of its shareholders and the financial community. In its quest for enhancing transparency and opening new channels of communication, the company has launched an investor relations sub-site at www.tatasteel.com/investorrelations.

Tata Steel has enriched the progress and prosperity of the community and has built wealth for the nation over the century of its existence.



A formal prospectus was issued on 26th August, 1907 offering Rs. 150 lakhs in ordinary, Rs. 7 lakhs in deferred and Rs. 75 lakhs in 6% cumulative preference shares, a total of nearly Rs. 232 lakhs or £1,545,000.

THE TATA IRON & STEEL
COMPANY, LIMITED.

THE TATA IRON & STEEL Co., Ltd.

DIRECTORS' REPORT.

Directors have the pleasure of submitting to you their First Report for the Statutory Company was registered on the 26th day of August 1907, with a nominal Capital of 100 divided as follows :—

STATUTORY

10,000 Ordinary Shares of Rs. 75 each	...	...	...	Rs. 1,50,00,000
10,000 Cumulative 6% Preference Shares of Rs. 150 each	...	..	75,00,000	
22,500 Deferred Shares of Rs. 30 each	...	...	...	6,75,000

The whole of the Ordinary Capital except 205 Shares (the applications for which were withdrawn before allotment) has been taken up. 23,947 Preference Shares and 20,865 Deferred Shares have also been taken up making a total subscription of Rs. 1,92,02,625. The Company has on its Register over 7,000 Shareholders.

The Board has been very active during the period under review and has made some progress in the work of construction.

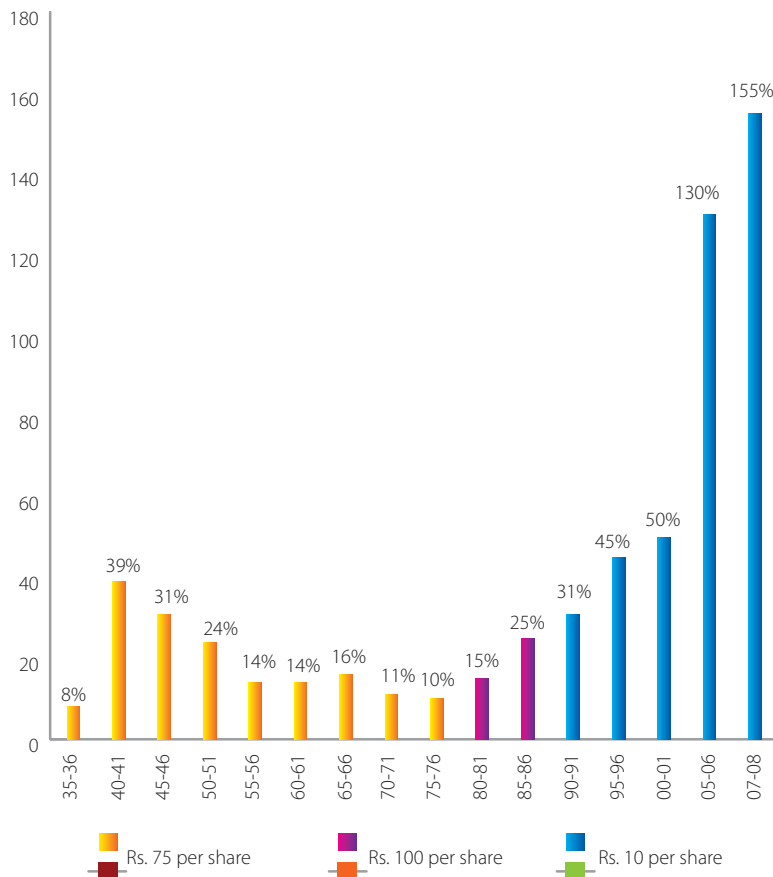
Machinery and plant could not indeed be ordered till the Engineers had drawn up plans and specifications to suit the site of works. General plans and specifications are now ready after three months of arduous work done at Pittsburgh and Brussels by Messrs. Julian Kennedy, Sahlin and Co., the Construction Engineers of the Company, in conference with Mr. Charles Page Perin, our Consulting Engineer. They have also prepared general estimates revised up to date, but these will have to be carefully gone over and checked on the ground. Mr. Sahlin accompanied by his Resident Engineer, Mr. Renkin arrived in India on the 31st ultimo, and they together with some members of the Agents' firm will be on the site of the Works, and intend to spend several weeks there to study foundations, to adapt the design of plan to the special conditions of the site, to study soon the important question of Condensation, Coke making, Proofing, Boiler feed-water and Railway construction. Mr. Renkin will remain at the site to represent the Construction Engineers.

Meanwhile the Board had addressed themselves to preparing the ground here against the arrival of the Engineers; and they desire to acknowledge the assistance they have received and are continuing to receive from the Government of India, who have allowed its officers, in particular the Director of the Geological Survey, to freely advise the Company. Mr. Weld, the Engineer who was associated with Mr. Perin in the early stages of the scheme, has also been hard at work since November last. He has selected and nearly acquired a new site and thus solved the difficulties of water-supply. He has also organised a camp on the new site and has nearly completed arrangements for acquiring coal and limestone fields.

The cover and a page from the Directors' Report of the first Tata Steel Annual Report.

It was 1956. The company was faced with the task of raising the largest amount of money in its fifty years of existence - Rs. 120 crores or \$250 million over a period of five years. Only a third of this amount could be met from retained earnings and other internal resources. A new issue of equity shares brought in a little over Rs. 13 crores, local borrowings another Rs. 15 crores; for the balance including the bulk of its foreign exchange requirements, the company obtained \$107.5 million or about Rs. 52 crores from the International Bank for Reconstruction and Development, inclusive of a participation of \$17 million by a group of Commercial Banks in the US and Canada. The fact that this was the largest industrial loan (as of then) granted by the World Bank and the largest loan ever granted for any purpose in Asia, bears testimony to the financial strength and stability of the steel company and the soundness of its expansion plans.

Tata Steel has paid uninterrupted dividend since 1935-36.



Note : Rs. 75 upto 1975-76, Rs. 100 from 1976-77 and Rs. 10 from 1989-90



Tata Steel's relationship with its shareholders is based on transparency, governance and trust. The company's shareholder communication has evolved over the century from the simple printed form to the latest interactive, online annual report.



Income generation through an integrated watershed approach has been initiated by the Tata Steel Rural Development Society.

“A diamond in a bank vault is just a diamond. Sold, and its proceeds harnessed, it can bring wealth to an army of people”. These words by Jamsetji Tata express Tata Steel’s ongoing commitment to the upliftment of society. The company has contributed not just money, but also time, manpower, research and energy for the benefit of the society.

Corporate sustainability is as important to Tata Steel as is the business of making steel. Be it empowering rural and tribal communities, ensuring clean and green environment, planning a model industrial city or encouraging sports and adventure... Tata Steel works diligently towards improving the quality of life.



Community and environment :
Improving the
quality of life

"The wealth gathered by Jamsetji and his sons in half a century of industrial pioneering formed but a minute fraction of the amount by which they enriched the nation. The whole of that wealth is held in trust for the people and used exclusively for their benefit. The cycle is thus completed; what came from the people has gone back to the people many times over."

– JRD Tata

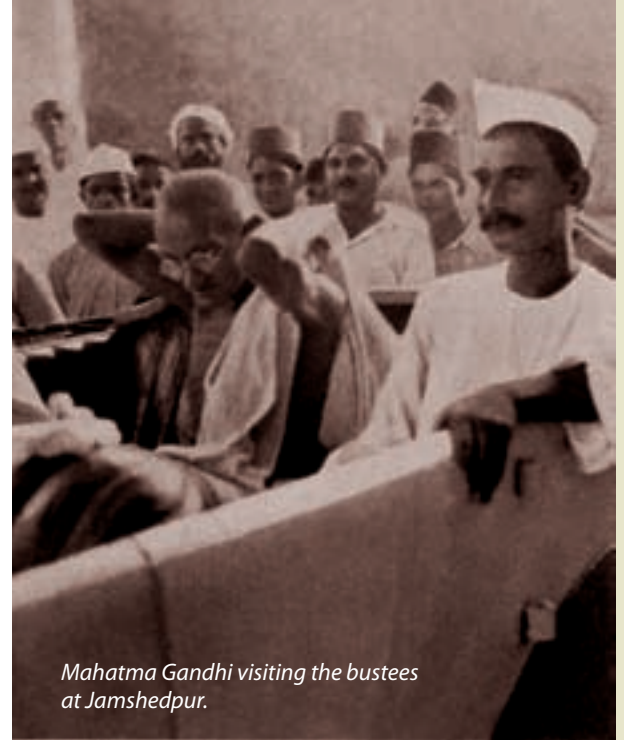
The leadership at Tata Steel believes that is not just about the creation of wealth, it is about the creation of a better world for tomorrow.

In 1970, Tata Steel formally incorporated its commitment to stakeholder concerns, including those of the nation and environment in its Articles of Association. In 1980, much before the emergence of any global framework for reporting or voluntary disclosures on its operations to address stakeholder concerns, Tata Steel invited an independent panel to undertake a social audit. The first Social Audit was conducted in 1981 – a first in India.

Regarded globally as a benchmark in Corporate Social Responsibility, Tata Steel's commitment to its employees and the community remains the bedrock of continued sustainability. Its mammoth social outreach programme covers the city of Jamshedpur and over 600 villages in and around its manufacturing and raw materials operations through initiatives in the areas of income generation, health and medical care, education, sports, etc.

Tata Steel is a founder member of the United Nations' Global Compact and Jamshedpur has been chosen to participate in the UN Global Compact Cities Pilot Programme.

Jamsetji Tata's vision lives on. Its impact can be felt even beyond the tree-lined streets of Jamshedpur, the hi-tech plants of the 'green' steel works, the happy and prosperous community and work force... each a living testimony to Tata Steel's corporate sustainability initiatives.



Mahatma Gandhi visiting the bustees at Jamshedpur.



The Tata Steel Rural Development Society was set up in 1979 with the objective of taking affirmative action in areas surrounding the works, mines and collieries.



Mrs. Perin, the wife of the Consulting Engineer in the very early days, was the first to start a primary school in 1915. Today, there are nine schools and one college run by JUSCO in Jamshedpur.



A Critical Care Unit, in the 850-bed Tata Main Hospital, was inaugurated in 2002.



Tata Steel was conferred the prestigious *Global Business Coalition Award for Business Excellence in the Community* in recognition of its pioneering work in the field of HIV/ AIDS awareness in 2003.



The Tribal Culture Society endeavours to find sustainable solutions to the concerns of the indigenous people and preserve as well as promote tribal art and culture.



The first batch of 30 professionals completed their training in welding technology in 2006. This initiative is part of the Tata Steel Parivar programme for the displaced families in greenfield steel plant site.

In 1916, Social Welfare Scheme was formed by Tata Steel to provide assistance in the fields of education, vocational training, self-employment and family welfare.

A night school was started at Golmuri in 1936 with the objective of imparting literacy.






The 86-year old Shavak Nanavati Technical Institute was initially set up to meet the requirements of Tata Steel. It caters to professionals from other industries as well.

Tata Steel has hosted the Lifeline Express, the world's first hospital on a train, 12 times. This facility provides on-the-spot diagnostic, medical and advanced surgical treatment for preventive and curative interventions to people in inaccessible rural areas.




 Sir Dorab Tata personally financed four athletes and two wrestlers from India for the 1920 Antwerp Olympics!



The JRD Sports Complex, an international stadium with an 8-lane polyurethane track, was inaugurated in 1991. The complex also houses facilities for handball, tennis, volleyball, hockey, basketball, boxing, table tennis and a modern gymnasium.

The Keenan Stadium (now host to international cricket fixtures) was inaugurated in 1939.

In 1958, the Mohan Ahuja Indoor Stadium for badminton was opened for Jamshedpur citizens.

The Jamshedpur Sporting Association (established in 1959) is one of the oldest in the country and conducts football and hockey leagues.



The Tata Steel Family Initiatives Foundation is engaged in offering health services for the betterment of the people in and around Jamshedpur.



At times of natural calamities, the company has rushed immediate relief and offered long-term assistance to tsunami-hit Tamil Nadu, earthquake-torn Gujarat, flood ravaged Orissa and other such affected areas.

The Tata Archery Academy provides a platform for young archers to excel at the international level.



India's first football academy, the Tata Football Academy (established in 1987) has an ultra-modern gymnasium and imparts world-class training to budding footballers.



The Tata Athletic Academy was inaugurated with an aim to train athletes for international events.



The Tata Steel Adventure Foundation engages employees, their families and residents of Jamshedpur in adventure sports.



TSRDS has been instrumental in the protection of over 2000 hectares of regenerated forests.

Sir Dorabji Tata Botanical Park used to be a 45-acre mining area in Noamundi. Now it is a huge garden with an amazing collection of plants and trees.

Environment Management at Tata Steel :

- Low specific energy consumption
- Reduced carbon dioxide emission rate
- Use of alternative energy sources
- Decreased use of refrigerants
- Handling hazardous wastes as per Hazardous Waste Management and Handling Rules 1989/2000 requirements
- Stack emissions well below the Indian and international standards
- Solid waste recycled or reused
- Waste water from the steel making process treated with best available physio-chemical methods

A huge man-made lake that holds treated waste water from the Tata Steel plant has special visitors each year - migratory birds! Such is the company's control on effluent levels and waste water management.

The steel works is the first in the world to be conferred the SA 8000 certification for work conditions and improvements in the work place. The Ferro Alloys and Minerals Division is also SA 8000 certified.

The Corporate Sustainability Report filed by Tata Steel as per the Triple Bottom Line Reporting initiative is the strongest by any corporate in the emerging economies.
– UNEP and Standard & Poor's survey



The Tata Steel works, mines, collieries and civic services in Jamshedpur are all ISO 14001 certified for Environment Management.



Environment Management	Unit	2006-07	Previous Best	Year
Specific Water Consumption	m3/tss	6.62	6.65	04-05
Stack Emission (PM)	Kg/tcs	0.96	1.18	05-06
Carbon Dioxide Emission	t/tcs	2.13	2.28	05-06
Total Water Pollutant Discharge	Kg/tcs	0.154	0.181	05-06
Solid Waste Utilisation	%	84.77	83.16	04-05
Environmental Monitoring	Productivity/employee/year	689	680	05-06

* Number of member companies who reported

Over 1.5 million healthy trees were planted and nurtured across the states of Jharkhand, Orissa, Madhya Pradesh and West Bengal to mark the Green Millennium countdown (launched in 1997 to usher in the new millennium).



*The idea of Jamsetji Tata's dream town was laid in 1902 :
"Be sure to lay wide streets planted with shady trees... Be sure that there is plenty of space for lawns and gardens. Reserve large areas for football, hockey and parks..."*

The Centre for Excellence is an architectural masterpiece that houses that country's first business archives.



Jamshedpur offers a plethora of recreational options with its two golf courses, riding and flying club, a zoological park, etc.

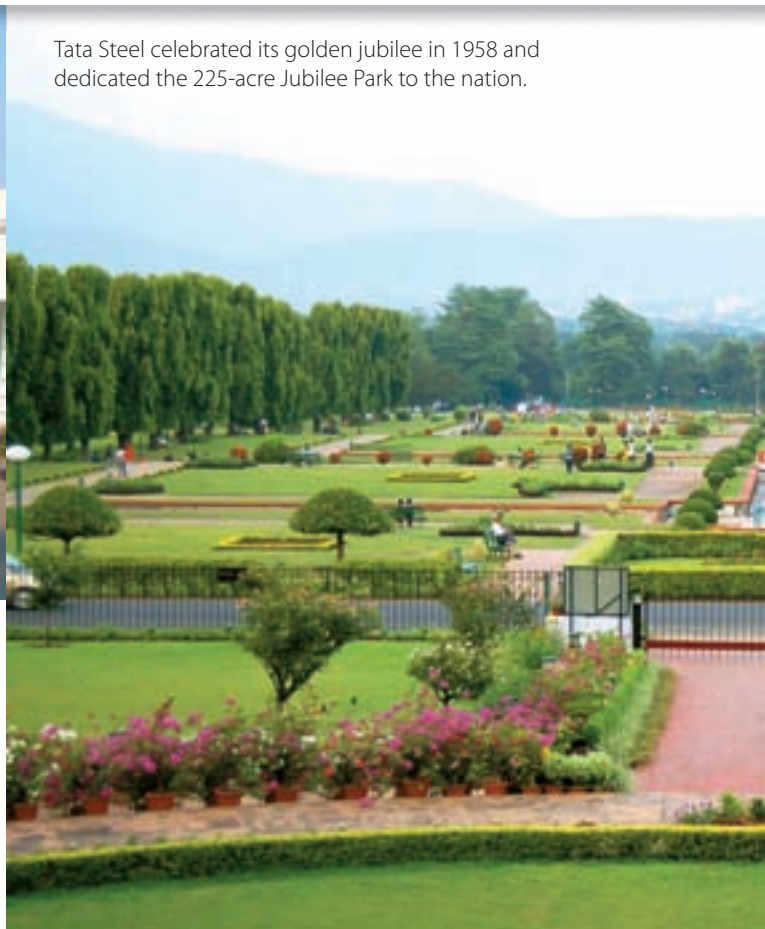


On 2nd January, 1919, the city of Sakchi was renamed as Jamshedpur and the Kalimati Railway Station as Tatanagar by Lord Chelmsford.



The Jamshedpur Utilities and Services Company Limited (JUSCO) – formerly Tata Steel's Town Division – was formed in 2004 to further enhance the quality of civic amenities and facilities in the city. Its services are ISO 14001 certified for Environment Management System – the first in the country.

Tata Steel celebrated its golden jubilee in 1958 and dedicated the 225-acre Jubilee Park to the nation.



An aerial view of the planned industrial township of Jamshedpur.



Horse-riding lessons, the Jubilee Amusement park, the zoological park, etc. offer a unique environment for the children of Jamshedpur to grow up in.

In a recent survey conducted on 'Quality of Life' by AC Nielsen ORG-MARG, Jamshedpur has emerged as the one of the best cities in India.



Tata Steel's growth and globalisation plans have been encapsulated in two words "Aspirations Unlimited". The phases of modernisation, development of greenfield projects and investments in global companies have brought global recognition to Tata Steel.

Implementing state-of-the-art technology, creating unique synergies, articulating a common vision across its operations and working in earnest to transform its aspirations into achievements, Tata Steel is at the growth turnpike.



The Cold Rolling Complex at Jamshedpur produces international quality steel for the automobile and 'white goods' industries.

Growth and globalisation

Jamsetji Tata sent a telegram to Charles Page Perin, a geologist and metallurgist asking whether he could ride a bicycle. Mystified, he replied in the affirmative. When he reached Sakchi, he understood, miles of rutted road defied any conventional means of transport! He and his team found 3 billion tonnes of ore in the area.

The foundation of a global conglomerate was sown with this alliance. Expertise, and experience from all over were leveraged to drive the company forward. Today, Tata Steel is an international steel major with a manufacturing and marketing presence all over the world. The strategy has been that of growth and globalisation through organic and inorganic routes.

The company was originally constructed for a capacity of 160,000 tonnes of pig iron, 100,000 tonnes of ingot steel, 70,000 tonnes of rails, beams and shapes and 20,000 tonnes of bars, hoops and rods. Constant modernisation and introduction of state-of-the-art technology has enabled Tata Steel to stay ahead in the industry and successfully meet expectations of all sections of stakeholders. It is one of the most modern steel making facilities and also one of the lowest cost producers of steel in the world.

Consequent to the recent acquisition of Corus, Tata Steel has a consolidated crude steel production capacity of 28 million tonnes and the second largest global distribution network in over 25 countries.

With the aspiration to emerge as an international steel major coupled with a sharp eye for opportunities and an unmatched core competence, Tata Steel is poised for global leadership.

1917

The Greater Extension Programme was launched to raise production capacity to 500,000 tonnes.

The state-of-the-art Duplex process of making steel was introduced.



1980-84

Modernisation Phase I

- The plans were implemented in a record time of 29 months.
- Two 130 tonnes LD converters were set up for the first time in an integrated steel plant in India.
- A four-hammer Bar Forging Machine (18,000 tonnes capacity p.a.) was also installed.

1985-89

Modernisation Phase II

- A Bar and Rod mill – the first of its kind in India - of a single strand high speed mill was set up.
- In-house R & D efforts developed a new technology permitting the use of blue dust that improved the productivity of the blast furnaces.
- Coke Ovens using environment friendly stamp-charging technology were introduced.
- Cost effective technology of coal injection in blast furnaces was implemented.

1955-58

The two million tonne expansion programme was the largest project in the private sector.

F blast furnace, one of the largest and most modern furnaces in the world, was designed for high top-pressure operations.

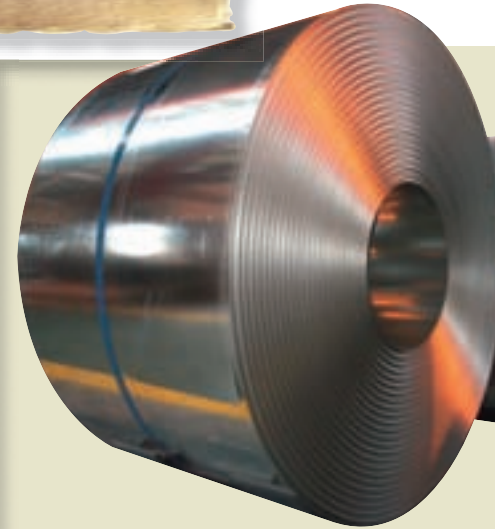
1933

Two new roughing and finishing mills were set up.

1935

A new blast furnace along with coke ovens was added.

In 1939, a capacity of 800,000 tonnes was achieved. Tata Steel was then regarded as the largest steel plant in the British Empire and also the cheapest exporter of pig iron in the world!



**1990-94
Modernisation Phase III**

- The highly automated G blast furnace was installed with special charging and distribution system.
- LD Shop 2 with 130 tonne capacity LD vessels was set up.
- Two single stranded slab casters were installed.
- A semi-continuous Hot Strip Mill was introduced.

**1995-1999
Modernisation Phase IV**

- The hot metal capacity was raised to 3 million tonnes per annum, crude steel capacity to 3.5 mtpa and saleable steel capacity to 3.2 mtpa.
- One ladle furnace each was added to LD1 and LD2.
- The 3rd single strand slab caster and 3rd converter were installed.
- Continuous Casting was increased to 95% from 65%.
- The Hot Strip Mill capacity doubled to 2 million tonnes.

**2000-2005
Modernisation Phase V**

- IT enabled processes through the implementation of the ERP driven SAP and Ban systems were introduced to break prevalent mindsets through Knowledge Management.
- The state-of-the-art Cold Rolling Mill (1.2 million tonnes) was inaugurated with output of 800,000 tonnes of cold rolled and annealed products and about 400,000 tonnes of cold rolled coated products.

1967-68

Mine development and ore beneficiation were undertaken at Noamundi.

1968-69

Under the Colliery Expansion project, modern mining techniques were used to increase output and improve quality.

1972-73

Coal washeries were set up at Jamadoba and West Bokaro (a first in India).

2006-07

The Jamshedpur works crossed the 5 million tonnes mark in crude steel production – the only plant in India to have achieved this milestone.



Tata Steel (Thailand) with an inherent capacity of 1.7 mtpa, produces long products for construction and engineering steel for auto industries. It has three operating facilities in Saraburi, Rayong and Chonburi province.

Tata Steel's competitive steel making expertise and its captive raw material resources coupled with NatSteel Asia's network of steel mills will translate into a strong foothold in the South East Asian steel market.



Carborough Downs is an underground coking coal project in Bowen Basin, Queensland that will supply low-ash coal to Tata Steel.



2004-05

Tata Steel invested in NatSteel Asia, Singapore to capitalise on the huge opportunities emerging in the Asian steel market.

2005

Tata Steel acquired Millennium Steel Company, Thailand's largest steel company, that helped enhance its market position in South East Asia.

2005

Tata Steel invested in the Carborough Downs Coal Project in Queensland, Australia.

2005

Tata BlueScope Steel Limited was formed as a 50:50 joint venture between Tata Steel and BlueScope Steel, Australia.



Tata BlueScope Steel Limited has started operations with its first pre-engineered building manufacturing unit in Pune.

From the early days, the Tata Steel workforce was an international mix. The blast furnace staff consisted of Americans, the steel works crew was German, the rolling mills were staffed by Englishmen, the carpentry and pattern shop workers were Chinese.



2006
Tata Steel proposed to set up a plant at Richards Bay, South Africa to produce high carbon ferro chrome for global consumers.

2007
Tata Steel acquired the Corus Group to emerge as one of the world's largest steel companies.

Domestic Operations

Projects

- The **country's first automated Jigging & Hydrocyclone Plant** was installed to effectively use iron ore fines, thereby conserving prime natural resources, reducing Coke consumption and increasing the productivity of blast furnaces. The capacity of the plant is about 300 tonnes per hour or 1.6 mtpa throughput.
- The Dhamra Port Company Limited (DPCL), a 50:50 joint venture company of Larsen & Toubro Limited (L & T) and Tata Steel will develop **an all-weather deep port at the mouth of Dhamra river**. The port will have 13 berths to handle over 83 million tonnes of cargo per annum and will also include a 62-km rail connectivity.
- Tata Steel has acquired **100% equity stake in Rawmet Ferrous Industries Private Limited having a Ferro Alloy Plant** consisting of two 16.5 MVA semi closed electric arc furnace with a capacity of producing around 50,000 tonnes per annum of High Carbon Ferro Chrome.

Tata Steel's latest H blast furnace will produce 2.5 mtpa of hot metal on completion.



Brands

- **Turnover of all branded products increased** by 20% from Rs. 3,848 crores in FY 05-06 to Rs. 4,604 crores in FY 06-07.
- Tata Tiscon became the **largest branded Rebar player** in India with 50% increase in sales from Rs. 784 crores in FY 05-06 to Rs. 1,175 crores in FY 06-07.
- **Sales of Tata Shaktee increased** 21% from Rs. 653 crores in FY 05-06 to Rs. 788 crores in FY 06-07.
- Tata Structura recorded a **phenomenal growth** with a turnover of Rs. 211 crores in its first full year.
- Tata Shaktee won the **Best Long-term Rural Marketing Initiative Award** by the Rural Marketing Agencies Association of India.
- Tata Bearings bagged the **Zero PPM award from Toyota Kirloskar Motors Limited** for the third year in succession.
- "steeljunction" was awarded the **Best Retail Concept of the year** at the India Retail Forum 2006.





Production Highlights

- The **best ever production** of Hot Metal (5.55 mt), Crude Steel (5.05 mt) and Works Saleable Steel (4.93 mt) was recorded in FY 07.
- Tata Steel crossed the **5 million tonne** mark making the Jamshedpur works the single largest crude steel producer in the country.
- The new Bar Mill, the **fastest of its kind in the world**, achieved its rated capacity of 50,000 tpm.
- **Gross production** at the Hot Strip Mill touched 3.24 mt production in FY07 (3.086 mt in FY06).
- The **Cold Rolling Mill produced a record 1.52 mt** against a rated production capacity of 1.2 mtpa.
- Flat products recorded the **highest ever Auto Sales** at 8,56,881 mt (29% increase from last year)
- **Domestic sales of Long Products** increased by 27% over last year even as the market grew by only 8% in India.
- Wire Rod Mill (E), as per the BSE database, has been rated **among the best long product plants in the world** in terms of cost of production and availability.
- For the fourth consecutive year, 13 months' production was achieved in 12 months at the **Precision Tube Mill**.

Information Technology

Information Technology Services (ITS) **creates business value** by IT enabling business processes for sustenance, growth & globalisation.

Some major projects undertaken during the year:

- Implementing **Supply Chain Management system** using i2 for Flat Products.
- Migration of systems from IBM mainframe and shutdown of the mainframe will result in **recurring savings of Rs. 4.5 crores p.a.**
- IT support for **TOC implementation** across 11 EPAs and 126 distributors.
- **Design and implementation** of Simplified Drum Buffer Rope based Order Promising System for Wires and Tubes Division.
- **Business process improvement** for NatSteel Asia (Singapore), Tata Steel Thailand and Tata Steel (India).
- **Implementing SAP** at SIW (Thailand), Tata Bluescope and a Wires Division plant.

Awards and Recognition

- **ISO 27001 certification** for Information Security (2007).
- **SAP-ACE Award** for Customer Excellence for Best Process Sector implementation (Mill Products) category (2006).

Domestic Operations

Human Resource

Attraction and Retention: The 'Tata Steel Scholars Scheme' was launched at 10 Engineering campuses to attract talent in the Steel/Manufacturing sector.

Leadership Development: The 'Young Leadership development process' was launched to hone the talent of hi-potential young managers.

Management Development: The Management Development Centre focused on **building functional capabilities** through the Gurukul series of programmes with an aim to prepare global mindsets.

To leverage the **capability of learning partners**, several joint programmes like NatSteel Asia in IR, Hays for HR Gurukul, were run.

Key initiatives in Technical Education

- A skill training facility for contractors' employees engaged at the Jamshedpur Works.
- Eight more E-learning centres.
- Copyright for 19 E-learning courses from the Ministry of Human Resources.
- 979 illiterate employees trained in basic literacy (Hindi)
- MoU with Indian School of Mines, Dhanbad for mining operation and engineering courses.
- Surplus employees re-deployed.
- Competency based potential assessment launched.

Corporate Sustainability

- Tata Steel hosted the **Lifeline Express Camp** in the states of Chhattisgarh and Orissa reaching out to over one lakh people with diagnostic, surgical and post-surgery consultation. With these camps, the company has hosted this unique hospital on rails twelve times in all.
- The **Mother Teresa Award for Corporate Citizen** (2005) was conferred on Tata Steel for its deep involvement in programmes of social responsibility beyond the call of duty.
- The **Bangladesh Olympic Association** (BOA) has selected eighteen sportspersons to undergo training in boxing, athletics and archery at the Tata Steel sports facilities in Jamshedpur.
- Tata Steel has granted **scholarships** under its Jyoti Fellowship programme of Tribal Cultural Society to two meritorious tribal students to pursue higher education at IIT Chennai and IIT Roorkee.
- Tata Steel has signed an MOU with NEDO (New Energy & Industrial Technology Development Organisation), Japan to use **Dry Quenching Technology for cooling coke** that will help conserve both heat energy and fresh water and bring down air and water pollution associated with the conventional wet quenching process during manufacture of Metallurgical Coke.





Aspire with T3

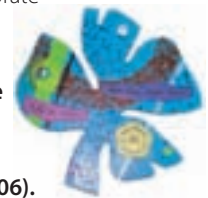
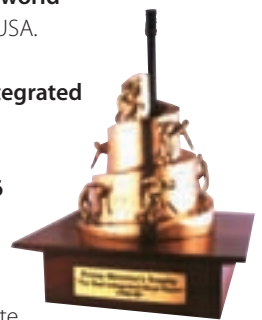
With the objective of emphasising the role of **improvement initiatives** in Tata Steel's ever growing aspirations "ASPIRE T3" was launched. This initiative focuses on motivating employees in dedicating themselves to the three Ts - **TOC** (Theory of constraints), **TQM** (Total Quality Management) and **Technology**. These enablers used in an integrated manner will facilitate the achievement of Tata Steel's growing aspirations of being reckoned as the **Number One Steel Company in the world**, in all aspects of relevance.

- The TOC programme focuses on Solution for Sales (Value selling solutions), Supply Chain & Operations and Critical Chain Project Management.
- TQM includes Policy Management, Daily Management and Problem Solving.
- Technology aims to propagate freedom to innovate, learning and self-confidence.

The TOC program is primarily focused on creating value for customers while TQM is facilitating further improvement of the internal capabilities driven by customer requirements. Technology promotion aims at fostering a technology technical mindset amongst cross-section of employees thus helping in achieving self reliance in relevant technologies.

Awards

- **Best Steel Making Company in the world**
- study by World Steel Dynamics Inc, USA.
- **Prime Minister's Trophy for Best Integrated Steel Plant.**
- **Greentech Safety Gold Award 2006**
(Noamundi Iron Mine).
- **Best Governed Company Award 2006** by the Asian Centre for Corporate Governance.
- **India's Most Admired Knowledge Enterprises (MAKE).**
- **CII - ITC Sustainability Award (2006).**



The "Award for Corporate Social Responsibility in Public Health" was conferred on Tata Steel by the US-India Business Council (USIBC), Population Services International (PSI) and The Center for Strategic and International Studies (CSIS) for outstanding contribution to combat HIV/AIDS in 2007.

International Operations

NatSteel Asia

Overview

NatSteel Asia Pte. Ltd. (NSA) is a leading long-product player in the Asia Pacific region with operations and joint ventures in Singapore, Malaysia, Thailand, China, Australia, Philippines and Vietnam. Its Singapore based operations serves as a hub for the NSA group providing engineering, logistics, sourcing information technology and other support services.

The Group is growing its downstream business in strategic markets such as Singapore and Australia by reducing wastages, increasing productivity and ensuring consistent quality.

Infrastructure

NSA Singapore has upstream facilities for billet-making, rolling mills for bars and wire rods as well as downstream production including cut-and-bend, bore pile, precast and welded mesh. In Xiamen, China, the Group has rolling operations, while in Australia manufacturing activities are focused on downstream production (cut & bend, mesh). In Thailand and China, the Group has manufacturing facilities for wire drawing.

Products

The Group produces construction grade steel which includes rebars, cut-and-bend, mesh, precast, bore pile, PC wire & PC strand.

People

Numerous awards received by NSA attest to the group's commitment to people development and employee welfare. These include:

- The People Developer Standard recognising organisations committed to bringing out the best in their people.
- The Work-Life Excellence Award conferred by the Singapore Ministry of Manpower.
- The Singapore Health Award (Gold) in recognition of commendable workplace health promotion.





Operational Highlights

NSA increased its stake in the following companies during the year:

- NatSteel (Xiamen) Limited, China, from 50% to 100%,
- NatSteel Trade International Pte. Ltd., Singapore, from 60% to 100%, and NatSteel Vina Co. Limited, Vietnam, from 33.9% to 56.5%.
- In China, a new PC Strand line was commissioned in Wuxi Jinyang Metal Products Co.
- NSA launched the Total Operational Performance (TOP) programme to achieve cost-reduction targets through the implementation of ideas for improvement.
- The Tata Business Excellence Model (TBEM) was also launched to enhance focus on business excellence.

Production Highlights

Various improvement initiatives resulted in record high billet production and rolling achieved record high outputs in 2006-07.

Production output (000' mt)

	2006-07	2005-06
NSA Group (including JVs)	1540	1311
NSA Group (including JVs)	1077	855

In Singapore, billet production increased by 9% (2006-07: 633k; 2005-06: 584k) and rolling mill production went up by 21% (2006-07: 667k; 2005-06: 550k).

During the year NSA invested in a new sidewall oxygen lance and carbon injection system for the electric arc furnace in Singapore. This has significantly reduced electricity consumption by 10%. Production and sales of downstream products have increased across all products. Mesh and precast increased significantly by 35% and 31%, respectively.

Tata NYK

- Tata Steel has entered into a joint venture agreement with Nippon Yusen Kabushiki Kaisha (NYK Line) for setting up a shipping company to cater to dry bulk and break bulk cargo. Each promoter will hold a 50% stake in the joint venture company.
- This joint venture is in keeping with Tata Steel's growth plans. It will help address the company's growing need for transportation of large quantities of raw materials and finished steel.

International Operations

Tata Steel (Thailand)

Overview

Tata Steel (Thailand) Public Company Limited (TSTH), the largest long steel producer in Thailand, established in 2002 as a holding company consisting of NTS Steel Group (NTS), The Siam Iron and Steel Co. (SISC) and The Siam Construction Steel Co. (SCSC), manufactures long steel products with an installed capacity of 1.7 million tonnes per annum.

Production Capacity & Expansion Plans

The NTS plans to set up a mini blast furnace (MBF) with an annual production capacity of 500,000 tonnes at an investment of approximately Rs. 455-482 crores (3,400-3,600 million Thai Baht). This project will be the first of its kind in Thailand. The project will be completed by the third quarter of 2008.

At present the company produces rebars, wire rods, small sections, special bars and cut and bend products. However, it is also examining the production of mesh bar and other downstream products and services to provide contractors and large scale project accounts with One-Stop Service, which can reduce their time and cost of construction.

Production capacity (tonnes per annum)

	NTS	SISC	SCSC	Total
Rebars	400,000	–	500,000	900,000
Wire rods	400,000	230,000	–	630,000
Small Sections	–	170,000	–	170,000
Total capacity	800,000	400,000	500,000	1,700,000

Products

Rebars: The Company produces round bars and deformed bars in accordance with Thai Industrial Standards Institute (TISI) for the construction industry such as roads, bridges, buildings, houses, etc.

Low Carbon Wire rods (LCWR) : They are used as construction parts such as binding wire, nails, wire mesh, galvanised wire, barbed wire, welding wire, cold draw wire, screws and nuts, etc.

High Carbon Wire Rods (HCWR) : HCWR are used for manufacture of pre-stressed concrete wires and strands (PC wires and PC strands) and numerous grades of spring, such as compression, extension, torsion, slings, etc.

Small Sections: These sections are in various forms such as angles or channels. They are produced in accordance with Thai Industrial Standards Institute and are used in the construction industry such as roof structures, electricity poles, billboards, etc.

Special Bars: These round shaped bars are used for manufacture of machineries and equipments and auto parts for cars and motorcycles.

Operational Highlights

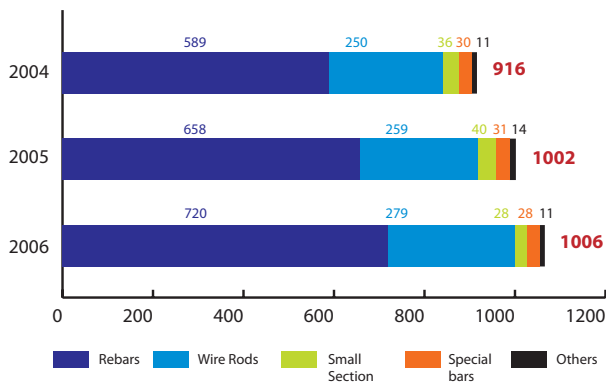
- Dividend paid for the first time since the establishment of the Company at 3% (Thai Baht 0.03 per share).
- Refinancing the existing loans which resulted in debt reduction by Rs. 36 crores (Thai Baht 273 million) and also lower financing costs by at least Rs. 26 crores (Thai Baht 200 million) through the remaining debt payment period of 7 years, between 2006 and 2013.
- The projects undertaken for the burner system in arc furnaces, fume plant improvement at SCSC and for improved production processes of high-quality wire rods at NTS and SISC were completed.
- The Company was classified in the category of "Very Good" companies in the Corporate Governance Report of Thai Listed Companies - 2006 with a total score of 88%, which



was above the average total score of 71% of 402 listed companies.

- Reorganisation by adding two new operating units and assigning senior executives to directly supervise its operations in the area of business analysis and engineering and product development.

Production Highlights



Production statistics ('000 tonnes)

- The Company adopted improvement initiatives, such as the Total Operational Performance (TOP) for reducing costs, Retail Value Management (RVM) for improving competitive intelligence and customer service and Supply Chain Management, etc.

Human Resources

TSTH regards its employees as its most valuable human capital. Therefore, TSTH seeks to develop the efficiency, knowledge of all its employees through its developmental programmes, such as On-the-job Training, In-house Training, External Training, Job Rotation, Special Assignments and any other programme deemed appropriate.

Tata Steel KZN, South Africa

- Construction has commenced at the plant site at Richards Bay of approximately Rs. 400 crores (ZAR 670 million) Ferro Chrome plant of Tata Steel (KZN) (Pty) Ltd.
- The plant is expected to be commissioned in the fourth quarter of 2007 and is expected to have virtually all employees from South Africa and a few from India.
- Tata Steel has committed to making the Richards Bay plant “the cleanest in the world” with state-of-the-art production processes.

Construction work has commenced at Richards Bay



International Operations



Corus is Europe's second largest steel producer with annual revenues of Rs. 82,674 crores (£9.7 billion) and crude steel production of 18.3 million tonnes in 2006. Corus has a presence in nearly 50 countries, including its global network of offices and service centres.

Corus' shares were listed (de-listed post the acquisition) on the London, New York and Amsterdam Stock Exchanges until the acquisition of Corus Group plc by Tata Steel in April 2007.

Corus was formed on October 6, 1999 following the merger of

Koninklijke Hoogovens and British Steel. Philippe Varin who was appointed as Chief Executive of Corus in May 2003 launched the "Restoring Success" programme, designed to deliver a Rs. 5,796 crores (£680 million) EBITDA improvement in Corus' financial performance. This programme, completed at the end of 2006, has underpinned the significant improvement in Corus' financial performance, delivering savings through cost reductions and improved operational efficiency. It has also delivered significant improvements in safety performance and customer service levels.



Corus' operations at IJmuiden in the Netherlands, one of Europe's largest and most efficient steel making sites



Blast furnaces at Corus' integrated steel works at Scunthorpe, UK named after Britain's Four Queens.



Millbank in London where Corus' head office is located.

Corus operations

Corus' main steelmaking operations are located in the UK and the Netherlands with other plants located in Germany, France, Norway and Belgium. Corus produces carbon steel by the basic oxygen steelmaking method at three integrated steelworks in the UK at Port Talbot, Scunthorpe and Teesside, and at one in the Netherlands at IJmuiden. Engineering steels are produced in the UK at Rotherham using the electric arc furnace method. Corus estimates that, as at 30 December 2006, it was the ninth largest steel producer in the world and produced 18.3 mt of crude steel in 2006 (equivalent to 18.8 mt of liquid steel).

Corus has four main operating divisions; Strip Products, Long Products, Distribution & Building Systems and Aluminium, each being the responsibility of an individual Executive Committee member. The activities of each division are organised into individual business profit centres, each of which has its own managing director who, with the respective management team, has responsibility for the performance of that business.

Corus has sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for distribution and further processing of steel products. These are supported by various agency agreements. There is an extensive network in the EU while outside the EU Corus has sales offices in around 30 countries, supported by a worldwide trading network.

Market focus

Corus delivers innovative solutions, differentiated products, reliable service and sound technical advice to its customers around the world. Principal end markets for Corus' steel products are the construction, automotive, packaging, mechanical and electrical engineering, metal goods, and oil and gas industries.

Construction is the largest market sector for Corus, with a strong position in commercial and industrial construction. New opportunities are being explored in areas, which show growth potential such as residential, health and education. Corus is a leading supplier to the automotive sector and is the third largest supplier to this sector in Europe.

Europe, principally the EU, is the most important market for Corus, accounting for 80% of total turnover in 2006. Corus' steel divisions accounted for 91% of total turnover in this period.

Corus' principal divisional activities:

Strip Products Division

Corus Strip Products IJmuiden and Corus Strip Products UK

Hot rolled steel strip and cold rolled and metallic coated steel

Corus Packaging Plus

Light gauge coated steel for packaging and non-packaging applications

Corus Tubes

Steel tubes, hollow sections, linepipe and pipeline project management

Corus Colors

Pre-finished steels

Corus Special Strip

Plated precision strip products with specialist finishes

Cogent Power

Electrical steels and transformer cores

Long Products Division

Corus Construction & Industrial

Plate, sections, wire rod and semifinished steel, special profiles, railway products and services



*Caster 3 control room,
Port Talbot, UK.*

Corus Engineering Steels

Engineering billet, straight and cooled bar, turned, drawn or ground bar and hot rolled narrow strip

Teesside Cast Products

Slab and bloom

Distribution & Building Systems Division

Corus Distribution and Building Systems

Service centres, further material processing and building systems

Corus International

Tailored product and service solutions for international projects and international trade

Corus Consulting

Consultancy, technology, training and operational assistance to the steel and aluminium industries

Aluminium Division

Corus Primary Aluminium

Extrusion billets, slabs and ingots

Innovation and expertise

Corus has a policy of collaborative product development with key customers in its principle markets and works with research institutes around the world to develop cutting-edge, innovative technologies. Breaking new ground and collaborating with customers to develop new products and technologies is a field of proven expertise. The goal is to become the best supplier to the best customers. Proof of Corus' capabilities can be seen in some recent supply contracts such as:

- Heathrow Terminal 5, London
- Wembley Arch, London
- Network Rail, UK
- Dream Tower, Jeddah
- Wimbledon Centre Court Stadium (Retractable roofing)
- Dubai Mall, Dubai
- Fusionpolis project, Singapore
- JCB Dieselmex speed project

Corus has had a business presence in India for many years, for trading and projects. Although Corus supplies only a small amount of steel to the Indian market, Corus Kalzip was recently contracted to supply aluminium roofing to a number of projects in India including:

- Infosys Bangalore Foodcourt
- NSCI Sports Stadium
- Mumbai Terminal T1B
- Infosys SDB5 Hyderabad
- Amritsar International Airport
- RMZ Infinity Bangalore – Software park
- Housing Development in Anna Nagar, Chennai

Research & Development

Corus' R&D activities continue to generate new ways of responding to the challenges the automotive marketplace poses. The Company has over 950 employees at its research development centres in the UK and the Netherlands. To help automotive manufacturers reduce the weight of their vehicles in order to make them more fuel efficient, Corus is investing to further expand and enhance the Company's product range and capabilities, including the development of advanced high strength steels for use in lightweight automotive applications.



Corus produces strong, light steel for the packaging industry.



Rail is manufactured at Hayange, France and at Scunthorpe in the UK.

Technology developments for specific markets

Many development projects are aimed at tailoring product properties to the needs of specific markets and customers.

Construction

Following a programme of technical improvements at its Scunthorpe and Teesside plants, Corus introduced a new brand name, 'Advance', for its range of structural sections in September 2006. Corus was the first steel company to be allowed to use the CE mark on its sections, as proof of compliance, and all Advance sections carry the mark.

Automotive and other transport

Automotive is a key market sector for Corus with a large potential for adding customer value, not only by supplying advanced steel grades, but also by collaborating with customers, aiming at early involvement in the design of new car models.

An example of how Corus collaborates with key customers, using customer support tools developed over the past few years, is found in the development of Ford's new Galaxy model range. Corus has been working closely with Ford to help the car maker implement the latest high strength steel grades. Corus has used its material expertise and simulation capabilities to help Ford identify areas where material selection can be optimised for a number of key parts for the rear structure of the new Galaxy.

Corus has also employed its unique materials simulation technique named 'Forming to Crash' to help Ford engineers evaluate the crash performance of key parts of a vehicle such as the rear longitudinals made from dual phase material during the Galaxy's development process.

Packaging

Thinner packaging materials lead to reduced weight and thereby less waste and a lower burden on the environment. Though

development potential is gradually decreasing as physical limits of the production processes are being approached, research into possibilities for downgauging continues. As a result of these efforts, at the end of 2005, Corus introduced a uniquely thinner material of 0.18 mm for easy-open, end food cans, that delivered a 10% material saving.

Engineering

Chain partnerships are one way for Corus to focus development and ensure long term supply relationships. One such partnership between Corus and Wigpool Ltd. for the development of high quality machined components is helping leading motorcycle manufacturer Triumph to stay ahead of its competitors. Corus has worked with Wigpool, one of the UK's leading contract machinists, to help it select the most appropriate high specification steel grades for its manufacturing process, thereby improving the performance of key components whilst reducing costs. For this purpose, Corus is supplying Wigpool with one of its Hitenspeed easily machinable, high tensile steel grades.

Corus people

Corus is proud of its international workforce. The individual commitment and complete engagement of 100% of Corus employees in Continuous Improvement is key in translating the benefits of this programme into both operational and financial performance.

Corus places the highest value on the health, safety and well-being of all employees, on teamwork based on mutual trust and respect, on personal commitment and employee involvement and on conducting business with honesty, integrity and reliability. Corus is committed to the training and development of all its employees. For two years running, in the UK, Corus was included in "The Times Top 100" graduate employers, last issued in September 2006.



Corus employees at its Living Solutions business.

Corporate Social Responsibility

Corporate responsibility is integral to the way that Corus does business and involves the integration of its financial and strategic goals with the following initiatives in the fields of:

Health and Safety

The most important priority for Corus is to ensure the health, safety and well-being of its employees, contractors, visitors and communities. A positive health and safety culture is encouraged which does not tolerate unsafe behaviour. Its objective is to be world-class in health and safety performance.

- The frequency of lost time injuries measured in terms of million hours worked, reduced from 2.9 in 2005 to 2.5 in 2006
- 147 Executive Committee safety tours were carried out
- Improvement in sickness absence rate from 4.2% in 2005 to 3.8% in 2006

Environment

- Corus' businesses have systems in place that focus on managing and minimising the effects of their operations. 100% of manufacturing operations have now been certified to the independently verified international environmental management standard, ISO 14001.
- Corus has a voluntary agreement with the Dutch government to benchmark its energy efficiency against world-best standards. In the UK, Corus has negotiated an agreement with the government to reduce total energy consumption by 14.7% in 2010 compared with 1997 levels.
- Corus is working with other steelmakers in Europe on a major research and development project (ULCOS – Ultra Low CO₂ Steelmaking) to identify and prioritise low CO₂ emission iron and steelmaking processes, with the ambitious objective of reducing carbon emissions by 50% by 2050.

- Corus' compliance with formal regulatory emission limits (emissions to air and water) improved again during the year and the target of 99% was met.
- Corus has established a high level Climate Change Task Force, which will develop the forward strategy in this area.
- Increasing attention is being focused on developing products that have a better environmental profile or that have inherent environmental advantages.
- Corus launched an environmental intranet site during 2006, to promote good practice exchange within the Company.

Community involvement

Corus recognises that its operations influence the communities and societies within which it operates and it aims to play a positive role. The company promotes and encourages economic, environmental, social and educational development where possible and supports employees' involvement in various local initiatives.

Employment and economic development

At the end of 2006, Corus directly employed 41,200 people and many thousands more indirectly through contractors and suppliers. The company is also active in stimulating regional employment.

Regeneration – UK Steel Enterprise

Through UK Steel Enterprise, a wholly-owned Corus subsidiary, the company seeks to support the economic regeneration of communities affected by changes in the steel industry.

Sponsorships and charitable donations

Many of the Corus businesses have strong links to their neighbouring towns and surrounding regions. The company supports cultural, social, educational and sporting activities that

Corus is British Triathlon's main sponsor.



contribute to the well-being of residents, both in the immediate vicinity of its plants and elsewhere.

Triathlon sponsorship

Corus Kids of Steel is a UK wide initiative to bring Corus' sponsorship of the Triathlon to the communities in which it operates. Corus Kids of Steel is a series of events designed to give children the chance to have a go at a triathlon in a safe, fun and non-competitive environment whilst encouraging activity and learning about healthy lifestyles. Corus employees are involved in triathlon by volunteering for events, encouraging local schools to become involved and helping to set up new local children's triathlon clubs. Over 5,000 children will take part in the first series, with this number set to grow in 2008.

Supporting local education

In addition to donations, Corus supports the educational development of its communities. Its primary purpose is to encourage interest in, and enthusiasm for, the study of materials science and its application.

Corus' people are its ambassadors and it is their individual and collective efforts that continue to build and maintain the company's reputation.

Tata Steel and Corus: a compelling vision in steel

Corus' strategy is focused on carbon steel with a growing focus on value-added, differentiated products to further develop a strong and sustainable competitive position in its Western European markets. Beyond "Restoring Success", Corus has launched "The Corus Way", based on the principles of:

- Best supplier to best customers

- World-class processes
- Selective growth

Corus has increased capital expenditure to support the ambition of increasing the proportion of differentiated products sales and operational efficiency of its existing asset base in Western Europe. Two major investments in support of this are underway, namely:

- Rs. 1,108 crores (£130million) investment at Scunthorpe in the UK to improve Corus' competitive position in the structural sections for the construction market, rail, and wire rod for the automotive markets is on track to be completed by the mid 2007.
- 4-year, Rs.1,304 crores (£153million) investment at IJmuiden, in the Netherlands, in a new galvanising line and cold mill at our lowest cost site, is also on track. This investment is designed to reinforce our existing market position in the automotive and construction markets, including the development of new advanced high strength steels.

On April 2, 2007, Corus became a subsidiary of Tata Steel, creating the world's sixth largest steel company and securing a global presence with access to low-cost steelmaking and high-growth markets.

The combination of Tata Steel and Corus will enable Corus to move towards the next level of strategic transformation through access to low cost steel production and high growth markets in Asia. The transaction creates the sixth largest steel producer in the world and Corus can now grow and compete on a global scale, whilst still pursuing its existing plans for Western Europe. Both companies also share a set of common, core values and the same approach to business performance. A similar commitment to continuous improvement augurs well for the future of the enlarged Group.

Management of Ethics

The Tata Code of Conduct and corporate values have been deployed in the company through Management of Business Ethics (MBE). The focus, this year, was on re-enforcement of Code of Conduct among all the stakeholders by the process of stakeholder involvement.

In order to enhance employees' involvement in the process, many activities including, ethics quiz contest were organised during the Ethics Month – July 06. The understanding on Code of Conduct was re-enforced through a story based e-Learning module which was prepared in Hindi as well as English and was put on our Company's Intranet and is being used by all employees. The interaction with the shop-floor employees with the Ethics Group was enhanced through Business Ethics Manthan programme organised through Knowledge Group. In order to generate confidence in the system, the importance of whistle blowing was emphasised and employees were encouraged to report any misconduct they observe, without any fear of retribution. A major step in employees' involvement was taken by involving the office-bearers of Tata Workers' Union in the MBE process.

The other stakeholders like vendors, dealers and distributors were also included in MBE process by involving them in various dialogues and workshops. A uniform policy for penalty to vendors was prepared for dealing with vendors' misconducts.

In order to involve the community for the success of MBE, a workshop was organised with eminent representatives of the various fields of the society to formulate a presentation module for MBE to take it to various levels of community.

In order to uniformly deploy various policies like Whistle Blower Policy and Gift Policy in their companies necessary support was extended to the Associate companies of Tata Steel. Eastern Region Ethics Conference was organised with CEOs and Ethics Counsellors of the Tata Companies of Eastern Region in order to share and learn various aspects of MBE. Eminent speakers in this field were invited to share their knowledge. MBE process was initiated in the new companies like Tata BlueScope and Tata Steel (Thailand) Public Company Limited.

The senior leadership team reinforces the ethical behaviour through various fora like the General Dialogue, Senior Dialogue, MD On-line etc. and encourages employees to bring to their notice instances of unethical behaviour. Punitive actions were taken against employees for unethical conduct, where necessary. The effectiveness of the process is periodically evaluated by the number of concerns received during that period and various assurance surveys conducted by internal and external agencies. These results are analysed and the necessary steps are taken to improve the system and processes.

Review of Corporate Sustainability Initiatives

Tata Steel's journey over the past hundred years is a fascinating saga of pioneering initiatives in steel making, responsible industrialisation with minimal impact on environment and the socio-economic empowerment of the community. In pursuit of its Vision of improving the quality of life of its employees and of the community it operates in, including its ore mines and collieries, Tata Steel carried out numerous activities in the area of social development. The year under review was significant due to the announcement of several capacity expansion plans in greenfield sites. The company showed commitment to address the sentiments and concerns of the people living in the vicinity of such sites and the families that may get displaced by the projects through its Tata Parivar programme.

Rural development & income generation

In an effort to encourage long-term benefits and sustainable livelihoods through agriculture, the company has been taking steps to strengthen agricultural development in the region. This year, 1,504 acres of wasteland were brought under single cultivation, while 412 acres of land under single cropping were brought under two crop rotations. An additional income of Rs. 103.55 lakhs was generated, benefitting 1,748 farmers. Apart from agricultural improvements, 128 beneficiaries have been supported to take up their own livestock enterprises including poultry, piggyery, pisciculture as well as floriculture to make them self-reliant.

To promote economic development among the rural poor, particularly women, Tata Steel encouraged the development of community self-help groups. In the reporting year, 218 new groups were formed while 450 existing groups were sustained.

Rs. 75 lakh savings were generated through bank linkages of the self-help groups. In addition, self-help groups received training in making jute and stone products and a candle and paper artifacts unit was established at the Tribal Cultural Centre.

Population management

Tata Steel, in the period under review, focused on popularising its numerous reproductive health programmes. Its adolescent reproductive health project covered over 50,000 people during the year providing counselling on adolescent sexual health. About 10,000 couples adopted various spacing and permanent methods of family planning in this period. The company organised camps at block levels which enabled about 7500 women to undertake sterilisation (tubectomy). It also trained doctors to provide non-scalpel vasectomy (NSV) services.

Education

Under the Jyoti Fellowship, Rs. 25 lakhs were distributed among 430 tribal students, including two students who qualified for the Indian Institute of Technology (IIT). Similarly, under the Moodie Endowment programme, 59 science students were awarded scholarships worth Rs. 12 lakhs, this year. In addition to this, Project Sahyog covered 2,500 children through basic education. It conducted Bal Vikas classes for 1,300 children who were given primary education. Under the Shaksar Samaj project, 8,790 people were made functionally literate. Apart from this, vocational training was provided for aspiring community health providers and pathology technicians and for advance software management, office management, electrical welding, computer hardware, refrigerator repairing, etc.



The Tribal Culture Centre organises local cultural events

Community health

The company sponsored the Lifeline Express, a unique hospital on rails, in the states of Chhattisgarh and Orissa and reached out to over one lakh people with diagnostic, surgical and post-surgery consultation on orthopaedic and ENT disease, and vision and hearing impairment. The company through a private-public partnership programme launched a project that focused on tuberculosis eradication through early detection and treatment. DOT Centres (Directly Observed Treatment Short Course) were set up across the city of Jamshedpur for referral, diagnosis and medicine distribution which covered nearly 600 cases of tuberculosis. The Sneh Kendra set up by the company in Jamshedpur continued to provide pre and post-test counselling to people living with HIV/AIDS victims. It provided vocational training to HIV/AIDS affected women to help them become economically independent.

Civic and municipal facilities

In order to further improve the quality of life of the citizens of Jamshedpur, 75% of who are non-employees, Tata Steel extended its water supply network in the peripheral areas. The treated effluent discharge exceeded the requirements of the State Pollution Control Board. This effluent is now being reused inside the Tata Steel works as clarified water. Jamshedpur's drinking water quality exceeds the norms set by the World Health Organisation and Bureau of Indian Standards.

Sports and adventure

At the Doha Asian Games, two bronze medals were won by cadets coached at the Tata Archery Academy and Tata Athletic

Academy and two cadets trained at the Tata Football Academy were selected to make the national football team. The Tata Steel Adventure Foundation organised the first expedition consisting of Indian women to cross the Thar Desert. The Jharkhand basketball team, which won a Gold Medal in the Special Olympics National Basketball Championship, consisted of six physically and mentally challenged children trained at the JRD Tata Sports Complex. This year, trainees from Tata Steel coaching centres won a total of 373 medals at state and national level competitions.

Art & culture

Local cultural events like the "Chhau Mahotsava", "Ho Mahasabha" and "Sarna Jhanda Julus" were organised at the Tribal Culture Centre set up by Tata Steel. The "Gram Shree Mela" organised by Tata Steel in association with CAPART, India enabled artisans from all over India to showcase and sell products worth more than Rs. 58 lakhs directly to the public.

Disaster relief by Tata Relief Committee

TRC took up massive relief operations that spread over five districts in tsunami ravaged Tamil Nadu. It distributed family kits, engine boats and nets to fishermen. It also set up a water desalination plant for supply of safe drinking water, helped in the construction of 1,104 houses each of 400 sq.ft., constructed five community-cum-rain shelters each of 5,000 sq.ft. to accommodate a marriage hall, a panchayat office and a village Knowledge Centre and also helped set up infrastructure for electrification, water distribution, sewer network and roads.



A group insurance scheme was launched for marginal farmers.



TSRDS focused on popularising reproductive health programmes.

Environment management

In this year, the company attained re-certification of its Environment Management System as per ISO 14001: 2004 and successfully cleared the surveillance audit of OHSAS 18001: 1999. During the reporting period, approximately 10,000 trees were planted, an intensive water conservation campaign was launched and field trials for use of LD slag, as soil conditioner, were started.

Tata Steel Parivar

The company's Rehabilitation & Resettlement (R&R) initiative is designed to adopt all families affected by its greenfield projects under its 'Tata Parivar' programme. It is committed to increasing their income level and creating opportunities of sustainable livelihood, improving their quality of life and also preserving and promoting their culture. The programme includes tracking of each affected family vis-à-vis their income and quality of life for at least five years. Nearly 100 youth nominated from such families affected by Tata Steel's project in Orissa and Chhattisgarh were given vocational training under a tailor made programme called 'Prerana'.

Affirmative action

Tata Steel fully supports the need for growth and development of Scheduled Castes and Scheduled Tribes (SC/ST) in a spirit of Affirmative Action through its Policy on Affirmative Action and adoption of the Code of Conduct for Affirmative Action. In income generation, Tata Steel is creating entrepreneurship by supporting the development of two enterprise centres

and empowering SC/ST women through the development of self-help groups. The company is providing education to 100 SC/ST children through the Sarva Shiksha Abhiyan programme at Tata Steel Community Centres, supporting 2500 children in seven peripheral schools in life-skills development and financing 60 SC/ST youth through a residential coaching programme. Apart from the Jyoti Fellowship and the Moodie Endowment described above, 29 candidates from SC/ST are also availing funds in educational pursuits under the Millennium Scholarship and the V. G. Gopal Scholarship. In the area of sports development, Tata Steel is successfully supporting a number of SC/ST sportspersons with twenty-seven such candidates performing well at national and international meets. A major investment of Tata Steel in Affirmative Action occurs through the Tribal Cultural Society which works to preserve and celebrate the cultural heritage of tribal communities and develop growth opportunities through an adult literacy programme, vocational training, scholarships and self-help groups, all targeted specifically at Scheduled Tribes and Scheduled Castes.

Conclusion

Tata Steel has been most steadfast in upholding the vision laid by its founder, Jamsetji N. Tata over a hundred years ago. 'What comes from the people should go back many times over' - has been practised at Tata Steel most resolutely. This belief is the key to its sustainability. Tata Steel aims to touch more lives through its principles of corporate sustainability as it continues to grow and globalise.

Directors' Report 2006-07

To the Members,

The Directors hereby present their hundredth annual report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2007.

	Rupees Crores	<i>Previous Year Rupees Crores</i>
1. (a) Net Sales/Income.....	17552.02	15215.50
(b) Total Expenditure	10578.75	9277.92
(c) Operating Profit.....	6973.27	5937.58
(d) Add : Dividend and Other Income.....	433.67	254.76
(e) Profit before Interest, Depreciation, Exceptional items and Taxes.....	7406.94	6192.34
(f) Less : Interest.....	173.90	124.51
(g) Profit before Depreciation, Exceptional items and Taxes.....	7233.04	6067.83
(h) Less : Depreciation.....	819.29	775.10
(i) Profit before Exceptional items and Taxes.....	6413.75	5292.73
(j) Less : Exceptional items.....	152.10	52.77
(k) Profit before Taxes.....	6261.65	5239.96
(l) Less : Provision for Current Taxation	2076.01	1579.00
(m) Less : Provision for Deferred Taxation.....	(52.51)	127.58
(n) Less : Provision for Fringe Benefits Tax	16.00	27.00
(o) Profit after Taxes	4222.15	3506.38
(p) Add : Balance brought forward from the previous year.....	2976.16	1790.21
(q) Balance	7198.31	5296.59
Which the Directors have appropriated as under, to :		
(i) Proposed Dividend.....	943.91	719.51
(ii) Tax on Dividend.....	160.42	100.92
(iii) General Reserve.....	1500.00	1500.00
TOTAL.....	2604.33	2320.43
Leaving a balance of to be carried forward.....	4593.98	2976.16



Centenary Year

The founder, Jamsetji Tata, had a vision to make India self-reliant. While he wanted the industry to thrive and prosper, he also believed in the philosophy of sharing the wealth so generated for the benefit of the society at large. During the past century, the Company has always endeavoured to live up to the ideals of its founder. The Directors wish to express their sincere gratitude to all the stakeholders, i.e. shareholders, customers, employees and partners of the Company, for their support and unstinted loyalty in making this long journey a successful and rewarding one.

Steel Industry

The year 2007 is one of the most important milestone in the history of the Company, for three main reasons. It has ushered in the centenary year of the Company when it enters hundred years of existence in the month of August 2007. The year 2006-07 has also seen the highest turnover and profits, continuing the trend of the past four years. Last but not the least, Tata Steel enhanced its presence on the international steel scene with the acquisition of the U.K. based company, Corus Group plc.

Economic conditions during the year continued to be buoyant around the world. Even Japan, which was mired in a stagflationary situation for several years, participated in the global growth momentum. Asia continued to be the prime mover of growth, with China once again dominating the world economic scene. India was not far behind. With the Indian economy growing at 9.4% in the year under review, it is expected that the current year as well will see India's GDP growing at around 9%.

Growth in steel consumption has accelerated in recent years. During the last five years, the world steel consumption has increased by approximately 338 million tonnes from 775 million tonnes in 2001 to 1,113 million tonnes in 2006. This represents an average compounded annual growth rate of around 7.5%, as compared to a modest 1% yearly growth in the previous three decades upto 2000. World steel production has also kept pace with an increase of 8.9% during 2006 over the previous year.

Domestic steel production and apparent consumption were higher by 11.1% and 11.7% respectively over the previous year. It is widely believed that the Indian economy could sustain an annual growth rate of 8-9% in the long term. This could translate into a 10% rise in



Directors' Report 2006-07

annual steel demand over the next ten years. The main drivers of this growth are the expected large investments in infrastructure, large-scale construction activities and the sustained rise in demand for auto and white goods from a burgeoning middle class in the country.

While the robust steel demand globally has enabled the steel prices to remain buoyant, there has been significant pressure on margins from increased raw material prices on non-integrated steel players.

Business Results

The Company achieved the best ever sales turnover and profitability during the year under review. A robust Indian economy, firm steel prices, higher volumes and several improvement initiatives contributed to the record performance. Finished steel sales were higher by 11.33% at 4.51 million tonnes over the previous year. Export turnover was lower by about 5% due to lower volumes. Average price realisation improved mainly due to higher prices of hot rolled coils/sheets. Operating profit was higher by over Rs. 1,000 crores at Rs. 6,973 crores (2005-06: Rs. 5,938 crores), an increase of 17% over the previous year. Net interest charges were higher at Rs. 174 crores (2005-06: Rs. 125

crores), due to additional borrowings for the Company's domestic expansion programs and funding Company's contribution for financing the acquisition of Corus Group plc. After providing for Rs. 819 crores for depreciation (2005-06: Rs. 775 crores) and Rs. 152 crores towards employee separation scheme (2005-06: Rs. 53 crores), the profit before tax rose by 20% to Rs. 6,262 crores (2005-06: Rs. 5,240 crores). Net Profit after taxes was higher at Rs. 4,222 crores (2005-06: Rs. 3,506 crores), an increase of 20% compared to the previous year.

The record financial results would not have been possible without a matching performance by the operating departments including the raw materials division. The year witnessed the best ever crude steel production by the Company at 5.05 million tonnes, an increase of 6.7% over the previous year. Jamshedpur Plant became the first plant in India to produce more than 5 million tonnes of crude steel in a year. The upgraded "G" Blast Furnace produced over 2 million tonnes of hot metal, as against its rated capacity of 1.8 million tonnes. Among the Finishing Mills, the output at the Cold Rolling Mill and the Hot Strip Mill exceeded their rated capacities. The all-round increase in production was backed by improvements in operating practices and productivity

The year witnessed the best ever crude steel production by the Company at 5.05 million tonnes. Jamshedpur became the first plant in India to produce more than 5 million tonnes of crude steel.

resulting in a reduction in consumption of raw materials, energy, refractories etc.

The Company's Collieries, for the first time, produced 1.9 million tonnes of clean coal at a reduced level of ash content, which has contributed significantly in substituting the more expensive imported low ash coal. A modern beneficiation plant for iron ore fines has been set up to reduce the alumina content in iron ore.

Pursuant to the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company includes financial information of its subsidiaries. The Company has made an application to the Government of India seeking exemption under Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies to the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company.

Dividend

The Board, for the year ended 31st March, 2007 has recommended a dividend @ 130% (Rs. 13 per share) and a special dividend @ 25%

(Rs. 2.50 per share), subject to the approval of the shareholders at the Annual General Meeting. The dividend will be paid on 608,972,856 Ordinary Shares at Rs. 15.50 per share (including special dividend) (2005-06 : on 553,472,856 Ordinary Shares at Rs. 13 per share). The dividend pay out works out to 26.15% (2005-06 : 23.40%).

Acquisition of Corus Group plc, UK

Tata Steel's investment in Corus Group plc is consistent with the Company's stated objective of growth and globalisation.

In keeping with its vision of becoming a truly global player and creating a 50 million tonne steel capacity by 2015, through both organic and inorganic growth, the Company had been examining various opportunities. The process started with the acquisition of NatSteel Asia Pte. Ltd. (Singapore) in 2005, and Tata Steel (Thailand) Public Co. Ltd. (erstwhile Millennium Steel) in 2006, the planned brownfield expansion in Jamshedpur and the long-term greenfield projects in Orissa, Chhattisgarh and Jharkhand.

In October 2006, the Company submitted a bid to acquire the UK based steel making company viz. Corus Group plc (Corus). The acquisition was completed on 2nd April, 2007 at a price of



Directors' Report 2006-07

608 pence per ordinary share in cash for a net consideration of USD 12.9 billion. Corus is a leading steel company with an annual crude steel production of 18.3 million tonnes and revenues of USD 19.2 billion in 2006. Corus' operations are organised into three principal divisions; Strip Products, Long Products and Distribution and Building Systems, with manufacturing facilities located in UK and Netherlands. It holds a strong position in the automotive, construction and packaging sectors in Europe.

With the acquisition, the Company has emerged as the sixth largest steel manufacturer in the world. Tata Steel is the lowest cost steel producer in the world, catering mainly to the domestic market. The Company has a competitive advantage of captive iron ore mines and collieries. On the other hand, Corus has state-of-the-art plants located in the UK and Netherlands producing mainly high end products, with a strong R & D capabilities. The combination of these two entities will give the Company access to highly developed and competitive markets of Europe, a strong product portfolio and state-of-the-art technology in manufacturing. The Company also sees a strong cultural fit with Corus, which is one of the key elements for successful integration. The Company believes that there are

several areas where synergies are possible and is confident that these benefits will start accruing from the current year itself.

Since the acquisition is effective from 2nd April 2007, the financial results of Corus will get reflected in the consolidated financial statements of the Company from the current year.

Finance

In the last few years, the Company has been steadily consolidating its financial position. No major borrowings were undertaken and the entire funds for capital expenditure were met from internal generation. Surplus cash reserves were temporarily invested in money market mutual funds to facilitate liquidity.

The Company was, therefore, in a strong position to leverage its balance sheet to meet the substantial funds required for the acquisition of Corus. The Company proposes to infuse USD 4.1 billion as equity to part finance the transaction. The equity will comprise of USD 700 million from internal generation, USD 500 million of external commercial borrowings, USD 640 million from the preferential issues of equity shares to Tata Sons Ltd. in 2006-07 and 2007-08, USD 862 million from a rights issue of equity shares to the shareholders, USD 1000 million from a rights issue of



convertible preference shares and about USD 500 million from a foreign issue of equity-related instrument.

Tata Steel UK Limited, a wholly-owned indirect investment subsidiary of the Company, has contracted a USD 6.14 billion long-term debt from a consortium of banks, with a non-recourse provision as far as Tata Steel is concerned. The balance amount of USD 2.66 billion is proposed to be raised through a long tenor quasi-equity or debt capital market instrument.

Considering the large amount of funds required, adequate care has been taken to ensure that the additional borrowings are efficiently priced and serviced without overly stretching the Company's balance sheet. The financing structure also allows de-leveraging of Corus without any pre-payment costs and provide flexibility to take advantage of better terms in the future.

A secured loan of USD 400 million was availed from IFC (Washington) to part finance the domestic expansion projects. During the year, total loans increased to Rs. 9,645 crores from Rs. 2,516 crores in the previous year, due to increase in the foreign currency loans of Rs. 7,225 crores (USD 1.65 billion) for funding the acquisition of Corus. The proportion of foreign currency loans to

the total loans was 76% in the year under review as compared to 11% in the previous year.

Raising of Finance Through Preferential Issue of Shares and Warrants to Tata Sons Ltd.

At the Annual General Meeting of the Company held on 5th July, 2006, the shareholders had approved the proposal to raise additional long term funds, including through preferential issue of securities to the main promoter, Tata Sons Limited (TSL). In terms of SEBI (DIP) Guidelines 2000, the Board, at its meeting held on the same day, approved the preferential issue of 2,70,00,000 Ordinary Shares of Rs. 10 each, at a premium of Rs. 506 and 2,85,00,000 warrants to TSL, where each warrant entitled TSL to subscribe to one Ordinary Share of the Company against payment in cash. The option to convert the Warrants into Ordinary Shares was exercisable on or after 1st April, 2007.

Pursuant to the above, 2,70,00,000 Ordinary Shares of Rs. 10 each were allotted to TSL on 19th July, 2006, at a premium of Rs. 506 per share aggregating to Rs. 1393.20 crores. On 16th April, 2007, TSL exercised its option to convert 2,85,00,000 warrants into Ordinary Shares at a price of Rs. 484.27 per share. Accordingly, 2,85,00,000 Ordinary Shares of Rs. 10 each

The combination of Tata Steel and Corus will give the Company access to highly developed and competitive markets of Europe, a strong product portfolio and state-of-the-art technology in manufacturing.

Directors' Report 2006-07

were allotted to TSL on 17th April, 2007, at a premium of Rs. 474.27 per share aggregating to Rs. 1,380.17 crores.

After the preferential issue, the paid-up share capital of the Company stands at Rs. 608.97 crores, comprising 608,972,856 Ordinary Shares of Rs. 10 each.

Proposed Rights Issues

In order to part finance the acquisition of Corus Group plc, UK, the Company proposes to raise the following equity capital:

- (i) Rights Issue of Ordinary Shares to the shareholders in the ratio of 1:5 at a price of Rs. 300 per share (Rs. 10 each) aggregating to Rs. 3,655 crores. The issue has been priced so as to make it attractive to the shareholders of the Company on the occasion of the Company's centenary year.
- (ii) 2% Cumulative Convertible Preference Shares (CCP) of Rs. 100 each, compulsorily convertible into Ordinary Shares of Rs.10 each any time between 18 to 30 months from the date of allotment, with an indicative conversion price in the range of Rs. 500 to Rs. 600 per Ordinary Share (on ex-rights basis) or such higher price as may be decided by the Board or the Committee thereof at the time of the issue. The date of

conversion, conversion price and the ratio in which the CCP Shares will be offered to the shareholders, will be determined at the time of issue. A total amount of approx. Rs. 4,350 crores or such amount as maybe approved by the Board is proposed to be raised.

The record date will be announced once the SEBI approves the draft Letter of Offer.

Increase in Authorised Share Capital

In order to facilitate the issue of Cumulative Convertible Preference Shares, the authorised share capital of the Company is proposed to be increased from Rs. 2,000 crores to Rs. 8,000 crores by creation of a new class of Capital viz. 60,00,00,000 Convertible Cumulative Preference Shares of Rs. 100 each aggregating to Rs. 6,000 crores.

Brownfield Projects

The expansion project undertaken by the Company at its Jamshedpur Works to produce 6.8 mtpa crude steel is progressing satisfactorily. Orders for major equipments have been placed and the project is expected to be completed by June 2008. The Company has also initiated a program for further



expansion of crude steel making capacity by 2.9 mtpa to 9.7 mtpa at Jamshedpur. This expansion project is expected to be completed in 2010.

Coke is one of the main raw materials in the steel making process. Consequent to the expansion programs, the increased requirement of coke will be sourced from Hooghly Met Coke Company Limited, a subsidiary of Tata Steel. The coke making facility is being set up with a production capacity of 1.6 mtpa. The production is expected to commence in 2008.

In the Tubes Division, the first phase of modernisation has been completed. A 3" Commercial Tube Mill, 4" Precision Tube Mill and a state-of-the-art Cold Drawn facility have been commissioned. Production capacity, as a consequence, has increased from 2,30,000 tonnes to 3,25,000 tonnes.

During the year, the Company incurred capital expenditure of Rs. 2,007.68 crores.

Greenfield Projects

The process of land acquisition and rehabilitation work for the 6 mtpa integrated steel plant in Kalinganagar, Orissa is in progress. Orders for some major equipment have also been placed.

Further, the Company has signed MoUs for setting up greenfield projects in Chhattisgarh and Jharkhand. Discussions with the concerned authorities for allotment of new mines, environmental clearances, land acquisition, rehabilitation packages etc. have been initiated. Commencement of work on these projects would depend on satisfactory conclusion of the above issues.

The Company is exploring opportunities for setting up facilities for extraction of heavy minerals, upgradation of Ilmenite to synthetic Rutile and a captive power plant at Tamil Nadu.

South East Asian Operations

Tata Steel has been undertaking the integration of its South East Asian Operations i.e. NatSteel Asia Pte. Ltd. and Tata Steel (Thailand) Public Co. Ltd. (erstwhile Millennium Steel).

Tata Steel (Thailand) Public Co. Ltd., a subsidiary of the Company, increased finished steel production by 18% over the previous year at 1.14 million tonnes. Steel sales were higher by 16% at 1.12 million tonnes and revenues were higher by 22% over the previous year at Rs. 2,587 crores (USD 595 million). In spite of increased imports from China into South East Asian markets and the political disturbance in Thailand, Tata Steel (Thailand) Public Co. Ltd. recorded an improved performance to post an



Tata Steel has been undertaking the integration of its South East Asian Operations

Directors' Report 2006-07

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of Rs. 289 crores (USD 67 million). The EBITDA margin improved to 11.2% as compared to 6.7% during the previous year. The Company turned around to make a Net Profit of Rs. 125 crores (USD 29 million) for 2006-07.

The turnover of NatSteel Group increased by 8.5% over the previous year at Rs. 4,396 crores (USD 1.01 billion). Net Profit (after Minority Interest) for 2006-07 was Rs. 76 crores (USD 17 million) which was lower than the previous year primarily on account of increased imports from China and higher scrap prices which adversely affected the profitability of the Company.

As part of regional consolidation, NatSteel Asia Pte. Ltd. acquired 100% equity stake in NatSteel Trade International Pte. Ltd., Southern NatSteel (Xiamen) Ltd. in China and a majority stake in NatSteel Vina Co. Ltd. in Vietnam

Other Projects

Tata BlueScope Steel Limited

The 50:50 Joint Venture agreement between Tata Steel Limited and BlueScope Steel Limited to form the Tata BlueScope Steel Limited became effective from 30th May, 2006. The Building Solutions facilities at Pune, Bhiwadi and Chennai have become

operational since August 2006, December 2006 and January 2007, respectively. The construction of the Coated Steel manufacturing facility at Jamshedpur is scheduled to start in the first half of 2007.

The JV company offers a comprehensive range of branded steel products for building and construction applications, including the premium ZINCALUME® steel, COLORBOND® steel, LYSAGHT™ roll formed steel products and BUTLER™ metal building systems.

Tata Steel (KZN) (Pty) Limited

Tata Steel (KZN) (Pty) Limited, a subsidiary of the Company is setting up a High Carbon Ferro Chrome Plant with a capacity of 1,50,000 tpa at Richards Bay, South Africa. The project is likely to be commissioned by November 2007.

The Dhamra Port Company Limited

The Dhamra Port Company Limited ('DPCL'), a Joint Venture company between the Company and Larsen & Toubro Limited ('L&T') has been set up for developing an all weather modern deep water port in the state of Orissa on the Eastern Coast of India.



The bulk cargo berths are being designed to accommodate upto 180,000 (DWT) vessels. A 62.7 km (route distance) rail link connecting the Port to the nearest railway station at Bhadrak on Chennai-Howrah line is included in the project scope.

Tata NYK Shipping Pte. Limited

Tata NYK Shipping Pte. Ltd., a joint venture shipping company between the Company and Nippon Yusen Kabushiki Kaisha (NYK Line) has been set up to cater to dry and break bulk cargo and subsequently the shipping activities.

Rawmet Ferrous Industries Private Limited

The Company acquired Rawmet Ferrous Industries Private Limited in Orissa, a Ferro Alloys plant with a capacity of 50,000 tpa of high carbon ferro chrome. This would supplement the Company's existing Ferro Chrome facility at Bamnival, Orissa.

Subsidiaries

A list of the Company's subsidiaries is given in Page Nos. 184-185 of this Report.

The total revenues of the Company's subsidiaries increased to Rs. 9,058.63 crores during 2006-07 as compared to Rs. 5,481.39 crores during the previous year. This was mainly due to

consolidation of Tata Steel (Thailand) Public Co. Ltd. (erstwhile Millennium Steel). Profit after taxes for 2006-07 was Rs. 21.46 crores as compared to Rs. 232.79 crores in the previous year primarily on account of financing charges in overseas Special Purpose Vehicles (SPVs) incurred for the acquisition of Corus Group plc.

Safety

The Company has continued to scale up its safety performance at all locations with the help from M/s. Dupont Safety Resources. 2007 has been declared as a 'Safe Centenary Year'. Safety measures have been strengthened and employees are being trained to think on hazards/risks associated with their job. Systems have been established to make employees responsible and accountable for safety. Good safety performance is being rewarded. While 'Safety' has been included as a Corporate Value, the main objective is to achieve world-class standards of safety in the shortest possible time.

Directors

Mr. Subodh Bhargava was appointed on the Board of the Company with effect from 29th May, 2006 as an Additional Director. The shareholders subsequently approved the appointment at the Annual General Meeting held on 5th July, 2006.



2007 has been declared as a
Safe Centenary Year

Directors' Report 2006-07

Mr. Kumar Mangalam Birla stepped down from the Board with effect from 14th August, 2006. The Board records its appreciation of the contribution made by Mr. Birla during his tenure as a Director.

Mr. P. K. Kaul, Financial Institutions' Nominee Director passed away on 28th February, 2007. He was a member of the Audit Committee since 1990 and Chairman of the same between 2002 and 2006. The Directors record their deep appreciation of the valuable advice and counsel provided by Mr. Kaul to the Board and the Audit Committee over a period of 17 years.

Consequent to the acquisition of Corus, the Company has global operations across almost all the geographies. The Board of Directors, at its meeting held on 17th May, 2007, approved the appointment of Mr. James Leng, Mr. Philippe Varin, Mr. Jacobus Schraven and Dr. Anthony Haywards, Directors of Corus, as Additional Directors on the Board of the Company. Mr. James Leng has also been designated as Deputy Chairman of the Board.

The Directors believe that the induction of the above mentioned four Corus Directors on the Board of the Company will bring in a

rich and varied experience that would enable it to manage the business of the enlarged size and complexity.

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Nusli N. Wadia, Dr. T. Mukherjee and Mr. A.N. Singh, retire by rotation and are eligible for re-appointment.

Energy, Technology and Foreign Exchange

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A' to the Directors' Report.

Particulars of Employees

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure 'B' to the Directors' Report.



Corporate Governance

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. A note on the Company's corporate sustainability initiatives is also included.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that :

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them

consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

RATAN N. TATA

Chairman

Mumbai, 17th May, 2007



Directors' Report 2006-07

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted Tata Code of Conduct for its employees including the Managing Director and Whole time Directors. In addition, the Company has adopted the Tata Code of Conduct for Non-Executive Directors. Both these Codes are posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2007, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Executive Directors as on 31st March, 2007.

Mumbai, 17th May, 2007

B. Muthuraman
Managing Director

Annexure 'A' to Directors' Report

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

- a) ENERGY CONSERVATION MEASURES TAKEN :
 - i) Conversion of boiler no. 5 & 6 stoker coal fired boilers at Power House No. 3 into by-product gas fired boilers.
 - ii) Commissioning of 2nd LD Gas holder to enhance LD Gas Recovery.
 - iii) Phasing out of old and inefficient coal fired boilers at Boiler House No. 1
 - iv) Upgradation of E blast furnace to high top pressure operation thereby reducing blast furnace fuel rate.
- b) ADDITIONAL INVESTMENTS AND PROPOSAL FOR REDUCTION OF CONSUMPTION OF ENERGY :
 - i) Modification of two numbers of stoker fired boilers into by-product gas fired boilers at Power House No. 3 to reduce boiler coal consumption.
 - ii) Installation of Top recovery turbine at 'G' & 'H' Blast Furnace.
 - iii) Recovery of sensible heat of coke by installation of Coke Dry Quenching system in Batteries 5, 6 & 7 at Coke Plant.
 - iv) Phasing out of inefficient boilers and replacement of old and inefficient Blast Furnace blowers.
 - v) Use of lean by-product fuel at re-heating furnaces by adopting regenerative burner technology.
- c) IMPACT OF THE ABOVE MEASURES :

Energy Conservation measures during 2006-2007 has resulted in achieving:

 - i) Lowest ever Plant Specific Energy Consumption of 6.717 Gcal/tcs.
 - ii) Lowest ever boiler coal consumption of 66.77 kg/tss.
 - iii) Lowest ever Plant Power Rate of 398.52 kwh/tss.
 - iv) Higher LD Gas Recovery of 55.51 NM³/tcs.
 - v) Lower specific oxygen consumption of 54.55 Nm³/tcs at steel melting shops.
 - vi) Reduction in process steam condensate loss of 23.12 tonnes per hour.
 - vii) Higher combine boiler efficiency of 81.48%.

Form - A

Form for disclosure of particulars with respect to Conservation of Energy : 2006-2007

Particulars

A. POWER AND FUEL CONSUMPTION

Particulars	2006-2007	2005-2006
1. ELECTRICITY		
a) Purchased		
Units (M. KWH)	1,980.45	1,871.27
Total Amount (Rs. Lakhs) #	52,287.26	50,028.41
Average Rate/Unit (Rs./KWH)	2.64	2.67
b) Own Generation		
i) Through Diesel Generator		
Units (M. KWH)	22.68	12.96
Units per litre of Diesel Oil (KWH)	3.97	3.91
Average Cost/Unit (Rs./KWH)	10.31	13.50
ii) Through Steam Turbine/Generator		
Units (M. KWH)	955.05	1,018.88
Units per tonne of Coal (KWH)	2,364	1,410
Average Cost/Unit (Rs./KWH)	1.94	1.75
(*This includes generation of PH 4 in MKWH which is operated on by-product gases upto 95%)	355.61	454.99
2. COAL		
i) Coking Coal & Cookeries		
Quantity (Million Tonnes)	3.30	3.65
Total Cost (Rs. Lakhs)	103,068.32	109,982.50
Average Rate (Rs./Tonne)	3,121.05	3,017.19
ii) Blast Furnace Injection Coal		
Quantity (Million Tonnes)	0.42	0.38
Total Cost (Rs. Lakhs)	24,240.75	16,798.99
Average Rate (Rs./Tonne)	5,752.30	4,456.57
iii) Middling Coal and ROM		
Quantity (Million Tonnes)	0.34	0.64
Total Cost (Rs. Lakhs)	3,170.98	5,857.00
Average Rate (Rs./Tonne)	942.33	911.55
3. FURNACE OIL		
Quantity (Kilo Litres)	12,079.17	11,160.68
Total Amount (Rs. Lakhs)	2,031.59	1,655.92
Average Rate (Rs./KL)	16,818.94	14,837.08
4. OTHERS		
L.D.O.		
Quantity (Kilo Litres)	9,238.63	7,093.81
Total Cost (Rs. Lakhs)	2,610.45	1,626.78
Average Rate (Rs./KL)	28,255.85	22,932.43
L.P.G.		
Quantity (Tonnes)	3,835.40	3,387.25
Total Cost (Rs. Lakhs)	1,219.36	942.79
Average Rate (Rs./Tonne)	31,792.24	27,833.47
NG		
Quantity (Tonne)	2,814.56	2,823.46
Total Cost (Rs. Lakhs)	254.95	244.08
Average Rate (Rs./Tonne)	9,058.26	8,644.72

Excludes electricity duty paid on purchases

Form for disclosure of particulars with respect to Conservation of Energy : 2006-2007

B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Steel (per tonne)	Tubes (per tonne)	Bearings (per no.)	F.A.M.D. (per tonne)	Rings & Agrico (per no.)	Growth Shop (per tonne)	CRC West (per tonne)	Wire Div. (per tonne)	CRM SISODRA (per tonne)
Electricity (KWH)	398.52 (425.00)	97.00 (96.00)	0.73 (0.72)	3632.90 (3698.07)	1.23 (1.20)	457.35 (813.02)	151.23 (159.97)	220.71 (211.94)	349.95 (323.23)
Furnace Oil (Litres)						15.68 (16.24)		23.09 (23.58)	
Coking Coal (Tonnes)	0.72 (0.82)								
Others :									
Light Diesel Oil (Litres)	1.29 (0.71)						— (9.00)	8.02 (8.19)	52.65 (44.69)
High Speed Diesel Oil (Litres)									
L.P.G. (kg)							13.23 (13.05)	10.29 (9.23)	0.35 (1.07)
NG. (kg)								24.54 (24.26)	

Form - B

Form for disclosure of particulars with respect of Technology Absorption 2006-07

RESEARCH AND DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R & D WAS CARRIED OUT BY THE COMPANY.

Research was carried out in the areas of raw materials including iron ore, coal, coke, ferro chrome and titania, blast furnace productivity, Steelmaking, product development, process improvement, coatings.

2. BENEFITS DERIVED

In order to address challenges, seven thrust area projects were taken up :

1. 8% ash in coal maintaining yield
2. Complete beneficiation of iron ore
3. Improving blast furnace productivity
4. Lowering phosphorus in Steelmaking
5. Flat Products for automobiles
6. Ferro chrome – reduction in power cost
7. Coatings

Progress on thrust area projects

The progress achieved in the above thrust areas are briefly described below.

1. 8% ash in coal without reducing yield

The strategy for this project has been two fold. First, to thoroughly characterise our coal and to modify existing technology to suit our coal. Through this approach, a new design for dense medium cyclone has been developed, which has been patented. Pilot trials will take place by May 2007 in Australia. Similarly, a new frother chemical has been developed for improving the efficiency of flotation. The new frother has the potential to deliver near-theoretical yield at low(<10%) ash levels. This chemical is planned to be tried in the West Bokaro washeries in April 2007. The second strategy was to develop an entirely new technology, based on chemical leaching, to derive value out of the rejects of the above processes and the middlings. This technology has been demonstrated at 2 kg scale to give < 8% ash with nearly 80% yield. A 500 kg pilot plant for the new technology is being planned to be put up by November 2007.

2. Complete beneficiation of iron ore

Detailed characterisation of ore bodies, fines and slimes is in progress along with the assessment of performance of all existing technologies. This work is being carried out at three different laboratories in India.

3. Improving productivity of blast furnaces

Work has been carried out to model burden distribution and to predict the change in gas flow pattern with change in burden. A detailed experimental study has been carried out to establish the effect of decreasing blast furnace slag volume, through higher basicity, on slag viscosity and sulphur carrying capacity. Knowledge gained for this work has contributed to the lowering of slag volume to around 255 kg/t of hotmetal. Slag basicity has been increased from an earlier level of 0.90 to 1.05 without any adverse effect on viscosity.

4. Lowering phosphorus in steel making

Experimental work on the optimum lime content of slag and its phosphorus capacity is being carried out at the Royal Institute of Technology, Sweden. In a separate work aimed at increasing the kinetics of dephosphorisation, a new lance tip has been designed. It is scheduled to be tried in operations in April 2007.

5. Flat Products for automobiles

The aim under this thrust area is to develop a steel grade with 1000 MPA strength and 50% elongation. In a recent breakthrough, for the first time in India, a new steel grade has been hot rolled whose tensile strength is above 850 MPA and elongation is >20% A 7mm thicksheet of this grade can withstand 180 degree fold. Through fundamental research carried out precipitation and recrystallisation behaviour in rephosphorised grades of IF steels, operating regimes have been identified that can give extremely high formability ($r\text{-bar} > 2$) to high strength interstitial free steels.

6. Ferro chrome – reduction in power cost

Chromite ore is refractory in nature and therefore difficult to reduce. Current process uses submerged electric arc furnace for reduction of ore. After studying the structure and oxidation state of the ore, a new process for the production of ferro chrome has been developed in the laboratory. This process uses a preoxidation step and subsequent reduction in a rotary hearth furnace. A scale-up to 500kg level will be ready by February 2008.

7. Coatings

Work on coatings is progressing along three streams. First is in the area of metallic coatings. Second is in the area of polymeric and nano coatings to replace harmful hexavalent chromium. The third is aimed at replacing zinc itself. In the area of metallic coatings, a galvanizing and galvannealing simulator is being installed that has been designed in-house. This will be operational by May 2007. A coating based on nanosilica has been developed and applied on A4-size steel sheets that gives 8 to 10 times more protection than chromium on zinc. This can potentially replace hexavalent chromium.

3. FUTURE PLAN OF ACTION

The challenges ahead are :

- Rapid growth
- Multiple locations – how to share learnings
- Concentrate on “high end” – new technology
- Raw materials – best use of captive resources

4. EXPENDITURE ON R & D

(a) Capital	6.40
(b) Recurring	26.85
(c) Total	33.25
(d) Total R & D expenditure as a percentage of total turnover	0.24

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made

On the Process Front ...

Adoption, Absorption and Innovation of Technology – FY 2007

Raw Materials

Pilot plant trials of pneumatic flotation of fine fraction coals of West Bokaro and Jamadoba indicate that there is considerable reduction in ash percentage with good improvement in overall yield.

Development of new frother chemical bears good promise for high yield at low ash level in coal washeries. A newly developed chemical leaching process is found to give consistently low levels of ash without the loss of carbon during the treatment of coal rejects and middling.

Pilot plant studies using Log Washers and Counter current attritors show reduction in alumina in Iron ore to the level of 0.5%.

Iron Making

Work was carried out to model burden distribution and gas flow pattern in blast furnace with change in burden. The nomogram developed between the liquidus temperature and the slag viscosity has helped in reducing the BF slag volume and also achieving the optimised slag composition with high Sulphur bearing capacity.

There was a reduction in coke rate from 511 to 488 kg / thm. There was increase in injection of coal and tar from 63 to 91 kg / thm.

Reduction in CaO of sinter from 9.36 to 9.0 resulted in considerable saving of limestone. Use of BF dust in sinter making helped in recycling of waste material.

Steel making

New configuration of bottom tuesdayers and differential flow pattern of the inert gas have been developed to achieve low turn down 'P' in BOF vessel.

The trials with the modified design of the slab caster tundish have been successful. The modified tundish can hold up to 34 t.

Caster 2 of LD – 1 shop stabilised during the year. It could achieve the rate of one million tonne in the eleventh month from the start up.

Use of Magcarb brick for the BOF lining has helped in improving the lining life to beyond 3000 heats.

LD-1 shop eliminated the use of hot metal mixers and switched over to receipt of hot metal by only torpedoes.

Converter 1 of LD-2 shop was upgraded to 160 t capacity. The job of upgrading the other two converters will be completed by October 2007. Use of Magcarb brick improved the converter lining life to over 3000 heats. In one campaign, the lining life was 3415 heats.

Rolling

Online flaw detector was installed in Wire Rod mill for continuous feedback on surface quality

New Rebar mill achieved the rated capacity in the first year of commercial production. It attained the rolling speed of 36 m/min, which is the highest for a slit rolling mill. The mill achieved good surface quality and 100% negative weight tolerance in a close band

To improve the performance of Merchant mill, bar alignment rolls in cooling bed, temperature measuring system in roughing stand, and bar counter in cold shear were installed.

Product Development – Long Product

Obtained approval as 'Global Vendor' from ESAB international for the supply of WR3 (M) for CO2 welding application.

36 mm Fe-500 Tiscon rebars were rolled for the first time in merchant mill.

Successfully produced high carbon steel with low nitrogen (less than 60 PPM).

Commercialised super ductile rebar for earthquake applications and galvanized rebars for improved corrosion life.

Product Development – Flat Product

IF and IFHS grades

Increased overall strike rate in IF from 64% to 73%.

Reduction in rework - As Cast IF.

Development of super EDD (Equivalent of SPCX for Side Outer).

Development of IFHS-350 grade with improved R bar (1.8min) and low planar anisotropy (known as Isotropic steel).

Development of IFHS-390 for applications in Tata motor.

Reduction in chemistry diversion and carbon pick up in IF grades by through process measures.

Increase in secondary cooling water in segment '0' and '1' to improve the surface quality of IF steel.

EDD grade

By through process improvements, internal rejection of EDD on account of mechanical property was brought down from 2.5% to 0.25%

High Strength Steel

Development of BH 180 and 220 with good shelf life and bake hardening property.

Development of Rephosphorised steels with Tensile 350 MPa and 390 MPa. They have higher R bar value than normal IFHS grades.

Development of HS 800 grade with good fatigue and stretch flange ability for the long member of Truck of Future. This is a hot rolled steel with nano size carbide precipitates.

ATM grade with high tensile (700 MPa) for Godrej.

Development of HSLA 240 grade for structural members.

Resolution of spring back problem in E 46 by reduction of the YS value.

Reduction in edge slivers in Yst 38 grade.

Use of nitrovan to improve the mechanical properties of thin gauge Hot rolled steel.

Reduction of mould cooling water in peritectic composition to reduce the cracks.

Electrical Steel

Development of process for Steel with low core loss and high permeability for electrical application – Ultra low carbon steel containing antimony.

Coated Steel

By proper characterisation of the coating, excess powdering arising out of over alloying was reduced.

Development of 'T' coat, which was essential for the approval of critical large size components such as 'Door Inner'. The coating improves the formability, reduces the powdering and corrosion performance. The product has been patented.

Development of GPSP for applications such as bus body panel and drum.

In-house passivation chemical to reduce the fretting corrosion and also to improve the corrosion resistance.

Steel with Magni coat was developed. The coating is being assessed for weldability and corrosion life. The product will be tried for four Wheeler fuel tanks for the first time in India.

Customer Approval/accolade

HMIL approved 25 sizes of GA. 'T' coat panel also was approved.

SPCEN and SPRC 35 approvals for skin panels have come from HMIL.

Overall rejection at HMIL was brought down to 1700 PPM against the previous year figure of 3200 PPM.

Honda R & D, Japan has approved our 'IF' grade for external and internal application after a rigorous testing of steel for mechanical properties, weld ability and paintability.

We have received the best supplier award for the second year in succession from Honda.

By product solution at the customer place, the rejection at Whirlpool was brought down to 35 ppm.

Technology Absorption, Adaption and Innovation

In Tubes Division the following efforts are made to improve operational efficiency :-

a. Solid state welder in 2” Precision Tube Mill :

Oscillator valve type welder installed in 1992-93 was used for welding of tubes. This welder has been replaced with a solid state welder with diagnostic features for ease in fault finding. This facility was not available in existing oscillator valve type welder. Efficiency of solid state welder is 85% as compared to 55% of oscillator valve type welder. Maximum voltage in solid state welder is 400 volts which is safe and easy during maintenance. Oscillator valve type welder operates on 14000 volts. Power consumption is also low in solid state welder as compared to oscillator valve type welder. With new solid state welder, reduction in rejection due to weak weld, increase in availability of mill, reduction in frequency of stoppage of mill due to welder and reduction in electrical power consumption has been achieved.

b. Automatic Continuous pickling line :

Tubes for galvanizing were pickled by dipping tube bundles in open tanks containing sulphuric acid. This process was very unsafe and unhygienic. The old system has been replaced with a modern continuous hydrochloric acid pickling line of 100000 tpa capacity. Engineering has been supplied by M/s. Loeco of Germany. Based on their design, equipment have been manufactured indigenously. New pickling line has 23 tanks and tubes are fed one by one. These tanks are covered completely and fume extraction system with wash tower has been installed. When compared to sulphuric acid, hydrochloric acid has the advantage of longer active life, active at ambient temperature and more benign removal of oxides. Throughput of pickling has been enhanced by 42500 tpa.

c. Restoration of damaged column of pickling shed :

Sulphuric acid in open tanks were used for pickling tubes before sending for galvanizing. Due to open tanks, acidic fumes generated from the tanks and also spillage of acid from open tanks penetrated in the soil over a period of time. This resulted in uplifting of some of the shed columns by about 300 mm making the shed unsafe and also caused frequent breakdown of EOT cranes in the area. Soil investigation, fabrication of supporting girders etc. were done. The columns and the crane gantry were brought back to normal level without affecting the production of pickling plant.

d. New 4” Precision tube mill :

A most modern state of art 4” Precision Tube Mill with cold draw, normalising furnace has been commissioned. The new mill has installed capacity of 40,000 tpa in the size range from 31.75 mm to 114 mm OD.

e. Tube transfer table from new pickling line to Galvanising bath No. 1 :

Tubes after pickling from the new pickling line have to be fed in to galvanizing bath nos. 1 and 2. M/s. Loeco, supplier of design of new pickling and galvanizing bath 2, had given design for direct transfer of tubes from pickling line to galvanizing bath no. 2. To save on cost, design & manufacturing of transfer table from pickling line to galvanizing bath no. 1 has been done in-house. This is working satisfactorily.

Efforts for Energy Conservation at West Bokaro

(1) AUGMENTATION OF STEAMING CAPACITY FROM 62TPH TO 75 TPH THROUGH PERFORMANCE OPTIMISATION OF FBC UNIT, WEST BOKARO

1.0 BACKGROUND :

Two independent Fluidised Bed Combustion(FBC) boiler based units, each capable of generating 10MW captive power by utilising Washery rejects were conceived at West Bokaro during 1992-93. Designs of the boilers were basically reliability centric investment and efficiency were not the topmost priority. The Boiler bed was devoid of Bed tubes necessitating excess air to the tune of 100% in order to maintain the Bed temperature. This resulted in inefficient combustion and heat loss. The basic purpose of not having bed tubes was to eliminate tube failure due to highly abrasive fuel. However, in due course it was observed that tube failure due to erosion had shifted downstream and affected the Economiser tubes due to higher volume and velocity of flue gas. Thus the basic purpose of not having the Bed tubes was lost.

2.0 NEED AND NATURE OF PROPOSED MODIFICATION :

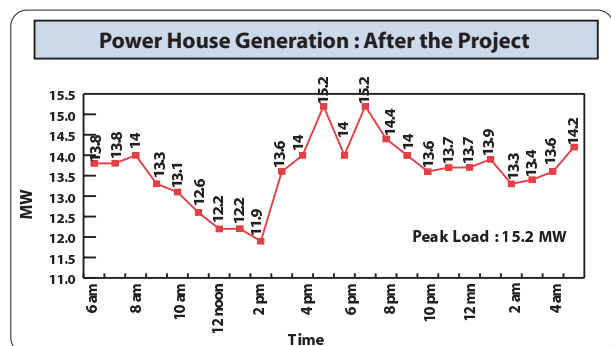
The FBC units at West Bokaro are in operation for over a decade and have logged about 100,000 hours. The operating personnel have gained valuable experience through all types of maintenance and operating problems - generic and routine. Different maintenance modules were evolved both condition based and preventive to avoid unplanned outages of the boilers. Thus the primary considerations for a conservative, reliability-centric design no longer hold good, and should be optimised wherever feasible. Also, the units are still young, having residual life of over 20 years. This is perhaps the right time to make good use of the excellent in-built features and associated investment. Hence the possibilities of upgrading one of the FBC boilers to augment steam generation within justifiable cost were explored. The modified boiler is expected to be more efficient, reliable, and safe compared to existing ones.

With the present setup with one boiler and two turbines, the peak load attained was 12 MW. Both the Boilers could not be operated parallelly since its commissioning due to various infrastructure deficiencies, e.g.: Coal Handling Plant, DM Plant, Ash Evacuation system, Maintaining load on Sundays and Holidays, etc. Moreover, additional loads due to new installation of SEB Project further necessitated optimisation of the installed assets.

2.1 Modification

The modification essentially involves in putting additional heat transfer surfaces in the bed and linking the Low Temperature Super Heater (LTSH) to the existing economiser – LTSH now will be part of economiser. Modified boiler can utilise existing fuel system to generate about 20-25% extra steam utilising excess capacity of FD/ID fans, furnace (area) and feeders.

This has been done first time in India by any company.



2.2 Benefits:

Post-modified boiler is similar to the standard BHEL configuration of FBC steam generators. The additional steam generated has helped attaining a peak load of 15.2 MW, thus an increment of 3.00 MW. The investment has a pay back period of less than a year. Thus with an incremental cost of Rs. 2.0 crores, additional load of 3 MW could be attained. This has optimised the existing Plant Load factor and utilisation of idle asset of the company. This is saving Rs. 2.50 crores/year.

Key Performance indicators	Before	After
Combustion efficiency (%)	74	79
Specific coal consumption (Kg./KWH)	2.6	2.4
Furnace temp. (°C)	1000-1050	900-950
Exit Flue gas temp (°C)	140	120
Peak Load (MW)	12	15.2
Unit Generated/month (LKWH)	71.3	84.0
Unburnt in Fly Ash (%)	6.6	4.5
Fluidizing air (M3/Hr)	115000	102000

Sweating of Asset by Performance Optimising

- **Saving in purchased Power Bill by Rs. 2.5 crores/Annum for years to come**
- **Additional Generation of 150 LKWH/Annum with the same work force**
- **Attain Peak Load of 15.2 MW from 12 MW**

(2) CAPACITOR BANK- POWER FACTOR COMPENSATION UNIT

West Bokaro division mainly consists of mining and coal beneficiation loads which is mainly inductive loads causing low power factor. To improve power factor and in turn energy saving, four numbers capacitor bank, four sets of reactor along with VCB panel were installed in 33KV Receiving substation and Captive power plant. Thus a power factor improvement from 0.75 to 0.80 was achieved causing energy saving. Moreover an estimated demand of 1.5 MVA was saved from DVC by installation of capacitor banks.

Expenditure incurred for installation of capacitor banks, reactor etc. 70 lakhs.

Benefits of above :

- a) Tangible benefit of 65.64 lakhs/annum.
- b) Voltage improvement of supply system.
- c) Reduction in transmission loss by 12.7%.
- d) Better utilisation of electrical energy.

Compensation unit installed at receiving substation

(iv) Energy Conservation Achievements:

1. Installation of energy efficient equipments :
 - a) Tailings (fine coal particles with high ash – approximately 30-40%) of coal is sent to tailings pond after dewatering. Earlier this dewatering used to be achieved by using Solid Bowl Centrifuges. But this process was not efficient because large quantity of water was required and for this, three Motors of capacity 184 KW (One stand by) were used. Availability of machines was poor and also maintenance cost was high.

Now, the High Frequency Screen driven by two 4.8 KW unbalance motors is being used for dewatering. In this process consumption of water and energy is remarkably low. Availability is high and maintenance is low and also easier to operate.

The project cost was Rs. 95 lakhs. By eliminating the obsolete Centrifuge system, the saving on energy works out to be 11.33 lakh KWH per annum, which amounts to Rs. 27.20 lakh per annum. The impact on implementation is- simple system, low operation cost and higher efficiency.

- b) Reciprocating Compressors at different locations have been replaced by Screw Compressors.

Four numbers of 22.5 KW reciprocating Compressors have been replaced by energy efficient Screw Compressors in Ropeways.

- c) Pump Motors required for processing Coal have been replaced by suitable Size Motors.

Before the initiative : 02 Nos. 132 KW Motors were in use.

After the initiative : 02 Nos. 110 KW Motors are being used.

2. Use of Energy efficient Light Fittings :

40 Nos. Fluorescent Tube Light Fittings of Offices, Control Rooms and Conference Rooms have been replaced by energy efficient CFL light Fittings.

3. Reducing fuel consumption by using BEML Rear Dumper for Over Burden Production:
4. Using of Steaming Capacity from 62tph to 75 tph through Performance optimisation of FBC.

Unit:

The modification essentially involves in putting additional heat transfer surfaces in the bed and linking the Low Temperature Super Heater (LTSH) to the existing economiser – LTSH now will be part of economiser. Modified boiler can utilise existing fuel system to generate about 20-25% extra steam utilising excess capacity of FD/ID fans, furnace (area) and feeders.

5. Use of Solar Lights in two places on trial basis . 11 W solar Lights installed in two places. Saving is Rs. 300 approx. per month.
6. Other Areas of Energy Saving:
 - 04 Nos. Reciprocating compressors required for Ropeway Drive Stations and Return Stations have been replaced by energy efficient Screw Compressors. Energy saved is Rs. 24,000 approx. per month.
 - Two nos 132 KW Pump motors have been replaced by 110 KW Motors after load study. Energy saved is 64,000 KWH per annum.
 - Use of CFL lamps in offices and control rooms has brought savings of 3,150 KWH per annum.
 - Use of Variable Frequency Drives in Two Nos. 30KW Conveyor Belt Motors. Energy saved 18,700 Kwh. per annum.
 - Jatropha (Bio-diesel plant has been planted on overburden dumps.

Particulars of technology imported during last five years :

Steel Division

	<u>Absorption</u>	<u>Implementation</u>
a) Electrolytic cleaning line (SMS Demag, Germany)	2003	Commissioned
b) Upgradation of 'G' blast furnace (SMS Demag, Germany)	2004	Commissioned
c) Upgradation of HSM	2004	Commissioned
d) Upgradation of billet caster - 1 at LD1 (Concast, Zurich)	2004	Commissioned
e) Ladle furnace-2 at LD1 (SMS Demag, Germany)	2004	Commissioned
f) New Rabar Mill (Morgan, USA)	2004	Commissioned
g) Upgradation of caster at LD2 (Voest Alpine, Austria)	2004	Commissioned
h) Imported design and engineering for hot metal desulphurisation unit at LD1 (Kuettner GmbH)	2005	Commissioned
i) Supply of imported engineering for new induced draught fans, electrics & accessories for the LD Converter GCP at LD1 (Ebara Corporation)	2005	Commissioned
j) Adequacy checking BOF converters for augmentation of heat size at LD2 (SMS Demag, Germany)	2005	Commissioned
k) Imported design and engineering for upgradation of Caster 2 & 3 at LD2 (VAI, Austria)	2005	Commissioned
l) Imported design and engineering for hot metal desulphurisation unit 2 & 3 at LD2 (Kuettner GmbH)	2005	Commissioned
m) Imported design and engineering for capacity increase of slab reheating furnace nos. 1 & 2 of HSM (Techint)	2005	Commissioned
n) Supply of design and engineering and training for 150 tph walking beam furnace to Rebar Mill (Bricmont)	2005	Commissioned
o) Imported design and engineering (Mother well Bridge - Clayton walker)	2005	Commissioned
p) Supply of imported design and engineering for LD gas boosters (Howden Power Ltd., U.K.)	2005	Commissioned
q) Supply of imported design and drawing for Technology control system at HSM (SMS Demag, Germany)	2005	Commissioned
r) Supply of imported design and drawing for Basic level automation at HSM (Alstom, USA)	2005	Commissioned
s) Supply of imported design and drawing for dual zinc pot at CRM (CMI, Belgium)	2005	Commissioned
t) Supply of imported design and drawing for BAF, CRM (LOI, Germany)	2005	Commissioned
u) Supply of imported design and drawing for 4th Stove of 'G' Blast Furnace (Paul Wurth Italia, Italy)	2006	Under Implementation
v) Supply of imported design and drawing for 'H' Blast Furnace (Paul Wurth Italia, Italy)	2006	Under Implementation
w) Supply of imported design and drawing for Sinter Plant No. 4 (Outokumpu Technology, Germany)	2006	Under Implementation
x) Supply of imported design and drawing for LD2 expansion project. (SMS Demag, Germany)	2006	Under Implementation
y) Supply of imported design and drawings for convertor gas cleaning plants in LD shop 1 & 2 (SMS Demag, Germany)	2006	Under Implementation
z) Facility for quantitative estimation of minerals through Scanning Electron Microscope (Intellection Pty. Ltd., Australia)	2006	Commissioned
aa) Polarising Microscope with Photometer and Imaging at R & D (Leica Mikrosysteme Vertrieb GmbH, Germany and PRESI S.A., France)	2006	Commissioned
ab) Variable Frequency Drive for Descaling Pump Motor at Hot Strip Mill (ABB, India)	2007	Commissioned

Annexure 'B' to Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Sr. No.	Name	Age (Years)	Designation/ Nature of Duties	Gross Remuneration	Net Remuneration	Qualifications	Total Experience (Years)	Date of Commencement of Employment	Last employment held Designation – Period for which post held
				Rs.	Rs.				
1.	Bajjal A.D.	59	Vice President (HR)	54,59,875	38,79,975	B.Sc. Engg. (Met.), P.G.D.B.M.	37	13-12-69	—
2.	Chatterjee Koushik	38	Vice President (Finance)	51,11,367	36,29,959	B.Com., (Hons), F.C.A.	11	01-08-03	Tata Sons Ltd. – General Manager - Corporate Finance — 4 years — 7 months
3.	Chaturvedi U.K.	57	Vice President (Long Products)	57,10,345	40,46,136	B.Sc.	37	25-10-69	—
4.	Gupta Capt. Bhagwat Das	65	Pilot Officer	26,21,647	18,92,423	M.Com., LLB (Part 1)	36	17-06-06	Uttaranchal Govt. — Govt. Pilot — 7 months
5.	Jha Varun Kumar	55	Vice President (Chhattisgarh Project)	44,27,452	31,59,028	B.Tech. (Hons) P.G.D.B.M.	34	03-10-72	—
6.	Kharkar Hemant C.	50	Vice President (CSI & TQM)	29,98,341	21,85,027	B.E., P.G.D.B.M.	27	22-01-80	—
7.	Makashir WG. CD. S.	60	Chief Aviation	33,24,910	23,54,444	M.Sc. (Defence Studies)	39	02-09-97	Indian Air Force, Wg. Commander – 12 years
8.	Misra Abanindra M.	55	Vice President (RM)	40,81,588	29,38,638	B.E., M.B.A.	33	29-12-73	—
9.	Mukherjee Dr. T.	64	Deputy Managing Director (Steel)	1,68,16,905	1,16,29,612	B.E. (Met.), M. Met. (Sheffield), Ph. D. (Sheffield)	39	17-05-71	British Steel Corpn., Asst. Manager, New Products Dev., — 1 year – 6 months
10.	Muthuraman B.	62	Managing Director	1,97,83,038	1,32,06,681	B.Tech. (Met.), P.G.D.B.M.	40	14-11-66	—
11.	Narayan Om	56	Vice President (Safety & Services)	30,36,992	22,05,252	B.Sc. (Engg.) (Mech.), P.G.D.B.M.	32	03-10-74	—
12.	Nerurkar H.M.	58	Vice President (Kalinganagar Project)	61,48,162	42,66,089	B.Tech. (Met)	35	01-02-82	U.M.I. Ltd., Manager (QC) – 5 years
13.	Prasad Avinash	59	Vice President (Industrial Relations)	42,55,755	30,42,081	B.E. (Met)	35	14-06-71	—
14.	Sen Anand	47	Vice President (Flat Products)	43,85,381	30,28,114	B.Tech. (Hons) Met Engg., P.G.D.B.M.	25	27-07-81	—
15.	Sengupta D.*	61	Advisor to MD	46,72,161	29,83,946	B.E. (Electrical)	39	30-12-67	—
16.	Singh A.N.	60	Deputy Managing Director (Corporate Services)	1,21,05,100	83,28,722	B.A. (Hons) Pol. Science	36	05-10-90	Deputy Inspector General of Police, Bihar — 6 years
17.	Singh R.P.	62	Vice President (Engg. Services & Products)	58,23,127	41,25,316	B.Sc. Engg. (Mech.)	41	01-03-96	SAIL & RINL, General Manager (Projects) – 30 years
18.	Venugopal Dr. T.	54	Chief Technology Officer	25,07,411	18,67,523	B.Tech (Met Engg.), M. Tech (Ind. Metallurgy with Metal Casting Specialisation), Ph.D (Metallurgical Engg.)	29	04-05-01	Ispat Ind. V.P. (Technical Services) – 4 years

- Notes :
- (1) Gross remuneration comprises salary, allowances, monetary value of perquisites, commission to the Directors and the company's contribution to Provident and Superannuation Funds but excludes contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available.
 - (2) Net remuneration is after tax and is exclusive of company's contribution to Provident and Superannuation Funds and monetary value of non-cash perquisites.
 - (3) The nature of employment in all cases is contractual.
 - (4) None of the employees mentioned above is a relative of any Director of the company.

* Indicates earnings for part of the year.

On behalf of the Board of Directors

RATAN N. TATA
Chairman

Mumbai, 17th May, 2007.

Management Discussion and Analysis

1) Business Review

a) Global Economy

In 2006, the global economy enjoyed one of its strongest periods of growth in last several years, with economic growth in real terms accelerating from 3.3% in 2005 to 3.9% in 2006. This was primarily due to the continuation of strong growth in developing and emerging economies as well as recovery in the Euro area in 2006 after five years of marginal growth. The Euro area registered an economic growth of 2.7% in 2006 as compared to 1.4% in 2005. The German economy which accounts for almost 30% of the region's output recorded 6% growth in industrial production as business confidence reached its highest level since last 15 years and activity in construction sector showed significant improvement. While the US economy grew by 3.3% in 2006 as compared to 3.2% in 2005, the economy began to slow down in the second half of 2006 due to tightening of monetary policy and slowdown in the housing market. Japan grew by 2.2% in 2006 due to increased public investment, private consumption and buoyant exports. The Chinese economy grew by 10.7% in 2006, and contributed about a tenth of global growth. This is the fourth consecutive year of growth of at least 10%. China led the world, with manufacturing growth of around 20% in 2006. The global manufacturing output grew by 4.5%, the best since 2000 due to increased investment and global trade. The global economy in 2006 remained resilient even in the face of continued high oil prices. In real terms, the oil price levels

experienced in the year were the highest since the second oil shock of 1979-81.

b) Indian Economy

The Indian economy witnessed robust growth in FY 2006-07. India's GDP grew by 9.4% as compared to 9.0% in the previous year. India continues to be a high growth economy (second to China). The Indian economy grew at a stepped up rate for the consecutive fourth year from 3.8% in FY 2002-03 to 9.4% in FY 2006-07. The main drivers of growth were the manufacturing, services and construction sectors which grew by 12.5%, 11.0% and 10.7% respectively as compared to 9.1%, 9.8% and 14.2% respectively in the previous year. The overall industrial sector recorded a growth of 10.9% as compared to 9.6% in the previous year. The agriculture sector recorded a slow down with a growth rate of 2.7% as compared to 6.0% in the previous year. The private consumption and fixed capital formation represented 56% and 29.5% of the GDP respectively. The savings and investment touched a new high of 32.4% and 33.8% of the GDP respectively. Inflation was a cause of concern and the Wholesale Price Index increased from 4.1% at end March 2006 to a two year high of 6.7% in end January 2007 before moderating to 5.7% by end March 2007. The annual inflation increased to 5.4% as compared to 4.4% in the previous year, causing concerns of overheating the economy, which resulted in policy response from the Reserve Bank of India (RBI) in the form of higher interest rates. To tighten liquidity, RBI increased the Cash Reserve Ratio from 5.00% to 6.50% and the Repo Rate from 6.50% to 7.75% during the year.



Management Discussion and Analysis

India's export grew by 23.9% to USD 124.6 billion, recording a strong growth rate of 20% plus for the fifth consecutive year. Imports grew by 29.4% to USD 181.4 billion, driven by increased imports of oil by 30.8% and non-oil imports by 28.7%. This resulted in an increase in India's trade deficit to USD 56.7 billion as compared to USD 39.8 billion in the previous year. India's fiscal position improved during the year and revenue deficit was estimated at 2.0% of GDP as compared to 2.6% in the previous year. The gross fiscal deficit constituted 3.7% of GDP as compared to 4.1% in the previous year. Indian corporates raised external commercial borrowings of around USD 25.3 billion, over 50% higher than the amount raised during the previous year. India's foreign exchange reserves increased to USD 199.2 billion by end March 2007. The exchange rate of the Rupee against the US Dollar, which was Rs. 44.61 at end-March 2006 depreciated to Rs. 46.95 by July 19, 2006 but appreciated thereafter to Rs. 43.53 by end-March 2007. Overall, during the year, the Rupee appreciated by 2.3% against the US Dollar and 2.7% against the Japanese Yen, but depreciated by 6.8% against the Euro and by 9.0% against the Pound Sterling.

Overall economic buoyancy, together with bullish domestic equity capital markets, boosted investor sentiments attracting robust capital inflows into the economy. FIIs were net investors in the Indian equity market and invested around Rs. 25,000 crores during the year. Domestic Mutual Funds also invested around Rs. 9,000 crores in the Indian equity market. The BSE Sensex crossed the 14,000 mark for the first time on 3rd January, 2007, reaching a peak of 14,652 on 8th February, 2007

before closing at 13,072 on 30th March, 2007, yielding a gain of 1,792 points (i.e. 16%) as compared to 11,280 on 31st March, 2006. Foreign Direct Investment (FDI) for the fiscal year ended 31st March, 2007 is estimated at around Rs. 70,000 crores (USD 15.9 billion), exceeding portfolio inflows, which were until recently the preferred means of participating in India's rapid economic growth.

The Management's discussions on the Steel Industry and the Company's performance are given below:

1. Steel Business Unit

A) Global Steel Industry Overview

Global crude steel output, which closely tracks demand, grew by 8.9% to 1,244 million tonnes in 2006 as compared to 1,142 million tonnes in 2005 mainly driven by strong growth of 18% in China. In 2006, the top five steel producing countries were China (422.7 million tonnes), Japan (116.2 million tonnes), USA (98.6 million tonnes), Russia (70.8 million tonnes) and South Korea (48.5 million tonnes). The finished steel consumption grew by 8.5% at 1,113 million tonnes in 2006 as compared to 1,026 million tonnes in 2005. China accounted for 33% of global steel consumption and 50% of global demand growth. The Asian region especially China witnessed the most remarkable growth over the past ten years. In 1996, China produced 101 million tonnes of crude steel. By 2001, crude steel production increased to 151 million tonnes, at a CAGR



of 8%. In 2006, China produced 422.7 million tonnes of crude steel, registering a CAGR of 23% in last five years. China's share of world crude steel production also increased exponentially. In 1996, China became the largest steel producing country in the world for the first time, accounting for 13.5% of global crude steel production. In 2006, this share increased to around one third of the total crude steel produced in the world.

The global steel consumption increased both in developing and developed countries in 2006, with double digit growth in Europe, CIS, NAFTA and South and Central America. In Europe, the increase in demand was accompanied by a substantial increase in steel imports primarily from China, which emerged as a significant net exporter of steel in 2006. Construction was the key driver of demand across the EU in 2006, notably in Germany, which recovered very strongly.

The demand for raw materials viz. iron ore, coal, scrap, energy etc. have increased significantly due to robust growth in global crude steel production led by China. The shortages of raw materials and constraints of logistics, led to increase in prices of raw materials. Iron ore prices increased for the last five years consecutively. Iron ore fines prices increased by 19% in 2006, 71.5% in 2005, 18.6% in 2004 and 9% in 2003. There is a further increase in contracted prices of iron ore fines by 9.5% in 2007. China's crude steel production increased by 18% or 63 million tonnes in 2006 and to support this production, iron ore imports into China increased by 19%. In order to respond to the tightening

supply-demand balance, major iron ore and coal producers are investing in new mines to increase production capacity. The hard coking coal prices decreased by 7% in 2006, after a steep increase by 117% in 2005 and 24% in 2004. There is a further decline in the contracted prices of hard coking coal in 2007 due to increased supply coming on stream. The steel industry and all commodities related industries have witnessed an upward shift in their respective cost curves and hence prices for both raw materials and steel products are likely to settle at much higher levels than the average prices that prevailed in the past.

B) Domestic Steel Industry Overview

Indian Steel Industry registered a strong growth in steel consumption driven by strong growth in all steel consuming sectors viz. automotive (13.6%), capital goods (18.3%), construction (10.7%), consumer non-durables (10.5%) and consumer durables (9.1%) etc. During the fiscal year 2006-07, India's apparent steel consumption grew by 11.7% to 43.8 million tonnes. The flat products and long products consumption grew by 11.5% and 12.3% respectively. Domestic steel production grew by 11.1% to 49.4 million tonnes. Steel exports grew by 6.1% to 4.7 million tonnes and steel imports increased by 6.4% to 4.1 million tonnes.

C) Steel Industry Outlook for 2007-08

Driven by the continued growth in developing and emerging economies, global growth is likely to remain robust. World GDP is expected to grow by 3.4% in 2007. China and India are expected to continue its march towards high growth, though



India's apparent steel consumption grew by 11.7% to 43.8 million tonnes.

Management Discussion and Analysis

controlling inflationary pressures may be a challenge for the Indian Government.

The International Iron and Steel Institute (IISI) forecasts global steel consumption to grow by 5.9% in 2007 and 6.1% in 2008, driven by strong demand from Asia, Africa and South America. The apparent steel demand is likely to increase by 65 million tonnes in 2007 and 72 million tonnes in 2008 to reach a level of 1,250 million tonnes in 2008. China is expected to remain the largest market with steel demand likely to increase by 13% (46 million tonnes) in 2007, which represents 71% of global steel consumption growth in 2007.

	Apparent Steel Demand			Growth	
	2006	2007(F)	2008(F)	2006/07	2007/08
European Union (25)	184.7	187.4	191.0	1.5%	1.9%
Other Europe	27.9	29.8	31.7	6.5%	6.4%
C.I.S.	48.4	51.4	54.4	6.1%	6%
N.A.F.T.A.	154.9	150.1	156.6	-3.1%	4.3%
Central & South America	36.0	38.2	40.5	6.1%	6%
Africa	21.6	23.1	24.9	6.95	7.8%
Middle East	36.8	40.2	43.6	9.1%	8.4%
China	356.2	402.5	442.8	13%	10%
India	43.1	47.5	52.8	10.2%	11.2%
Asia excl. India & China	195.6	200.5	204.4	2.5%	1.9%
Oceania	7.9	8.0	8.0	1.8%	0%
World	1113.2	1178.7	1250.6	5.9%	6.1%
World exc. China	756.9	776.1	807.8	2.5%	4.1%

Source: IISI, March 2007

The Indian Steel Industry is now believed to be at an inflexion point. It is poised for a demand growth of 10% in FY 2007-08. Demand for flat products and long products is expected to grow by 12% and 9% respectively.

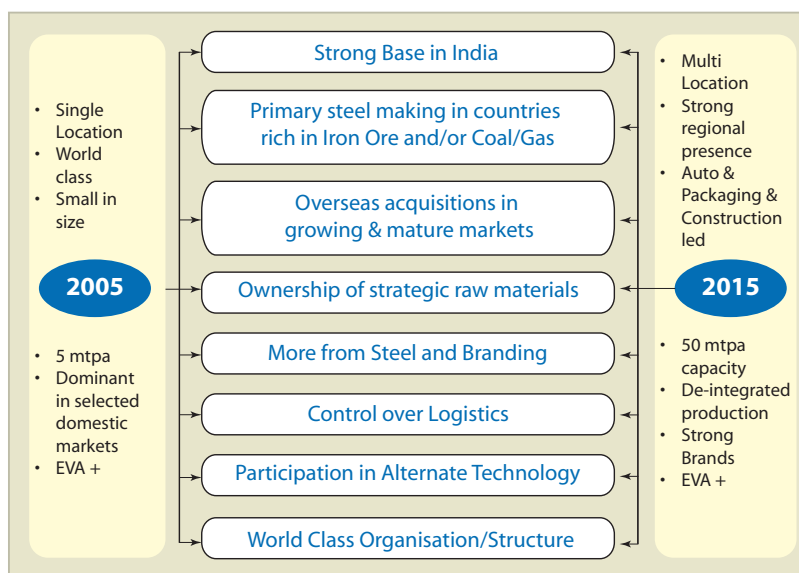
Rise in personal disposable incomes and easy access to funds from banks has led to new housing projects in last 3-5 years. The Automotive sector also grew at a significant rate of over 15% due to easy availability of consumer finance, excise duty reduction and higher disposal income with households. Recent increase in interest rates is likely to dampen this sentiment somewhat, but the growth rate is likely to remain robust.

The Committee on Infrastructure in India constituted under the Chairmanship of the Prime Minister in August 2004 planned for an expenditure of approximately Rs. 14,50,000 crores (USD 320 billion) in the 11th Five Year Plan (2007-2012) on Irrigation, Urban Infrastructure, Power, Roads, Railways, Ports, Airports, Telecom projects etc. This may lead to increased steel consumption in foreseeable future. India's steel consumption is expected to increase to 65 million tonnes by FY 2009-10 and over 125 million tonnes by FY 2014-15.

D) Tata Steel's Growth Strategy

During the 1990s, the Company re-engineered its business processes, established its cost leadership in a liberalised scenario and modernised its operations to become one of the most efficient steel producers in the world. After a period of recessionary conditions in the early part of the century, the steel industry scenario changed dramatically in 2003 led by the strong growth in China. The Company was prepared to participate in this opportunity and set out on the growth and globalisation path in the 21st century.

The Company realised the need to grow in size and regional diversity to match global players. In 2005, the Company made long term plans of becoming a 50 million tonne steel producer by 2015 having multi-locational manufacturing facilities with strong regional presence focusing mainly on auto, packaging and construction sectors across the global markets. The long term growth plans of Tata Steel are focused on the following levers:



The Company plans to achieve these long term objectives through various strategic initiatives which are discussed below:

1. Strong Base in India

India is the seventh largest steel producer in the world and among the fastest growing steel producers globally. India is one of the best countries to produce steel at a competitive cost by virtue of availability of key raw materials viz. iron-ore, coal (to some extent) and skilled labour. Steel consumption in India is likely to increase at a rapid pace in the future due to large investments planned in infrastructure development, increased urbanisation and growth in key steel consuming sectors viz. automotive, construction, capital goods and other manufacturing sectors. The per capita steel consumption in India is quite low compared to the world average and also compared to the countries like China, USA, Europe, Japan and others. Considering the future economic climate in India, the per capita consumption of steel in the next decade is expected to increase significantly from the current levels. As part of its strategy to retain its pre-eminent position in the Indian markets, the Company has drawn elaborate plans to significantly enhance its presence in India in the near future. The Company's plans for expanding its capacity is based on brownfield expansion in Jamshedpur and greenfield projects as discussed in the following paragraphs.

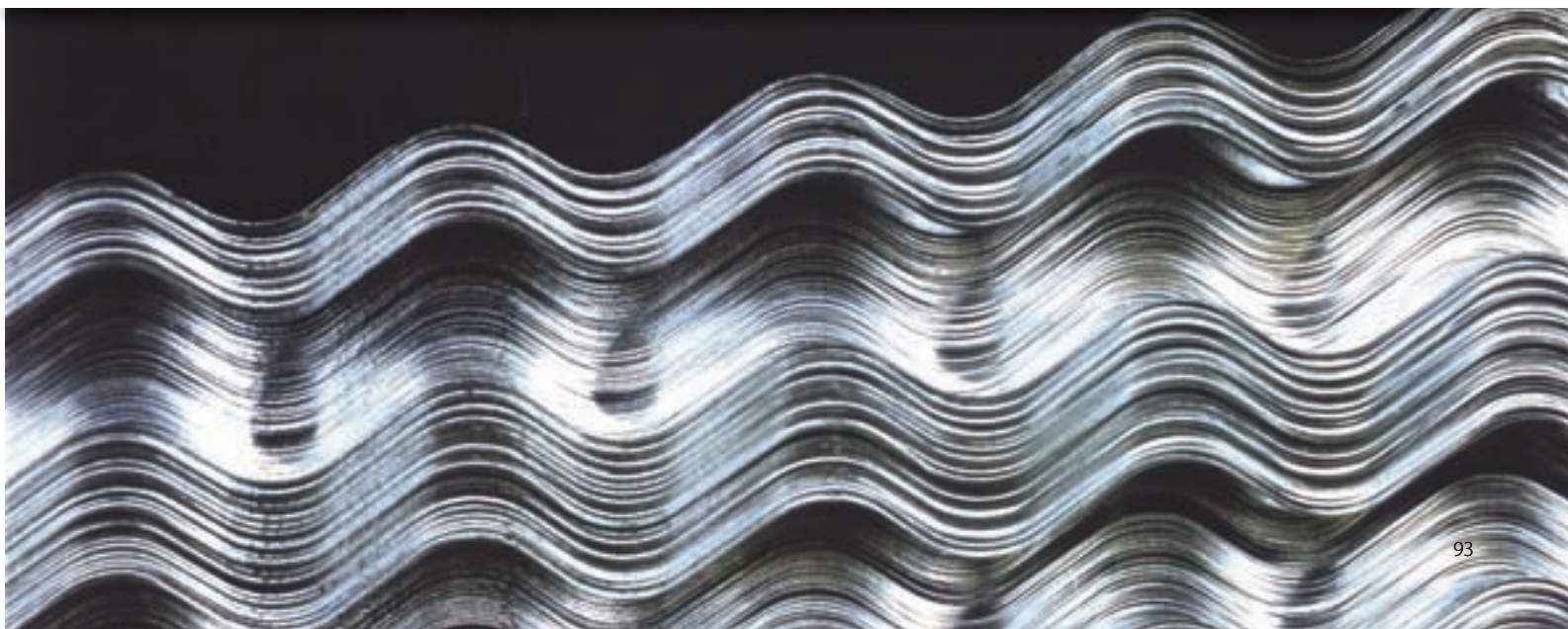
a) Brownfield projects in India

After successful completion of the 1 million tonne steel expansion in Jamshedpur, the Company is

currently expanding its crude steel making capacity from 5 million tonnes to 6.8 million tonnes which will be commissioned by June 2008. The current expansion will enhance the Company's capacity to produce billets and slabs by 1.5 million tonnes and 0.3 million tonnes respectively which will be rolled into finished products in various finishing mills within the fold of the Company. The project cost is estimated at Rs. 4,550 crores. To leverage the potential of Jamshedpur further, the Company is planning to expand its crude steel production capacity from 6.8 million tonnes to 9.7 million tonnes by 2010. This expansion is likely to be cost competitive (both in terms of capital cost and operating cost) since the Company is planning to upgrade the capacity of its existing blast furnaces and other facilities. As part of this expansion, the Company will install a new Thin Slab Caster Rolling (TSCR) facility in Jamshedpur, which will increase Flat Products capacity by 2.9 million tonnes. The project cost is estimated at around Rs. 9,100 crores.

b) Greenfield Projects in India

The Company is planning to set up a 6 million tonne integrated steel project at Kalinganagar in the state of Orissa. This project will be executed in two phases of 3 million tonnes each, with the first phase to be commissioned by 2010. The Company has placed orders for major equipments viz. Blast Furnace and Steel Melting Shop and is in the process of completing land acquisition and rehabilitation of families residing on the land. The Company has made an application for fresh



Management Discussion and Analysis

iron ore leases to the Government and the approval process is in progress.

The Company is also pursuing setting up integrated steel plants in Chhattisgarh and Jharkhand in phases in the future.

c) Other Projects in India

The Company is setting up a 1.6 million tonne metallurgical coke making facility in Haldia to support future enhanced coke requirement in Jamshedpur. The project cost is estimated at Rs. 1,150 crores and will be commissioned by March 2008. The Company has acquired requisite land, completed civil work and placed orders for major equipments.

2. Primary steel making in countries rich in Iron Ore and / or Coal / Gas

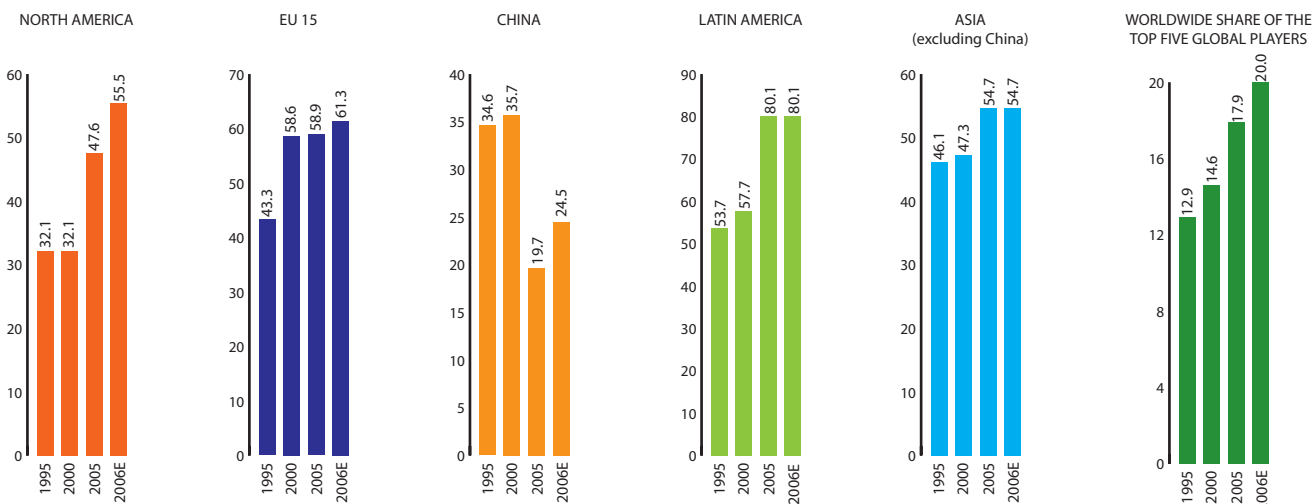
The Company believes in a de-integrated production philosophy to maximise value in the steel industry. The Company has identified possible locations to set up primary steel making facilities in the long term. These locations (including India) are attractive by virtue of competitive factors of production i.e. availability of raw material, energy sources etc. The Company intends to link low cost steel production facilities with the most favourable steel consuming markets, to maximise value creation across the entire value chain. The Company intends to have a balance between the growing

markets of the developing countries and the mature markets with high end products and technology. Investments in NatSteel Asia Pte. Ltd. and Tata Steel (Thailand) Public Co. Ltd., (erstwhile Millennium Steel) were steps taken in this direction.

3. Overseas acquisitions in growing and mature markets

For long, the steel industry has been plagued with the issues of cyclicity, pricing and demand-supply gap. The steel industry is highly fragmented and the top 5 steel producers control less than 20% of market share in the world. However, the mining companies, who are suppliers of raw materials viz. iron ore and coal to the steel companies and the automobile companies, who are the major customers of the steel companies are highly consolidated in their respective sectors. Consolidation in the steel industry is likely to address the issues of price stability, foster further focus on technology and innovation to enable the industry to serve its customers better with new product offerings and better supply chain efficiencies. The global steel industry has started witnessing consolidation moves in the last few years but these were largely focused on regional consolidation (see chart below). It is expected that the industry would witness increased pace of cross border consolidation in the next few years.

Shares of the Top Five Players in each Region (%)



I. Strategic Rationale for acquisition of Corus

The Company's investment in Corus Group plc (which was completed in April 2007) is consistent with the Company's stated objective of growth and globalisation. Post Corus acquisition, Tata Steel is the sixth largest steel producing company in the world with a steel making capacity (crude) of around 28 million tonnes. Corus is Europe's second largest and the ninth largest steel producer in the world and produced 18.3 million tonnes of crude steel in 2006. Corus has crude steel production capacity of 21.2 million tonnes in UK and Netherlands. Corus also has downstream manufacturing facilities in Germany, France, Norway and Belgium. In the UK, Corus has a 14.4 million tonne capacity - Port Talbot (4.7 million tonnes), Scunthorpe (4.5 million tonnes), Teesside (3.9 million tonnes) and Rotherham (1.3 million tonnes). The Ijmuiden plant in Netherlands has a crude steel capacity of 6.8 million tonnes and is also one of the lowest cost producers of steel in the Western Europe.

Corus is one of the leading suppliers of steel to the automotive, construction, packaging, engineering, rail, aerospace, metal goods, and oil and gas industries. Corus has a strong Research and Development capability which focuses on continuous improvement in manufacturing processes and development of high value added steel products. Through the acquisition of Corus, Tata Steel would also have a presence in the developed markets of Europe,

have access to the strong product portfolio and research and development facilities in Corus.

The combined businesses of Tata Steel and Corus will be driven by a common vision and strategy to cater to the requirements of the global customers from its worldwide operations.

The steel industry is also undergoing structural changes and increased consolidation in the steel sector is likely to result in a re-rating of the industry in the near future.

II. Valuation of Corus Group plc

The Enterprise Value (EV) of the Corus acquisition was around Rs. 59,850 crores (USD 13.75 billion), which includes its continuing debt of Rs. 3,700 crores (USD 0.85 billion). The Enterprise Value/tonne of the Corus acquisition works out to around Rs. 32,700/tonne (USD 751/tonne) based on Corus' actual crude steel production of 18.3 million tonnes in 2006 and Rs. 28,250/tonne (USD 649/tonne) based on its crude steel capacity.

III. Integration of overseas acquisitions

a) Integration of Corus and Tata Steel

The Integration philosophy of the Tata Steel Corus combine is premised on the strong cultural fit and corporate governance practices of the two companies. To facilitate integration and create a virtual organisation across the combined businesses, a Strategic and Integration Committee (SIC) has been formed with Mr. Ratan Tata as the Chairman, Mr. B. Muthuraman, Mr. Philippe Varin, Dr. T. Mukherjee, Mr. Rauke Henstra,

Post the Corus acquisition, Tata Steel is the sixth largest steel producing company in the world with a steel making capacity (crude) of 28 million tonnes.

Management Discussion and Analysis

Mr. Koushik Chatterjee and Mr. David Lloyd as members. The SIC will develop the common agenda for the combined Group that will focus on continuous improvement, sharing of best practices, manufacturing excellence, cross fertilisation of research and development capabilities, rationalisation of costs across the businesses and create the foundation to pursue growth in the future. A structured approach has been undertaken and the entire integration is being co-ordinated by a Program Office formed for the above purpose. Several teams having representations from both companies have already been set up to handle the integration and strategic work streams.

b) Integration of NatSteel Asia Pte. Ltd. and Tata Steel (Thailand) Public Company Ltd. (erstwhile Millennium Steel)

The Company has undertaken integration of NatSteel Asia Pte. Ltd. and Tata Steel (Thailand) Public Company Ltd. since their acquisition. This was achieved through the formation of a number of working committees with active participation from all companies. These committees focus on key areas like access to new markets, synergy in procurement, product mix improvement, new product development, Total Operations Performance (TOP) in operations and marketing.

To consolidate its position further in South-East Asia, NatSteel Asia (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company has acquired 100% equity stake in NatSteel Trade International Pte. Ltd., Southern NatSteel (Xiamen) Ltd., in China and a majority stake in NatSteel Vina Co. Ltd. in Vietnam.

IV. Consolidation of Ferro Chrome business in India and Overseas

The Company is one of the largest producers of ferro chrome in India. The Company is setting up a greenfield ferro chrome project in South Africa which will produce 134,500 tonnes per annum of ferro chrome. This project is likely to be commissioned by November 2007. South Africa is the largest producer of ferro chrome in the world and availability of cheap power and chrome ore makes the country one of the most attractive destinations to produce ferro chrome.

On 8th March, 2007, the Company acquired 100% stake in Rawmet Ferrous Industries Private Ltd. in Orissa to strengthen its production capacity for manufacture of ferro chrome in India. Rawmet has a ferro alloys plant which can produce 50,000 tonnes per annum of high carbon ferro chrome.

4. Ownership of strategic raw materials

As part of its long term strategy, the Company is focused on developing raw material sources for its global operations. In this regard, the Company has formed a Global Minerals Group which is actively exploring various opportunities to secure access to iron ore and coal in various geographies. This will enable the Company to continue its competitive cost position in the global steel industry.

5. More from Steel and Branding

The Company remains focused on enriching its product mix and pursuing branding initiatives to move up the value chain. The Company has several well known brands in its portfolio i.e. Tata



Steelium (India's first branded cold rolled steel), Tata Shaktee (galvanised corrugated sheets), Tata Tiscon (re-rolled bars), Tata Pipes, Tata Bearings, Tata Wiron (galvanised wire products), Tata Agrico (hand tools and implements) and most recently Tata Structura (steel hollow sections). Due to consistent efforts in the last few years, the Company's turnover from branded products increased from Rs. 1,300 crores in FY 2002-03 to Rs. 4,604 crores in FY 2006-07. The Company sold around 1 million tonnes of branded products and crossed the USD 1 billion mark in terms of branded products turnover in the last financial year. Currently, around 25% of the revenue of the Company comes from the sale of branded products in India.

In order to enter into new market segments, the Company entered into a 50:50 Joint Venture agreement with BlueScope Steel for Coated Steel and Building Solutions business in India and other SAARC countries. The JV Company has already set up building solutions facilities in its Pune, Bhiwadi and Chennai plants. The coated steel plant will be in Jamshepur and currently site development work is in progress. This project is likely to be commissioned in 2009.

6. Control Over Logistics

With the proposed expansion of steel capacity in Jamshedpur, Orissa and other green-field projects in India and overseas as well as manufacturing footprints in various countries across the world, the Company's import / export cargo will increase significantly. To meet the increased requirement and reduce the total logistics cost of sea bound cargo, the Company signed a Joint Venture agreement with Larsen and Toubro Limited to

develop a deep-sea water port in Orissa which will handle cape size vessels. This project will be commissioned by early 2010 at an estimated cost of Rs. 2,450 crores.

On 5th December, 2006, Tata Steel and Nippon Yusen Kabushiki Kaisha (NYK Line) entered into a 50:50 Joint Venture agreement for setting up a shipping company to cater to dry bulk and break bulk cargo requirements. The Joint Venture shipping company - Tata NYK Shipping Pte. Ltd., has been incorporated in Singapore.

E) Acquisition of Corus and its Financing

a) Corus Acquisition Process

On 20th October 2006, the Boards of Tata Steel, Tata Steel UK (100% subsidiary of Tata Steel) and Corus reached an agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of Corus, at a price of 455p in cash for each Corus share. This was to be implemented by means of a Scheme of Arrangement under Section 425 of the UK Companies Act, 1985, and the relevant scheme document was sent to the Corus shareholders on 10th November, 2006.

Subsequently, a competitive situation emerged when a Brazilian steel company - Companhia Siderurgica Nacional (CSN) subsequently approached Corus with a proposal to make a cash offer. While Tata Steel revised its offer to 500p per share, CSN made a binding offer at 515p per share in December 2006. The Board of Corus recommended CSN's offer to the shareholders.

The Corus acquisition was completed on 2nd April, 2007.



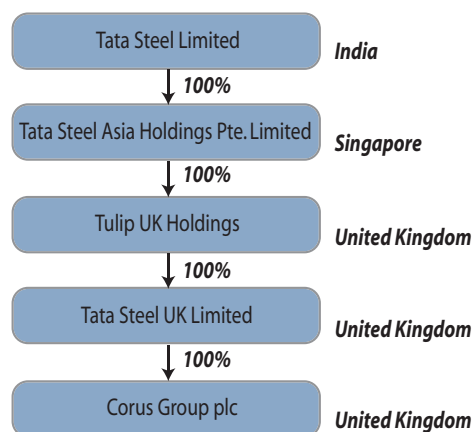
Management Discussion and Analysis

As the process got extended, the Panel on Takeovers and Mergers in the UK (the Panel) set a deadline of 30th January, 2007 as the final date by which Tata Steel and CSN could revise their offers for Corus Group plc. The Panel subsequently announced in January 2007 that in order to provide an orderly resolution to this competitive situation, an auction process would be held on 30th January, 2007 to establish final bids from both Tata Steel and CSN. This auction process began in the evening of 30th January (Indian time) and ended in the early hours of 31st January, 2007 (Indian time) when the Panel announced that Tata Steel has won the auction to acquire Corus at a price of 608p per share.

The Board of Corus subsequently recommended the Tata Steel offer to its shareholders who voted to approve Tata Steel's Scheme of Arrangement, at an Extra-Ordinary General Meeting held on 7th March, 2007. Corus' shares were subsequently suspended from trading on each of the London, New York and Amsterdam Stock Exchanges and the Scheme became effective on 2nd April, 2007.

b) Corus Financing Structure

The financing structure of the Corus transaction as on date is given below:



The above financing structure is being re-organised to achieve fiscal unity in Netherlands and consequent tax efficiencies.

c) Corus Financing

On 2nd April, 2007, Tata Steel completed its acquisition of Corus Group plc (Corus) at a price of 608p per ordinary share in cash. The net funding requirement for the acquisition of Corus was Rs. 56,150 crores (USD 12.90 billion). The acquisition was initially funded by a cash contribution by Tata Steel of

Rs. 11,750 crores (USD 2.7 billion) (funded by a mixture of its own cash resources and syndicate loans) to Tata Steel Asia Holdings Pte. Ltd. (TSAH). TSAH raised bridge loans of Rs. 10,900 crores (USD 2.5 billion) and Tulip UK Holdings raised a mezzanine loan of Rs. 2,600 crores (USD 0.6 billion) which was invested by way of equity in Tata Steel UK Ltd. To finance the balance of the consideration due under the acquisition, Tata Steel UK Ltd. (through its wholly owned subsidiary, Tulip Finance Netherlands BV) raised senior debts of Rs. 17,400 crores (USD 4.0 billion) and Mezzanine bridge of Rs. 13,500 crores (USD 3.1 billion). These loans were raised without recourse to Tata Steel.

At the Board Meeting held on 17th April, 2007, Tata Steel's Board approved the long term funding arrangement for the acquisition of Corus as per details given below:

	Rs. crores	USD billion
Equity Capital from Tata Steel Ltd.	17,850	4.10
Quasi - Equity / long term funding	11,570	2.66
Total Equity and Quasi-Equity contribution (a)	29,420	6.76
Non-recourse long-term debt at Corus (b)	26,730	6.14
Total (a+b)	56,150	12.90

The Company proposes to infuse USD 4.1 billion as equity to part finance the transaction. The equity will comprise of USD 700 million from internal generation, USD 500 million from external commercial borrowings, USD 640 million from the preferential issues of equity shares to Tata Sons Ltd. in 2006-07 and 2007-08, USD 862 million from a rights issue of equity shares to the shareholders, USD 1000 million from a rights issue of convertible preference shares and about USD 500 million from a foreign issue of equity-related instrument.

F) Review of Operations – Steel Division

This year witnessed the best ever production of hot-metal (5.55 million tonnes, an increase of 7.3% as compared to 5.18 million tonnes in the previous year), crude steel (5.05 million tonnes, an increase of 6.7% as compared to 4.73 million tonnes in the previous year) and saleable steel (4.93 million tonnes, an increase of 8.3% as compared to 4.55 million tonnes in the previous year).

The "G" Blast Furnace in Jamshedpur crossed 2 million tonnes production of hot metal against its rated capacity of 1.8 million tonnes.

The New Rebar Mill which was installed under the One million tonnes expansion project also achieved its rated capacity of 50,000 tonne per month during the year. The total production of rebars at the Jamshedpur Works almost reached the 1 million tonne mark during the year.

The Hot Strip Mill produced 3.24 million tonnes as compared to 3.08 million tonne in the previous year. The Cold Rolling Mill crossed the milestone of 1.5 million tonnes against its rated capacity of 1.2 million tonnes.

The all round increase in production came with improvements in the manufacturing processes specially in the areas of specific consumption of raw materials, energy, refractories, water and lime.

The Company successfully completed in-house up-gradation of the "E" blast furnace in Jamshedpur. The "E" blast furnace which used to produce 1,050 tonnes per day before up-gradation will now be able to produce 1,350 tonnes per day. The coke and fuel rate consumption of the "E" blast furnace will also reduce due to the increase in the size of the furnace.

Raw Materials

The West Bokaro Collieries for the first time dispatched 1.9 million tonnes of clean coal at an average of 13% ash content.

The reduced ash level in captive coal contributed significantly in substituting the more expensive imported low ash coal. In order to reduce the alumina content in the iron ore, a modern beneficiation plant for iron ore fines has been set up by the Company.

Research & Development

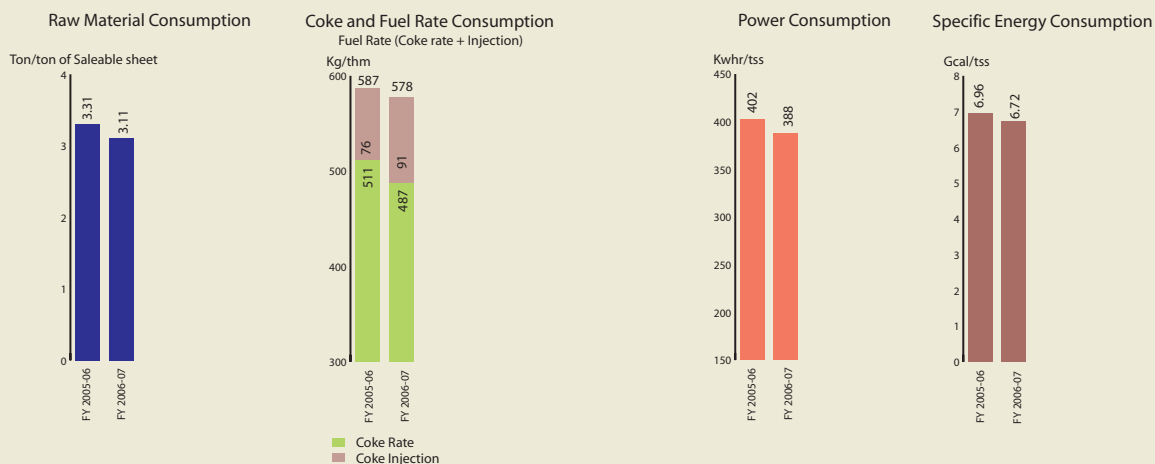
- Commercial production of various grades of high strength steel for automobiles was established for the first time.
- Super ductile rebars and galvanised wires with thin organic coating were produced for the first time.
- Breakthrough was achieved in establishing a new grade of cold rolled ultra low carbon electric grade steel which has significant usage in electrical appliances.

G) Marketing & Sales

Finished steel sales increased by 11.3% to 4.51 million tonnes as compared to 4.05 million tonnes in the previous year.

Flat Products sales to the automotive sector were the highest ever at 0.86 million tonnes, an increase of 30% as compared to sales of 0.67 million tonnes in the previous year. Sales of specialty HR coils used for the long and cross members of chasis of heavy vehicles, high end cold rolled and coated sheets were also higher compared to last year.

Enhancing Operational Efficiency



Management Discussion and Analysis

The domestic sale of long products increased by 27% to 1.3 million tonnes during the year. The sale of Tata Tiscon rebars increased by 25% to 0.97 million tonnes. The concept of “Selling by Piece” of Tata Tiscon rebars was implemented all over India – first of its kind initiative by a steel company in India.

Sale of branded products increased by 13% to 0.99 million tonnes. The turnover of branded products increased by 19% to Rs. 4,604 crores. A series of initiatives were undertaken towards achieving better customer service and market focus. The Theory of Constraint (TOC) for vendor managed inventory was initiated for 3 models at Tata Motors with zero stock outs. The Company also received the Global Supplier Approval from Honda Engg. Services (Honda Car, Japan) for supplying cold rolled cold annealed products.

H) Other Business Units

a) Ferro Alloys and Minerals Division (FAMD)

FAMD produces two types of chrome ore, namely lumpy ore and friable ore, from its mines located in Orissa. Chrome concentrate, a beneficiated product is produced in the chrome ore beneficiation plant at Sukinda, Chrome ore is used in the ferro alloy plant at Bamnibal and other conversion plants to produce high carbon ferro chrome. The division also produces manganese ore from the manganese mines in Joda, which is used in making ferro manganese at the ferro alloys plant at Joda, and silico manganese at other conversion agents.

Industry Overview:

The stainless steel output grew by 16.7% to 28.4 million tonnes

in 2006. Asia Pacific, predominantly China, was the major growth engine with a production of 5.3 million tonnes in 2006 as compared to 3.2 million tonnes in the previous year. .

The increase in global stainless steel production resulted in increase in global ferro-chrome consumption by 12.2% at 6.6 million tonnes in 2006. Asia continues to account for more than half of the total global production and consumption of ferro-chrome. Asian ferro-chrome consumption increased by 16% to 3.6 million tonnes as compared to 3.1 million tonnes in the previous year.

Global manganese alloys business also registered a significant growth in line with the growth in carbon steel, again led by China. Manganese alloys production reached an all time high of about 12 million tonnes as compared to 10.5 million tonnes in the previous year. The Global production of high carbon silico-manganese reached 6.9 million tonnes in 2006.

Operational Performance:

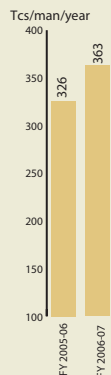
The Operations of FAMD registered a strong performance during the year under review in respect of mineral and ferro alloys production. Gross excavation of Sukinda chromite mines increased by 3.8% to 13.65 million tonnes as compared to 13.15 million tonnes in the previous year. Concentrate production increased by 4% to 465,000 tonnes. Ferro alloys plant at Joda achieved its best ever production of 51,020 tonnes during the year. The year also witnessed the highest-ever alloys production through conversion at 159,000 tonnes.

Enhancing Operational Efficiency

Specific Refractories Consumption



Labour Productivity



Sales of manganese ore in the domestic market increased by 17% to 365,000 tonnes. Total manganese alloys sales increased by about 50% to 54,000 tonnes. Exports of chrome concentrate increased by 10% to 500,000 tonnes.

b) Tubes Division

Overview:

Tubes division produces three categories of tubes namely Commercial Tubes used in Plumbing, Irrigation and Process Industry, Precision Tubes which cater to the Boiler and Automotive sectors, and Structural Tubes supplied to the Infrastructure sector.

Operational Performance:

The Tubes division witnessed increase in production by 17.5% to 309,932 tonnes. Tube sales increased by 17.6% to 302,905 tonnes. Structural Tube and Precision Tube sales increased by 65% and 21% to 58,334 tonnes and 58,839 tonnes respectively.

A series of marketing initiatives were undertaken for achieving better customer service and market focus. These include:

- Launch of "Structura Directions" – An initiative driven to build on relationships with key opinion leaders like architects / consultants by providing a platform for sharing knowledge on best practices.
- Vendor managed inventory and Customer Service Team

initiatives made progress with Precision Tube customers.

- The Retail Value Management journey was completed for the entire country, which has enabled optimal restructuring of the retail network leading to enhanced reach.

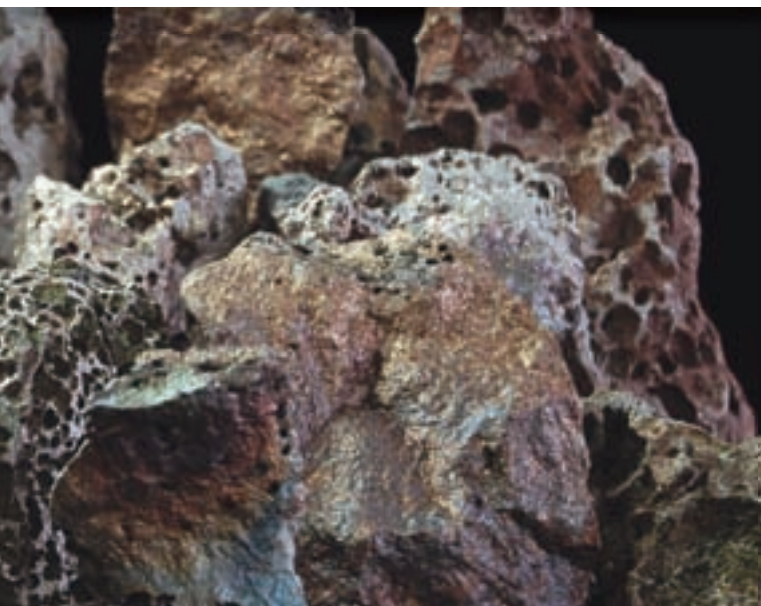
With Theory of Constraints (TOC) initiatives in the area of supply chain and distribution, the division achieved superior level of compliance, customer satisfaction and lower inventories.

The first phase of modernisation has been completed with the commissioning of a new 3" Commercial Tube Mill, a 4" Precision Tube Mill and a state-of-the-art Cold Drawn facility. With this, the in-house production capacity has increased from 230,000 tonnes to 325,000 tonnes.

c) Bearings Division

The domestic bearings industry has been growing at around 7% per annum in the last few years. Current Installed capacity of bearings in India is 320 million nos. India imports around 120 million nos. mainly from Eastern Europe and China.

Tata Steel's Bearings Division achieved a capacity utilisation of 120% and increased its production by 7.2% to 30 million nos. Sales increased by 5.8% at 28.97 million nos. as compared to 27.38 million nos. in the previous year. There was pressure on prices of bearing products due to excess supply in the market during the year. Cost of raw materials increased by around 8% over the previous year, but the negative impact was mitigated largely through increased capacity utilisation and improved manpower productivity.



Management Discussion and Analysis

3. Analysis of the Financial Performance of the Company

a) Net sales/Income from operations

	Figures in Rs. crores			
	FY 2006-07	FY 2005-06	Change	Change %
Sales of products	19,018.20	16,521.44	2,496.76	15%
Sale of power and water	513.96	393.50	120.46	31%
Income from services, sale of miscellaneous goods, stores and rent etc.	230.41	229.28	1.13	0%
Total sale of products and services	19,762.57	17,144.22	2,618.35	15%
Less : Excise Duty	2,210.55	1,928.72	281.83	15%
Net sales/income from operations	17,552.02	15,215.50	2,336.52	15%

Sale of products and services increased by 15% to Rs. 19,762.57 crores, mainly due to increase in volumes and prices of almost all products of the Company. Steel sales increased by 19% to Rs. 14,511 crores as compared to Rs. 12,220 crores in the previous year. Tubes sales increased by 48% to Rs. 1,276.30 crores. The Ferro Alloys and Minerals division sales increased by 16% to Rs. 1,522.71

crores. The Bearings division sales increased by 25% to Rs. 165.41 crores.

b) Purchase of finished and semi finished steel and other products

	Figures in Rs. crores			
	FY 2006-07	FY 2005-06	Change	Change %
Purchase of finished, semi-finished steel and other products	450.60	656.08	(205.48)	-31%

The purchase of finished and semi finished steel and other products were lower by 31% at Rs. 450.60 crores as compared to Rs. 656.08 crores in the previous year. The decrease is mainly on account of lower purchases of metallics during the year in view of increased production of hot metal.

c) Raw materials consumed

	Figures in Rs. crores			
	FY 2006-07	FY 2005-06	Change	Change %
Raw materials consumed	3,121.46	2,368.30	753.16	32%

The raw materials consumed increased by 32% to Rs. 3,121.46 crores as compared to Rs. 2,368.30 crores in the previous year, mainly due to higher consumption of raw materials on account of increased production of saleable steel, and price of imported coal, zinc and imported coke.



d) Payments and Provisions to Employees

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Payments to and provisions for employees	1,454.83	1,351.51	103.32	8%

The staff cost increased by 8% to Rs. 1,454.83 crores as compared to Rs. 1,351.51 crores in the previous year. The increase is mainly due to annual increments, dearness allowance and consequential increase in provisions for gratuity and leave salaries. However, these increases were partly offset by reduction in the manpower by 977 from 38,182 as on 31st March, 2006 to 37,205 as on 31st March, 2007.

e) Stores Consumed and Repairs to Machinery

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Stores Consumed	1,072.91	737.74	335.17	45%
Repairs to Machinery	587.18	624.27	(37.09)	-6%

The stores consumed increased by 45% to Rs. 1,072.91 crores as compared to Rs. 737.74 crores in the previous year, mainly due to the increase in production and also due to higher purchases of bought out components. The repairs to machinery decreased by 6% to Rs. 587.18 crores as compared to Rs. 624.27 crores in the previous year, mainly due to reduction in the areas

of Flat products and iron making stages of the Jamshedpur operations.

f) Conversion Charges

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Conversion charges	745.16	640.52	104.64	16%

The Conversion charges increased by 16% to Rs. 745.16 crores as compared to Rs. 640.52 crores in the previous year, mainly due to the increase in the conversion charges in the Company's Ferro Alloys and Minerals Division operations from chrome ore and manganese ore to ferro chrome, and silico manganese and ferro manganese, and also due to higher quantities of conversions of hot rolled coils to tinplate products.

g) Other Expenses

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Other expenses	838.22	751.08	87.14	12%

The other expenses increased by 12% to Rs. 838.22 crores as compared to Rs. 751.08 crores in the previous year, mainly due to increase in operations as well as due to higher bank charges incurred in connection with raising new loans during the year.



Management Discussion and Analysis

h) Freight and Handling Charges

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Freight and handling charges	1,117.45	1,004.32	113.13	11%

The freight and handling charges increased by 11% to Rs. 1,117.45 crores as compared to Rs. 1,004.32 crores in the previous year, mainly due to increase in volume of sales of various products.

i) Interest

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Gross interest	251.32	178.27	73.05	41%
Less: Interest capitalised	0.07	3.76	(3.69)	-98%
Less: Interest received on sundry advances, receipts and others	77.35	50.00	27.35	55%
Net interest	173.90	124.51	49.39	40%

The net interest charges increased by 40% to Rs. 173.90 crores as compared to Rs. 124.51 crores in the previous year, mainly due to increase in interest on Forex loans, swap charges for hedging currency and interest rate risks and higher working capital loans.

j) Employee Separation Compensation

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Employee separation compensation	152.10	52.77	99.33	188%

During the year, 440 employees were separated under the Employee Separation Scheme (ESS) of the Company, which resulted in increase in ESS charges by Rs. 11.92 crores. There has been a decrease in the ESS charge to the extent of Rs. 4.02 crores due to reduction in the number of old ESS cases. Further, due to the change in the interest rate considered for discounting the provision for employee separation compensation, there was a net charge of Rs. 91 crores as compared to the previous year.

k) Fixed Assets

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Gross block	18,526.93	16,564.90	1,962.03	12%
Less: Depreciation and impairment	7,486.37	6,699.85	786.52	12%
Net Block	11,040.56	9,865.05	1,175.51	12%

Gross Block increased by Rs. 1,962.03 crores during the year, mainly due to capital expenditure incurred on the 1.8 million tonnes steel expansion project in Jamshedpur (Rs. 1,346 crores), completion of the 1 million tonne steel expansion project (Rs. 141 crores), commissioning of 4" Precision Tube Mill and 3" Commercial Tube Mill and other sustenance and minor capital schemes.

l) Investments

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Trade investments	1,036.94	775.84	261.10	34%
Investments in subsidiary companies	1,376.71	1,258.53	118.18	9%
Other investments	8.96	8.96	—	0%
Investments in Mutual Funds				
a) Income Funds	117.00	734.65	(617.65)	-84%
b) Liquid Funds	3,566.58	1,291.98	2,274.60	176%
Net investments in Mutual Funds	3,683.58	2,026.63	1,656.95	82%
Total Investments	6,106.18	4,069.96	2,036.22	50%

During the year, the Company invested in Tata BlueScope Steel Limited, Tata Steel (Thailand) Public Company Ltd., Natsteel Asia Holdings Pte. Ltd., The Dhamra Port Company Ltd., Rawmet Ferrous Industries Pvt. Ltd. The Company has liquid funds of Rs. 3,566.58 crores as on 31st March, 2007 as compared to Rs. 1,291.98 crores as on 31st March, 2006. The Company has ring-fenced Rs. 3,262.59 crores out of liquid funds as on 31st March, 2007 to provide cash confirmation in connection with the acquisition of Corus Group plc.

m) Stores and Spare Parts and Stock-in-Trade

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Stores and spare parts	505.44	442.66	62.78	14%
Stock-in-trade	1,827.54	1,732.09	95.45	6%
	2,332.98	2,174.75	158.23	20%

The stores and spare parts and the stock-in-trade increased by Rs. 158.23 crores as on 31st March, 2007 as compared to 31st March, 2006. Stores and spare parts increased due to increased operations during the year as well as ongoing steel expansion project in Jamshedpur. Stock-in-trade increased by Rs. 95 crores as on 31st March, 2007 due to increase in finished and semi-finished stock by Rs. 82 crores and raw material inventory by Rs. 13 crores as compared to 31st March, 2006. Average inventory in terms of number of day sales marginally came to 42 days as compared to 43 days in the previous year.

n) Sundry Debtors

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Gross Debtors	667.38	571.58	95.80	17%
Less: Provision for doubtful debts	35.75	32.18	3.57	11%
Net Debtors	631.63	539.40	92.23	17%

The increase is mainly on account of increase in turnover. Sundry debtors in terms of number of day sales came down to 11 days as compared to 12 days in the previous year.

o) Loans and Advances

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Loans and Advances	3,055.73	1,234.86	1,820.87	147%

Loans and advances increased by Rs. 1,820.87 crores from Rs. 1,234.86 crores as on 31st March, 2006 to Rs. 3,055.73 crores as on 31st March, 2007, mainly due to advance of Rs. 1,516 crores for share application money to Tata Steel Asia Holdings Pte. Limited, an SPV for acquisition of shares of Corus Group plc and Rs. 162 crores to Hooghly Met Coke & Power Company Limited.

p) Current Liabilities

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Current Liabilities	3,523.20	2,835.99	687.21	24%

The current liabilities increased by Rs. 687.21 crores from Rs. 2,835.99 crores as on 31st March, 2006 to Rs. 3,523.20 crores as on 31st March, 2007 mainly due to increase of Rs. 278.23 crores towards capital supplies for the 1 million tonne and ongoing 1.8 million tonnes steel expansion projects in Jamshedpur and Rs. 255.00 crores towards wages and salaries.

q) Secured and Unsecured Loans

Figures in Rs. crores

	FY 2006-07	FY 2005-06	Change	Change %
Secured Loans	3,758.92	2,191.74	1,567.18	72%
Unsecured Loans	5,886.41	324.41	5,562.00	1714%
Total	9,645.33	2,516.15	7,129.18	283%

Secured and unsecured loans increased by Rs. 7,129.18 crores from Rs. 2,516.15 crores as on 31st March, 2006 to Rs. 9,645.33 crores as on 31st March, 2007 due to new syndicate foreign currency loans drawn for funding the acquisition of Corus Group plc. The Company has drawn foreign currency syndicate loans of Rs. 7,225 crores (USD 1.65 billion) during the year as per details given below:

1. JPY Syndicated External Commercial Borrowings of USD 495 million equivalent: Rs. 2,162.66 crores (unsecured loan)
2. External Commercial Borrowings of USD 5 million equivalent: Rs. 21.77 crores (unsecured loan)
3. JPY Syndicated External Commercial Borrowings of USD 750 million equivalent: Rs. 3,298.88 crores (unsecured loan)
4. International Finance Corporation, Washington - A Loan USD 100 million equivalent: Rs. 435.35 crores (secured loan)
5. International Finance Corporation, Washington - B Loan USD 300 million equivalent: Rs. 1,306.05 crores (secured loan).

Management Discussion and Analysis

r) Appropriation

The Company has transferred Rs. 1,500 crores to the General Reserve during FY 2006-07 (FY 2005-06 : Rs. 1,500 crores).

s) Dividend

The Board of Directors of the Company have recommended a dividend @ 130% (Rs. 13 per share) for the year ended 31st March, 2007, and a special dividend @ 25% (Rs. 2.50 per share), subject to the approval of the shareholders at the Annual General Meeting. The dividend cash-outgo (including tax on dividend) would be Rs. 1,104.33 crores. The dividend payout as % of Net Profit works out to 26% as compared to 23% in the previous year. The dividend payout during the last 10 years is as illustrated below :

t) EVA

The Company in pursuance of its Vision to create value for its shareholders, has adopted the EVA based methodology for performance management and also for capital expenditure evaluation based on the recommendations of Stern Stewart & Co.

Economic Value Added (EVA) is defined as the excess of Return on Invested Capital (ROIC) over weighted average cost of Capital (WACC); viz

Return on Invested Capital (ROIC)

= Net Operating Profit after Taxes but before interest costs (NOPAT)

Average Invested Capital

Weighted average cost of Capital (post tax)

= Average Adjusted Equity * Cost of Equity (%) + Average debts (including Prov. for ESS Compensation and deferred tax liability) * Cost of Debts (%)

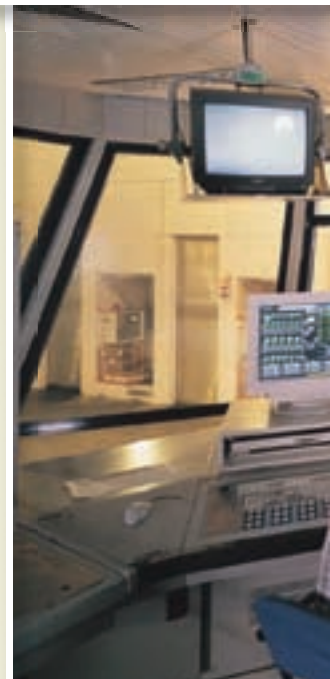
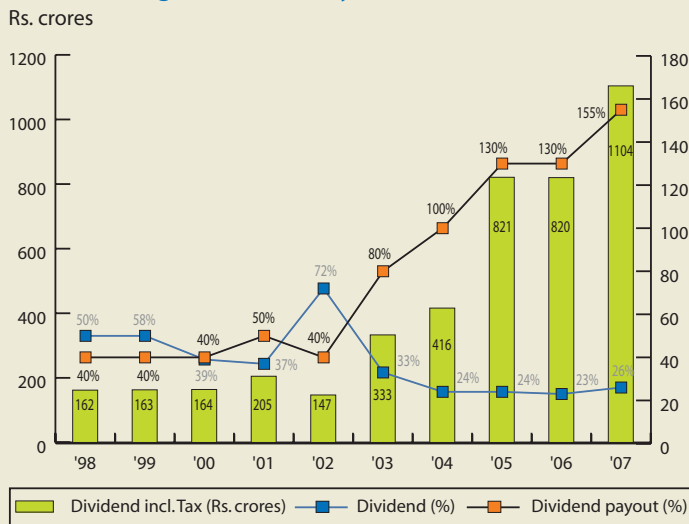
Average Adjusted Equity + Average debts

The Cost of Equity is determined under the CAPM method while the cost of debt is based on the actual cost of borrowings.

The EVA spread was 22.23% as compared to 23.54% in the previous year. The calculation of EVA spread is as follows:

Particulars	FY 2006-07	FY 2005-06	Change
Return on Invested Capital	32.64%	34.99%	(2.35)%
Weighted Average cost of Capital	10.41%	11.45%	(1.04)%
EVA Spread (%)	22.23%	23.54%	(1.33)%
EVA - Rs. crores	2,707	2,324	383

Average Dividend Payout : 28% of Net Profit



The Company generated EVA of Rs. 2,707 crores as compared to Rs. 2,324 crores in the previous year. The Return on Invested Capital was 32.64%. The Net Operating Profit after Tax (NOPAT) to Sales was 20.11% as compared to 20.15% in the previous year. Net operating profit after tax increased by 15% but the average capital employed increased by 23% in FY 2006-07.

The weighted average cost of capital decreased to 10.41% as compared to 11.45% for the previous year due to increase in proportion of debt in the total capital employed and reduction in the average cost of debt.

II) Internal Controls & Systems

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. The effectiveness of the internal controls is continuously monitored by the Corporate Audit Division of the Company. The Corporate Audit's main objective is to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. The Corporate Audit Group also follows up on the implementation of corrective actions and improvements in business processes after review by the Audit Committee and Senior Management.

The scope and authority of the Corporate Audit Division is derived from the Audit Charter approved by the Audit Committee. The Charter is designed in a manner that the Audit Plan is focused on the following objectives:

- Review of the identification and management of Risks.
- All operational and related activities are performed efficiently and effectively.
- Significant financial, managerial and operating information is relevant, accurate, reliable and is provided timely.
- Resources are acquired economically, used efficiently and safeguarded adequately.
- Employees' actions are in accordance with the Company's policies, procedures, Tata Code of Conduct and applicable laws and regulations.
- Significant legislative and regulatory provisions impacting the organisation are recognised and addressed appropriately.
- Opportunities identified during audits, for improving management control, business targets and profitability, process efficiency and the organisation's image, are communicated to the appropriate level of management.
- Shareholders' and other Stakeholders' wealth and welfare are preserved, protected and enhanced.



Management Discussion and Analysis

The audit activities are undertaken as per the Annual Audit Plan developed by Corporate Audit based on the risk profile of business processes/sub-processes of various functions. The Audit Plan is approved by the Audit Committee who regularly review compliance to the Plan.

During the year, the Audit Committee met regularly to review the reports submitted by the Corporate Audit Division. All significant audit observations and follow-up actions thereon are reported to the Audit Committee.

The Audit Committee also met the Company's Statutory Auditors to ascertain their views on the adequacy of internal control systems in the Company and their observations on financial reports. The Audit Committee's observations and suggestions were acted upon by the Management.

III) Risk Management

Risk Management is a structured and disciplined approach to manage enterprise risk. The Company recognises Risk Management as an integrated, forward looking and process oriented approach for managing all key business risks and opportunities. The Company's Risk Management process is based on the framework of the Tata Business Excellence Model.

In translating the Company's vision and mission into specific strategies, objectives and priorities, each business unit of the Company addresses opportunities and the attendant risks through an institutionalised approach that is aligned with

the Company's objectives. The Managing Director, Deputy Managing Directors and the Business Heads (Vice Presidents and Executives-in-Charge) manage risks on a daily basis through cross functional involvement and intense communication across businesses. The Risk Management process commences with the preparation of the Long Term and Annual Business Plans and managing the performance of the business in conformity to the above Plan.

The Company reviews, monitors and manages risk under the following broad category:

Strategic Risks

The Steel Industry today faces several significant strategic issues which include, *inter alia*, industry consolidation issues, execution of profitable growth options, raw material linkages and security, technology and new product development, raising finance from global financial markets, protecting the environment and serving the community while creating value for its shareholders. The Management of the Company prepares the long term strategic plans taking into account the long term objectives of the Company. The Executive Committee of the Board and the Board of Directors of the Company periodically review the strategic plan of the Company taking into account the changes in the global steel industry and advise the management on various strategic issues. The Company undertakes its growth projects including acquisitions based on the strategic plan approved by the Board.



Business and Operational Risk

The management of the Company headed by the Managing Director is responsible for managing the day to day affairs of the Company.

The Company has adopted the framework of Corporate Sustainability Management System and Triple Bottom Line performance (Economic, Environmental, and Societal) reporting. This facilitates the Company's efforts to proactively manage concerns and address the needs beyond compliance to norms. The Company's goals of ensuring safety, improved quality of life and environmental sustainability are cascaded down the organisation through the deployment of its Environmental, Health & Safety Policy.

The steel industry is still highly fragmented and cyclical in nature as well as demand for steel products is generally affected by macroeconomic fluctuations in the global markets. The Company has undertaken several initiatives to insulate itself from volatility in steel prices by continuously enriching its product mix and moving up the value chain, branding its products and entering into long term contracts with its customers. The Company is relatively protected from increases in the prices of key raw materials since it meets 100% of iron ore and around 70% of coal requirements from its captive mines.

The impact of Company's products, services and operations on employees, society and environment are systematically analysed through stakeholder engagement, "risk analysis" under ISO-14001, OHSAS-18001 and "Life Cycle Assessment" of products.

The Company has taken number of initiatives to mitigate risks arising from concentration risk at a single location in Jamshedpur. The overseas acquisitions of NatSteel Asia Pte. Ltd. having presence in seven countries of South-East Asia and Tata Steel (Thailand) Public Company Ltd. were steps taken in this direction. Further, beside expanding steel capacity in Jamshedpur, the Company is also executing greenfield projects in Orissa, Chhattisgarh and Jharkhand in foreseeable future. The Company has taken a Mega Insurance Policy to insure all its operating assets against property damage, business interruption losses due to fire and allied perils (such as fire, explosion, earthquake, flood, storm etc.) and terrorism damages. The Company has also taken a Comprehensive General Liability Insurance and Product Liability Insurance. The risks are periodically reviewed by the top management to ascertain the adequacy of coverage and if required, corrective action is taken to mitigate the risks to levels considered acceptable by the Company.

Implementation of a robust communication process across the organisation is a key element of the Risk Management process.

Tata Steel has adopted the framework of Corporate Sustainability Management System and triple bottom line performance reporting that facilitates the Company's efforts to proactively manage concerns and address the needs beyond compliance to norms.

Management Discussion and Analysis

There are various communication forums in the Company which provide a platform to the entire cross section of employees to raise and discuss various operational issues relating to the performance of the Company.

Growth Execution Risk

All capital investment proposals are evaluated and reviewed based on the Investment Management Process of the Company. The proposals are evaluated by the Investment Management Committee headed by the Managing Director against benchmark criteria for investments including Hurdle Rate, Fitment Criteria for Strategy and Performance and criticality before being put up for the approval of the Executive Committee of the Board and the Board of Directors. Major capital projects are also subject to post completion review by the Corporate Audit for effectiveness of these investments. The Company periodically submits the status report of all major projects before the Executive Committee of the Board and the Board of Directors.

Acquisitions & Post Acquisition Integration

The Company pursues acquisition opportunities as per its long term strategic plans approved by the Board. All acquisition proposals are evaluated by the Board. The Senior Management of the Company reviews the integration process and provides guidance to the integration teams for realisation of targets and creating value from the acquisitions. The Company has made significant progress in integrating NatSteel Asia Pte. Ltd. and

Tata Steel (Thailand) Public Company Ltd. through formation of various integration committees and work-streams. To facilitate the integration of Tata Steel and Corus, a Strategic and Integration Committee has been formed to facilitate the integration process.

Financial Risk

The Company actively monitors Foreign Exchange and Interest Rate exposure. Based on an informed view and assessment of these risks, it has developed a Risk Management Policy. The Risk Management policy of the Company operates to achieve greater predictability of earnings and provides a stable planning environment.

The Company actively and selectively hedged its export receivables and import payables during the last financial year. The Company drew down USD 1.65 billion of foreign currency loans on its Balance Sheet during the year and retained the funds in liquid and highly rated foreign currency fixed deposits prior to their deployment in order to minimise negative carry. As part of the competitive bid process for the acquisition of Corus Group plc, the Company was required under the UK Takeover Code to provide "certainty of funds" in Pound Sterling. For this purpose the Company made use of financial derivatives to minimise risk during the transaction period.

The Company endeavours to pursue the following long-term financing objectives as part of its Strategic Plan:

Various communication forums in the company provide a platform to employees to raise and discuss operational issues relating to the performance of the Company.

- Raising cost efficient funds for the growth plans of the Company
- To be an Investment grade Company in the long-term
- To provide financial flexibility in the Balance Sheet
- Funding strategy to focus on EPS accretion
- To comply with the expectations of various lenders in terms of financial covenants

The Company was featured as the “Corporate Risk Manager of the Year” by Asia Risk magazine in its October 2006 issue.

Statutory Compliance

On obtaining confirmation from the various units of the Company of having complied with all the statutory requirements, a declaration regarding compliance with the provisions of the various statutes is made by the Managing Director at each Board Meeting. The Company Secretary, ensures compliance with SEBI regulations and provisions of the Listing Agreement. The Chief Financial Officer, as the Compliance Officer for prevention of insider trading ensures compliance with the Tata Guidelines on Insider Trading.

Contingent Liabilities

Details of contingent liabilities are given in Schedule M of the Notes on Balance Sheet and Profit and Loss Account.

IV) Environment Management

In line with Tata Steel's exponential growth at Jamshedpur and other parts of India, the Company has taken several steps to improve the environmental performance. Accordingly the Environmental Management System (ISO-14001), Occupational Health & Safety Management System (OHSAS-18001) were modified in the year 2006-07 and also audited by 3rd party for renewal of its EMS & OHSAS certificates.

Efforts are being made to bring down the pollution load from the existing plants so that concentration of pollutants are much below the applicable Indian Environmental Legislation and can reach to International Standards. Other key focus areas are improving energy efficiency and waste minimisation. Initiatives for energy efficiency undertaken resulted in reduction of specific energy consumption to 6.720 Gcal/tcs as compared to 6.959 Gcal/tcs in the previous year. The total water pollutant discharge reduced to 0.15 kg/tcs as compared to 0.18 kg/tcs in the previous year. The dust emission from stack reduced to 0.95 kg/tcs from 1.18 kg/tcs in the previous year.

The Company is committed to address climate change by continuously reducing Carbon-dioxide (CO₂) emissions. The CO₂ emission was brought down to a level of 2.2 tonnes per tonne of crude steel from 2.28 tonnes in the previous year. The Company is vigorously pursuing four CDM (Clean Development



Management Discussion and Analysis

Mechanism) Projects for availing carbon credit, which are at various stages of approval and implementation. The expected reduction of CO₂ emission from these projects is more than 1.1 million tonnes/annum.

The Company is committed to introduce state-of-the-art technology in its modernisation and expansion programme at Jamshedpur and at other green field projects. The pollutant discharges from these plants will conform to the International Standards.

The Company has recently published its 6th Corporate Sustainability Report for the year 2005-06. The Company takes pride in being the only Indian company included in the "Sustainability Biennial Benchmark Survey 06-07" of the top hundred Global Corporate Sustainability Reporters. Corporate Sustainability Management is integrated in the business process of the Company to meet the future challenges of sustainable growth.

V) Industrial Relations and Human Resource Management

Industrial relations remained normal at all locations. The men on roll in the Company as on 31st March, 2007 were 37,205 as compared to 38,182 as on 31st March, 2006. The development of human resources is a key strategic challenge in order to prepare people for future responsibilities in terms of professional skills as well as business skills. The Company is investing in the modernisation of the plant and training of manpower for upgrading their skills. Further, it is planned to redeploy the surplus manpower to various greenfield projects being undertaken.

VI) Awards

The Company received the following awards and recognitions during the year:-

- Prime Minister's Trophy for Best Integrated Steel Plant for the Fifth Time Ranked as No. 1 in 2006 Indian Make Survey
- IT User Category Award in Orissa
- West Bokaro Division Honoured By National Energy Conservation Award
- Mother Teresa Award For Corporate Citizen 2005
- Civil Society Award by UNAIDS Kolkata
- First Prize for Overall Performance in its Noamundi Iron Ore Mine
- Best Governed Company Award By Asian Centre For Corporate Governance

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Highlights

	2006-07	<i>2005-06</i>
	Rupees Crores	<i>Rupees Crores</i>
Gross revenue	20196.24	<i>17398.98</i>
Profit before taxes	6261.65	<i>5239.96</i>
Profit after taxes	4222.15	<i>3506.38</i>
Dividends (including Tax on Dividends)	1104.33	<i>820.43</i>
Retained earnings	3937.11	<i>3461.05</i>
Capital employed	25394.97	<i>14363.89</i>
Net worth	13893.62	<i>9502.03</i>
Borrowings	9545.33	<i>2516.15</i>
	Ratio	<i>Ratio</i>
Net Debt : Equity	(0.12)	<i>0.02</i>
Net worth per Share as at year end	Rupees 239.35	<i>Rupees 171.68</i>
Earnings per Share *	Rupees 73.76	<i>Rupees 63.35</i>
Dividend per Share	155%	<i>130%</i>
Employees (Numbers)	37,205	<i>38,182</i>
Shareholders (Numbers)	674,184	<i>540,436</i>

* Calculated on Effective Capital during the year.

Sources and Utilisation of Funds

(Rupees crores)

	2006-07	2005-06	2004-05	2003-04	2002-03	Total for 2002-03 to 2006-07
SOURCES OF FUNDS:						
1. FUND GENERATED FROM OPERATIONS						
(a) PROFIT AFTER TAXES	4222.15	3506.38	3474.16	1746.22	1012.31	13961.22
(b) DEPRECIATION	819.29	775.10	618.78	625.11	555.48	3393.76
(c) OTHER INCOME AND ADJUSTMENTS	853.79	136.68	(14.08)	20.78	(86.30)	910.87
(d) TOTAL	5895.23	4418.16	4078.86	2392.11	1481.49	18265.85
2. SHARE CAPITAL	174.06	—	—	—	1.21	175.27
3. NET INCREASE / (DECREASE) IN BORROWINGS	7129.18	(223.55)	(642.51)	(852.33)	(479.87)	4930.92
	13198.47	4194.61	3436.35	1539.78	1002.83	23372.04
UTILISATION OF FUNDS:						
4. CAPITAL EXPENDITURE	2007.68	1527.58	1978.36	960.33	451.23	6925.18
5. INVESTMENTS (NET)	2036.22	1637.31	238.53	999.57	281.81	5193.44
6. DIVIDENDS #	1104.33	820.43	821.37	416.25	333.01	3495.39
7. NET INCREASE / (DECREASE) IN WORKING CAPITAL *	7819.35	45.29	290.44	(873.30)	(128.34)	7153.44
8. MISC. EXPENDITURE**	230.89	164.00	107.65	36.93	65.12	604.59
	13198.47	4194.61	3436.35	1539.78	1002.83	23372.04

Including tax on dividends **Rs. 160.42** crores (2005-06 : Rs.100.92 crores, 2004-05 : Rs. 101.86 crores, 2003-04 : Rs. 47.27 crores, 2002-03 : Rs. 37.82 crores)

* Stocks and stores, book debts, advances and cash balances less trade creditors, provisions etc.

** Expenses of Employee Separation Compensation not amortised (Net of Provision)

Auditors' Report

TO THE MEMBERS OF
TATA STEEL LIMITED

1. We have audited the attached Balance Sheet of TATA STEEL LIMITED, as at 31st March, 2007, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both annexed thereto in which are incorporated the Returns from the Singapore Branch audited by another auditor. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the Singapore Branch not visited by us. The Branch Auditor's Report has been forwarded to us and appropriately dealt with;
 - (c) the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants,

P. R. RAMESH
Partner.

Membership No. : 70928

Mumbai, 17th May, 2007

Annexure to the Auditors' Report

[Referred to in paragraph (3) of our report of even date]

The nature of the Company's business/activities during the year was such that clauses (xii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets have been physically verified by the Management in accordance with a programme of verification which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories of finished and semi-finished goods and raw materials at Works, Mines and Collieries were physically verified during the year by the Management. In respect of stores and spare parts and stocks at stockyards and with Consignment/Conversion Agents, the Company has a programme of physical verification of stocks over a three-year period. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable. In case of materials lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not taken or granted any loans secured or unsecured from or to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii)(a) to (iii)(g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered into the register maintained under the said section have been so entered.

-
- (b) In our opinion and having regard to our comments in paragraph (iv) above, the transactions exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie, reasonable, having regard to prevailing market prices at the relevant time where such prices are available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of bearings, steel tubes and pipes, steel, chrome ore and alloys and electricity, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.
- (ix) In respect of Statutory Dues:
- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities during the year. We are informed that the Company intends to obtain exemption from the operation of the Employees' State Insurance Act at all locations and necessary steps have been taken by the Company. We are also informed that action taken by the authorities at some locations to bring the employees of the Company under the Employees' State Insurance Scheme has been contested by the Company and accordingly full payment has not been made of the contributions demanded.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it, were in arrears, as at 31st March, 2007 for a period of more than six months from the date they became payable, except for collection of sales tax which we are informed are refundable to customers because they have been collected in excess or which have been collected pending receipt of the relevant certificates from the customers.
- (c) In respect of income tax dues, the income tax department has confirmed that there are no dues which have not been deposited.

- (d) According to the information and explanations given to us, details of dues of sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on 31st March, 2007 on account of any dispute are given below:

Particulars	Period to which the amount relates	Forum where matter is pending	Amount Rs. crores
Customs Duty	1994-95	Supreme Court	0.12
	2002-03	High Court	0.04
	1990-91, 1993-94	Commissioner	13.44
Excise Duty	1994-95, 1998-99	Supreme Court	0.19
	1995-96, 2000-01	High Court	0.04
	1985 to 1987, 1990-91, 1992-93, 1994-95, 1997-98, 2004-05, 2006-07	Tribunal	94.91
	1985-86, 1987-88, 1989-90, 1993 to 2006	Commissioner	326.68
	1998-99	Joint Commissioner	0.03
	1995 to 1999, 2000-01	Deputy Commissioner	0.06
	1995-96	Assistant Commissioner	1.02
Sales Tax	1970 to 1972, 1973 to 1975, 1980 to 1982, 1990 to 1998, 1999-00, 2003 to 2005	High Court	6.40
	1977 to 1981, 1982 to 1987, 1988 to 2001, 2002-03	Tribunal	10.86
	1994-95, 1996 to 2004	Commissioner	28.16
	1998 to 2003	Joint Commissioner	0.67
	1975-76, 1977 to 1980, 1981-82, 1983 to 2004	Deputy Commissioner	240.76
	1973-74, 1977 to 1981, 1983 to 1999, 2000 to 2006	Assistant Commissioner	25.77
Cess on Royalty, Education, Welfare etc.	1956 to 1985, 1980 to 1994, 1996-97	High Court	8.53
	1989 to 1991, 1992 to 2003	Commissioner	1.10

- (x) The Company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

-
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have prima facie not been used during the year for long term investment.
- (xv) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us, and the records examined by us, securities/charges have been created in respect of debentures issued.
- (xvii) During the period covered by our audit report, the Company has not raised any money by public issues.
- (xviii) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants,

P. R. RAMESH

Partner.

Membership No. : 70928

Mumbai, 17th May, 2007

Balance Sheet as at 31st March, 2007

Schedule	Page	FUNDS EMPLOYED :		Rupees crores	Rupees crores	As at 31-3-2006 Rupees crores
A	127	1.	a SHARE CAPITAL	580.67		553.67
			b SHARE WARRANTS (See Note 28(b) , Page 160)	147.06		—
					727.73	553.67
B	128	2.	RESERVES AND SURPLUS		13368.42	9201.63
		3.	TOTAL SHAREHOLDERS' FUNDS		14096.15	9755.30
		4.	LOANS			
C	129	a	Secured	3758.92		2191.74
D	130	b	Unsecured	5886.41		324.41
		c	Total Loans		9645.33	2516.15
		5.	DEFERRED TAX LIABILITY (NET) (See Note 17, Page 154)		748.94	957.00
		6.	PROVISION FOR EMPLOYEE SEPARATION COMPENSATION (See Note 10(a), Page 144)		1107.08	1388.71
		7.	TOTAL FUNDS EMPLOYED		25597.50	14617.16
			APPLICATION OF FUNDS :			
E	131	8.	FIXED ASSETS			
		a	Gross Block	18526.93		16564.90
		b	Less — Impairment	100.41		94.19
		c	Less — Depreciation	7385.96		6605.66
		d	Net Block		11040.56	9865.05
F	132	9.	INVESTMENTS		6106.18	4069.96
		10.	A. CURRENT ASSETS			
		a	Stores and spare parts	505.44		442.66
G	138	b	Stock-in-trade	1827.54		1732.09
H	138	c	Sundry debtors	631.63		539.40
		d	Interest accrued on investments	0.20		0.20
I	139	e	Cash and Bank balances	7681.35		288.39
				10646.16		3002.74
J	139	B.	LOANS AND ADVANCES	3055.73		1234.86
				13701.89		4237.60
		11.	Less : CURRENT LIABILITIES AND PROVISIONS			
K	140	A.	Current Liabilities	3523.20		2835.99
L	140	B.	Provisions	1930.46		972.73
				5453.66		3808.72
		12.	NET CURRENT ASSETS		8248.23	428.88
		13.	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) Employee Separation Compensation		202.53	253.27
			(See Note 10(a), Page 144)			
		14.	TOTAL ASSETS (Net)		25597.50	14617.16
M	141		Contingent Liabilities (See Note 2, Page 142)			
			NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			

As per our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants,

P R RAMESH
Partner.

Mumbai, 17th May, 2007

For and on behalf of the Board
RATAN N TATA

NUSLI N WADIA
S M PALIA
SURESH KRISHNA
ISHAAT HUSSAIN
JAMSHED J IRANI
SUBODH BHARGAVA

B MUTHURAMAN
T MUKHERJEE
A N SINGH

Chairman

Directors

Executive
Directors

J C BHAM
Company Secretary

Profit and Loss Account for the year ended 31st March, 2007

Schedule	Page	INCOME :	Rupees crores	Rupees crores	Previous Year Rupees crores
1	124	1. SALE OF PRODUCTS AND SERVICES		19762.57	17144.22
		Less — Excise Duty		2210.55	1928.72
				17552.02	15215.50
2	124	2. OTHER INCOME		433.67	254.76
				17985.69	15470.26
		EXPENDITURE :			
4	125	3. MANUFACTURING AND OTHER EXPENSES	10814.77		9390.54
		4. DEPRECIATION	819.29		775.10
			<u>11634.06</u>		<u>10165.64</u>
		5. Less — EXPENDITURE (OTHER THAN INTEREST) TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS		<u>236.02</u>	<u>112.62</u>
			11398.04		10053.02
3	124	6. INTEREST	<u>173.90</u>		<u>124.51</u>
		7. TOTAL EXPENDITURE		11571.94	10177.53
		PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS ...		6413.75	5292.73
		8. EMPLOYEE SEPARATION COMPENSATION (See Note 10(a), Page 144)		(152.10)	(52.77)
		PROFIT BEFORE TAXES		6261.65	5239.96
		9. TAXES			
		a CURRENT TAX	2076.01		1579.00
		b DEFERRED TAX (See Note 17, Page 154) ...	(52.51)		127.58
		c FRINGE BENEFITS TAX	<u>16.00</u>		<u>27.00</u>
				2039.50	1733.58
		PROFIT AFTER TAXES		4222.15	3506.38
		10. BALANCE BROUGHT FORWARD FROM LAST YEAR		2976.16	1790.21
		AMOUNT AVAILABLE FOR APPROPRIATIONS		7198.31	5296.59
		11. APPROPRIATIONS :			
		a PROPOSED DIVIDENDS	943.91		719.51
		(Details as per Directors' Report, Page 71)			
		b TAX ON DIVIDENDS	<u>160.42</u>		<u>100.92</u>
			1104.33		820.43
		c GENERAL RESERVE	<u>1500.00</u>		<u>1500.00</u>
				2604.33	2320.43
		BALANCE CARRIED TO BALANCE SHEET		4593.98	2976.16
		Basic and Diluted Earnings per Share Rs. (See Note 16, Page 154)		73.76	63.35
M	141	NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			

As per our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants,

P R RAMESH
Partner.

Mumbai, 17th May, 2007

J C BHAM
Company Secretary

For and on behalf of the Board

RATAN N TATA

Chairman

NUSLI N WADIA
S M PALIA
SURESH KRISHNA
ISHAAT HUSSAIN
JAMSHED J IRANI
SUBODH BHARGAVA

Directors

B MUTHURAMAN
T MUKHERJEE
A N SINGH

Executive
Directors

Cash Flow Statement for the year ended 31st March, 2007

	Year Ended 31-3-2007 Rupees crores	Year Ended 31-3-2006 Rupees crores
A. Cash Flow from Operating Activities :		
Net Profit before tax	6261.65	5239.96
Adjustments for :		
Depreciation	819.29	775.10
(Profit)/Loss on sale of Assets/Discarded Assets written off	(11.19)	(41.00)
(Profit)/Loss on sale of current investments	(15.63)	(9.95)
Impairment of Assets	6.22	—
Amount received on cancellation of forward covers/options	(82.69)	(37.73)
Provision for diminution in value of investments	0.10	—
Reversal of Impairment Loss	—	(3.33)
Interest income	(77.35)	(50.00)
Income from investments	(324.16)	(166.08)
Interest charged to Profit and Loss Account	251.25	174.51
Miscellaneous Expenditure - Employee Separation Compensation (amortised)	152.10	52.77
Provision for Wealth Tax	0.97	0.80
Amortisation of long term loan expenses	65.10	4.98
	<u>784.01</u>	<u>700.07</u>
Operating Profit before Working Capital Changes	7045.66	5940.03
Adjustments for :		
Trade and Other Receivables	(21.94)	(175.94)
Inventories	(158.22)	(302.35)
Trade Payables and Other Liabilities	512.04	139.60
	<u>331.88</u>	<u>(338.69)</u>
Cash Generated from Operations	7377.54	5601.34
Direct Taxes paid	(2034.59)	(1747.11)
Cash Flow before Exceptional Item	5342.95	3854.23
Employee Separation Compensation paid	(224.85)	(216.77)
Net Cash from Operating Activities	<u>5118.10</u>	<u>3637.46</u>
B. Cash Flow from Investing Activities :		
Purchase of fixed assets	(2007.68)	(1527.58)
Sale of fixed assets	17.85	44.00
Purchase of investments	(18306.13)	(8037.32)
Purchase of investments in Subsidiaries	(118.17)	(277.40)
Sale of investments	14623.48	7089.51
Intercorporate deposits	(20.00)	—
Interest received	58.89	78.12
Dividend received	324.16	166.08
Net Cash used in Investing Activities	<u>(5427.60)</u>	<u>(2464.59)</u>

Cash Flow Statement for the year ended 31st March, 2007

	Year Ended 31-3-2007 Rupees crores	Year Ended 31-3-2006 Rupees crores
C. Cash Flow from Financing Activities :		
Issue of Equity Capital	1393.20	—
Issue of Share Warrants	147.06	—
Capital contributions received	5.59	—
Proceeds from borrowings	8043.69	535.64
Repayment of borrowings	(916.31)	(758.96)
Amount received on cancellation of forward covers/options	93.65	43.76
Long term loan expenses	(118.88)	(57.97)
Interest paid	(227.85)	(180.21)
Dividends paid	(717.69)	(713.46)
Net Cash from/(used in) Financing Activities	7702.46	(1131.20)
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	7392.96	41.67
Opening Cash and Cash equivalents	288.39	246.72
[See Schedule I, Page 139]		
Closing Cash and Cash equivalents	7681.35	288.39
[See Schedule I, Page 139]	(vi)	

- Notes :** (i) Figures in brackets represent outflows.
(ii) Proceeds from borrowing includes translation gain on foreign currency loans **Rs. 224.00** crores (2005-06 : translation Gain of Rs. 15.27 crores) out of which **Rs. 1.90** crores (2005-06 : Rs. 15.27 crores) has been included in purchase of Fixed Assets.
(iii) Cash and cash equivalents include loss on foreign exchange revaluation of **Rs. 224.09** crores (31.3.2006 : Nil).
(iv) Interest paid is exclusive of, and purchase of Fixed Assets is inclusive of, interest capitalised **Rs. 0.07** crore (2005-06 : Rs. 3.76 crores).
(v) Investment in subsidiaries represents the portion of purchase consideration discharged in cash during the year out of the total consideration of **Rs. 118.17** crores (2005-06 : Rs. 707.71 crores).
(vi) Includes **Rs. 7,225.94** crores (31.3.2006: Nil) ringfenced for a specific purpose.
(vii) Previous year figures have been recast/restated wherever necessary.

As per our report attached
to the Balance Sheet
For DELOITTE HASKINS & SELLS
Chartered Accountants,

P R RAMESH
Partner.

Mumbai, 17th May, 2007

J C BHAM
Company Secretary

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

Schedules forming part of the profit and loss account

SCHEDULE 1 : SALE OF PRODUCTS AND SERVICES :—
(Item No. 1, Page 121)

	Rupees crores	Rupees crores	Previous Year Rupees crores
(a) Sale of products		19018.20	16521.44
(b) Sale of power and water		513.96	393.50
(c) Income from services, sale of miscellaneous goods and stores, rent etc. [Including lease rentals of Rs. 0.94 crore (2005-06 : <i>Rs. 3.14 crores</i>) on Wagons leased to Railways under Own Your Wagon Scheme and exchange loss Rs. 4.79 crores (2005-06 : <i>exchange gain Rs. 4.16 crores</i>)]		230.41	229.28
		19762.57	17144.22
SCHEDULE 2 : OTHER INCOME :— (Item No. 2, Page 121)			
(a) Income from Investments [Gross, inclusive of tax deducted at source : Nil (2005-06 : <i>Rs. 18,690</i>)]			
(i) Trade investments	106.86		63.79
(ii) Investments in subsidiary companies	10.33		8.03
(iii) Other investments	206.97		94.26
		324.16*	166.08*
(b) Profit on sale/redemption of current investments		15.63	9.95
(c) Profit on sale of capital assets (net of loss on assets sold/scrapped/written off)		11.19	41.00
(d) Gain from swaps and cancellation of forward covers/options		82.69	37.73
		433.67	254.76
SCHEDULE 3 : INTEREST :— (Item No. 6, Page 121)			
1. Interest on			
(i) Debentures and Fixed Loans	170.94		151.32
(ii) Others	80.38		26.95
		251.32	178.27
Less - Interest capitalised		0.07	3.76
		251.25	174.51
2. Less - Interest received on sundry advances, deposits, customers' balances etc., [Gross, inclusive of tax deducted at source Rs. 11.09 crores (2005-06 : <i>Rs. 4.96 crores</i>)]		77.35	50.00
		173.90	124.51

* Includes income from current investments **Rs. 206.97** crores (2005-06 : *Rs. 94.26 crores*).

Schedule forming part of the profit and loss account

SCHEDULE 4 : MANUFACTURING AND OTHER EXPENSES :— (Item No. 3, Page 121)

	Rupees crores	Rupees crores	<i>Previous Year Rupees crores</i>
1. PURCHASE OF FINISHED, SEMI-FINISHED STEEL AND OTHER PRODUCTS		450.60	656.08
2. RAW MATERIALS CONSUMED :			
(a) Opening Stock	707.54		603.70
(b) Add — (i) Purchases	2263.01		1738.08
(ii) Cost of raw materials produced.....	871.43		734.06
	<u>3841.98</u>		<u>3075.84</u>
(c) Less — Closing Stock	720.52		707.54
		3121.46	2368.30
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :			
(a) Wages and salaries, including bonus	1236.32		1164.32
(b) Company's contributions to provident and other funds	218.51		187.19
		1454.83	1351.51
4. OPERATION AND OTHER EXPENSES :			
(a) Stores & spares consumed	1072.91		737.74
(b) Fuel oil consumed	106.15		78.40
(c) Repairs to buildings	41.77		55.49
(d) Repairs to machinery	587.18		624.27
(e) Relining expenses	52.98		32.65
(f) Conversion charges	745.16		640.52
(g) Purchase of power	921.69		819.17
(h) Rent.....	10.86		13.63
(i) Royalty.....	176.08		169.39
(j) Rates and taxes	56.66		55.65
(k) Insurance charges	29.23		20.60
(l) Commission, discounts and rebates	64.71		80.75
(m) Provision for Wealth Tax.....	0.97		0.80
(n) Adjustments relating to previous years (net)	(57.29)		(47.50)
(o) Other expenses	838.22		751.08
		4647.28	4032.64
5. FREIGHT AND HANDLING CHARGES		1117.45	1004.32
6. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES		11.99	6.49
7. EXCISE DUTY		93.63	76.11
		10897.24	9495.45
8. ACCRETION/(REDUCTION) IN STOCKS OF FINISHED AND SEMI-FINISHED PRODUCTS AND WORK-IN-PROGRESS (DEDUCTED)/ADDED			
(a) Opening Stock	1024.55		919.64
(b) Less — Closing Stock	1107.02		1024.55
		(82.47)	(104.91)
		10814.77	9390.54

Notes to Schedule 4 (Page 125)

	Rupees crores	Previous Year Rupees crores
Item 2 (b) (ii) Cost of raw materials produced excludes amounts charged to wages and salaries and other revenue accounts	298.00	270.87
Item 4 (a) Stores and Spares consumed (including write-off of obsolete spares) exclude cost of stores manufactured departmentally and charged to wages and salaries and other revenue accounts	64.55	51.05
Item 4 (c) Repairs to buildings exclude amounts charged to wages and salaries and other revenue accounts	11.16	7.98
Item 4 (d) Repairs to machinery exclude amounts charged to wages and salaries and other revenue accounts	234.99	201.65
Item 4 (l) Commission, discounts and rebates include —		
(1) Commission paid to selling agents	17.66	44.32
(2) Consignment agency handling charges	40.75	26.96
(3) Discounts	8.31	9.47
Item 4 (n) Adjustments relating to previous years (net) include write back of provisions no longer required	53.99	9.69
Item 4 (o) Other expenses include —		
(1) Provision for diminution in value of investments	0.10	—
(2) Exchange (Gain)/Loss	2.43	6.71
(3) Fees and out-of-pocket expenses paid/payable to Auditors :	Rupees	Rupees
(i) For services as Auditors	1,95,00,000	1,75,00,000
(ii) For other services	84,83,117	62,32,856
(iii) Reimbursement of travelling and out-of-pocket expenses	4,55,174	8,39,510
(iv) For service tax and education cess	—	—
(v) For Branch Audit	65,039	2,12,000
(4) Cost Audit Fees [including expenses Rs. 15,960 (2005-06 : Rs. 50,151)]	85,960	1,19,597
Managerial Remuneration		
Managerial Remuneration for Managing Director, other Whole-time Directors and Non Whole-time Directors	Rupees crores	Rupees crores
(a) Salaries (including Company's contribution to Provident and Superannuation fund)	1.83	1.55
(b) Commission	5.75	4.25
(c) Perquisites	0.29	0.99
(d) Sitting Fees	0.10	0.10
	<u>7.97</u>	<u>6.89</u>
<i>Note :—</i>		
In addition, the Managing Director and other Whole-time Directors are entitled to free supply of water and use of medical facilities at the Company's hospital at Jamshedpur. The above figures do not include certain retirement benefits for the Managing Director and other Whole-time Directors as separate figures are not available and retirement benefits of Rs. 0.19 crore (2005-06 : Rs. 0.15 crore) paid to three former directors and retirement benefits of Rs. 0.31 crore (2005-06 : Rs. 0.31 crore) paid to a former Managing Director.		
COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 309(5) OF THE COMPANIES ACT, 1956.		
Profit before taxes	Rupees crores	Rupees crores
Profit before taxes	6261.65	5239.96
Add —		
(a) Managerial remuneration	7.97	6.89
(b) Provision for bad & doubtful debts and advances	11.99	6.49
(c) Provision for diminution in value of investments	0.10	—
(d) Provision for wealth tax	0.97	0.80
	<u>6282.68</u>	<u>5254.14</u>
Deduct —		
(a) Bad debts written off (net of recoveries)	5.97	16.41
(b) Profit on sale/redemption of Investments	15.63	9.95
(c) Capital profit on sale of fixed assets	0.52	2.02
	<u>22.12</u>	<u>28.38</u>
Net profit as per Section 309(5)	<u>6260.56</u>	<u>5225.76</u>
Commission :	Rupees	Rupees
(a) Whole-time Directors	3,75,00,000	2,75,00,000
(b) Non Whole-time Directors — 1% of the net profits : Rs. 62.61 crores (2005-06 : Rs. 52.26 crores) restricted to	2,00,00,000	1,50,00,000
	<u>5,75,00,000</u>	<u>4,25,00,000</u>

Schedule forming part of the balance sheet

SCHEDULE A : SHARE CAPITAL :— (Item No. 1(a), Page 120)

	Rupees crores	As at 31-3-2006 Rupees crores
Authorised :		
1,750,000,000 Ordinary Shares of Rs. 10 each (31.3.2006 : 600,000,000 Ordinary Shares of Rs. 10 each)	1750.00	600.00
25,000,000 Cumulative Redeemable Preference Shares of Rs. 100 each (31.3.2006 : 25,000,000 Shares of Rs. 100 each)	250.00	250.00
	2000.00	850.00
Issued :		
581,074,932 Ordinary Shares of Rs. 10 each (31.3.2006 : 554,074,932 Ordinary Shares of Rs. 10 each)	581.07	554.07
Subscribed :		
580,472,856 Ordinary Shares of Rs. 10 each fully paid up (31.3.2006 : 553,472,856 Ordinary Shares of Rs. 10 each)	580.47	553.47
<i>Add — Amount paid up on 389,516 (31.3.2006 : 389,516) Ordinary Shares forfeited</i>	0.20	0.20
	580.67	553.67
Of the 580,472,856 Ordinary Shares :		
(a) 9,563,300 shares represent after sub-division 956,330 shares (including 935,000 shares issued pursuant to the Scheme of Arrangement for the conversion of Deferred Shares into Ordinary Shares and the issue of additional fully paid shares) of the face value of Rs. 75 per share which were issued as fully paid up pursuant to contracts for consideration other than cash. The nominal value of these 956,330 shares was increased from Rs. 75 to Rs. 100 each with effect from 1.1.1977.		
(b) 19,812,460 shares represent after sub-division 1,981,246 shares of the face value of Rs. 75 per share which were issued as fully paid bonus shares by utilisation of Rs. 3,81,44,470 from Share Premium Account and Rs. 11,04,48,980 from General Reserve. The nominal value of these 1,981,246 shares was increased from Rs. 75 to Rs. 100 each with effect from 1.1.1977.		
(c) 51,440,270 shares represent after sub-division 5,144,027 Ordinary Shares whose face value was increased during the year 1976-77 from Rs. 75 to Rs. 100 per share by utilisation of Rs. 49,760 from Share Premium Account and Rs. 12,85,50,915 from General Reserve.		
(d) 20,576,110 shares represent after sub-division 2,057,611 shares of the face value of Rs. 100 per share which were issued as fully paid bonus shares by utilisation of Rs. 20,57,61,100 from General Reserve.		
(e) 721,530 shares represent after sub-division 72,153 shares of the face value of Rs. 100 per share which were issued as fully paid up to the shareholders of the erstwhile Indian Tube Company Limited on its amalgamation with the Company, for consideration other than cash.		
(f) 33,051,470 shares represent after sub-division 3,305,147 shares of the face value of Rs. 100 per share which were issued as fully paid bonus shares by utilisation of Rs. 33,05,14,700 from General Reserve.		
(g) 1,210,003 shares of the face value of Rs. 10 per share were issued as fully paid up to the shareholders of the erstwhile Tata SSL Ltd. on its amalgamation with the Company, for consideration other than cash.		
(h) 184,490,952 shares of face value of Rs. 10 per share were issued as fully paid bonus shares by utilisation of Rs. 184,49,09,520 from Securities Premium Account during the year 2004-05.		
(i) 27,000,000 shares of face value of Rs. 10 per share issued to Tata Sons Limited on a preferential basis during the year 2006-07. (See Note 28(a), Page 160)		
	580.67	553.67

Schedule forming part of the balance sheet

SCHEDULE B : RESERVES AND SURPLUS :—

(Item No. 2, Page 120)

	Rupees crores	Rupees crores	As at 31-3-2006 Rupees crores
(a) SECURITIES PREMIUM ACCOUNT :			
Balance as per last account	835.26		835.26
Add — Amount received on preferential issue (See Note 28(a), Page 160)	1366.20		—
		2201.46	<u>835.26</u>
(b) AMALGAMATION RESERVE :			
Balance as per last account		1.12	1.12
(c) DEBENTURE REDEMPTION RESERVE :			
Balance as per last account		646.00	646.00
(d) CAPITAL REDEMPTION RESERVE :			
Balance as per last account		0.83	0.83
(e) CAPITAL RESERVE :			
Balance as per last account		1.49	1.49
(f) GENERAL RESERVE :			
Balance as per last account	4591.46		3091.46
Less — Adjustment as per transitional provisions of AS 15 (revised 2005) (See Note 12(a), Page 145)	306.64		—
Add — Amount transferred from Profit and Loss Account	4284.82		3091.46
	1500.00		1500.00
		5784.82	<u>4591.46</u>
(g) EXPORT PROFITS RESERVE :			
Balance as per last account		1.25	1.25
(h) FOREIGN EXCHANGE FLUCTUATIONS RESERVE :			
Balance as per last account	10.96		1.53
Add/Less — Exchange Fluctuation on swaps / long term loans in relation to non-integral foreign operation	(16.18)		9.43
		(5.22)	<u>10.96</u>
(i) CONTRIBUTIONS FOR CAPITAL EXPENDITURE :			
Balance as per last account	37.06		37.06
Add — Amount received during the year	5.59		—
		42.65	<u>37.06</u>
(j) CONTINGENCY RESERVE :			
Balance as per last account		100.00	100.00
(k) DEBENTURE FORFEITURE ACCOUNT :			
Balance as per last account		0.04	0.04
(l) PROFIT AND LOSS ACCOUNT :			
Balance carried forward		4593.98	<u>2976.16</u>
		13368.42	<u>9201.63</u>

Schedule forming part of the balance sheet

SCHEDULE C : SECURED LOANS :— (Item No. 4(a), Page 120)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Industrial Development Bank of India	—	63.47
(b) Joint Plant Committee-Steel Development Fund [including funded interest Rs. 230.02 crores (31.3.2006 : Rs. 222.32 crores)]	1650.24	1609.25
(c) 14.25% Non-Convertible Debentures (privately placed with LIC Mutual Fund)	25.00	25.00
(d) 10.50% Non-Convertible Debentures (privately placed with Life Insurance Corporation of India)	100.00	100.00
(e) 12.60% Non-Convertible Debentures (privately placed with various parties)	50.00	87.50
(f) 9.90% Non-Convertible Debentures (privately placed with various parties)	—	70.00
(g) 9.50% Non-Convertible Debentures (privately placed with various parties)	—	85.00
(h) 9.45% Non-Convertible Debentures (privately placed with various parties)	—	45.00
(i) 9.50% Non-Convertible Debentures (privately placed with various parties)	—	50.00
(j) International Finance Corporation, Washington - A Loan US \$ 100 million equivalent (repayable in foreign currency)	435.35	—
(k) International Finance Corporation, Washington - B Loan US \$ 300 million equivalent (repayable in foreign currency)	1306.05	—
<p>The 14.25% Non-Convertible Debentures, the 10.50% Non-Convertible Debentures and the 12.60% Non-Convertible Debentures [items (c), (d) and (e) above] and the loans [items (a) and (b) above] from the above institutions/banks are secured by mortgages, ranking <i>pari passu inter se</i>, on all present and future fixed assets, excluding land and buildings mortgaged in favour of Government of India under item (m) hereof, land and buildings, plant and machinery and movables of the Tubes Division and the Bearings Division mortgaged in favour of the financial institutions and banks, assets of the Ferro Alloys Plant at Bamnival mortgaged in favour of State Bank of India and assets of Cold Rolling Complex (West) at Tarapur and a floating charge on other properties and assets (excluding investments) of the Company, subject to the prior floating charge in favour of State Bank of India and other banks under items (i) and (ii) hereof.</p> <p>Loan from the Joint Plant Committee-Steel Development Fund included in item (b) above is not secured by charge on movable assets of the Company and includes Rs. 694.71 crores (31.3.2006 : Rs. 551.78 crores) representing repayments and interest on earlier loans for which applications of funding are awaiting sanction.</p> <p>Loans A & B from IFCW included in items (j) and (k) above are secured by charge on the immovable properties of the Company at Jamshedpur and additionally secured on all the movable properties of the Company (excluding current assets) located at Jamshedpur ranking <i>pari passu</i> with the security for the debentures (items (c) to (e) above).</p> <p>The 14.25% Non-Convertible Debentures under item (c) (allotted on 28.10.1998) are redeemable at par in 3 annual installments in the ratio of 33:33:34 commencing at the end of the 9th year from the date of allotment.</p> <p>The 10.50% Non-Convertible Debentures under item (d) (allotted on 29.10.1998) are redeemable at par in 3 equal installments at the end of 9th, 10th and 11th year from the date of allotment.</p> <p>The 12.60% Non-Convertible Debentures under item (e) (allotted on 11.10.1999) are redeemable at par in 3 annual installments in the ratio of 30:30:40 commencing at the end of 6th year from the date of allotment.</p>		
Carried forward ...	3566.64	2135.22

Schedules forming part of the balance sheet

SCHEDULE C : SECURED LOANS :— continued
(Item No. 4(a), Page 120)

	Brought over ...	Rupees crores	As at 31-3-2006 Rupees crores
(l) Cash Credits from Banks		3566.64	2135.22
(i) State Bank of India	—		52.38
(ii) Others	<u>192.26</u>		<u>4.11</u>
		192.26	56.49
Borrowings from State Bank of India and Other Banks under items <i>l(i)</i> and <i>l(ii)</i> above are secured by hypothecation of stocks, stores and book debts, ranking in priority to the floating charge under items (a) to (k) hereof.			
(m) Government of India :			
(i) for constructing a hostel for trainees at Jamshedpur		0.01	0.01
(ii) for setting up a dispensary and a clinic at Collieries		0.01	0.01
Secured respectively by a first mortgage on the lands together with the buildings for hostel and dispensary and clinic constructed thereon.			
(n) Assets under lease		—	0.01
Secured by assets taken on lease from a bank			
		<u>3758.92</u>	<u>2191.74</u>

SCHEDULE D : UNSECURED LOANS :—
(Item No. 4(b), Page 120)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Fixed Deposits	20.98	33.41
(b) Housing Development Finance Corporation Ltd.	8.69	12.36
(c) Japan Bank for International Cooperation and various Financial Institutions (repayable in foreign currency)	112.44	143.62
(d) JPY Syndicated ECB Loan - US \$ 495 million equivalent (repayable in foreign currency)	2162.66	—
(e) Canara Bank, London ECB Loan US \$ 5 million equivalent (repayable in foreign currency) ...	21.77	—
(f) Euro Hermes Loan from Deutsche Bank, Frankfurt (repayable in foreign currency)	10.47	—
(g) JPY Syndicated Standard Chartered Bank Loan - US\$ 750 million equivalent (repayable in foreign currency)	3298.88	—
(h) Buyers Credit (repayable in foreign currency)	—	134.45
(i) Short term loan from IDBI Bank	250.00	—
(j) Interest free loans under Sales Tax Deferral Scheme	0.52	0.57
	<u>5886.41</u>	<u>324.41</u>

Note : Amounts repayable within one year **Rs. 289.96** crores (31.3.2006 : Rs. 186.70 crores)

Schedule forming part of the balance sheet

SCHEDULE E : FIXED ASSETS :— (Item No. 8, Page 120)

Rupees crores

Fixed Assets	Land and Roads	Buildings (3)	Lease- hold	Railway Sidings	Plant and Machinery	Furniture, Fixture and Office Equipment (7)	Develop- ment of Property (4) & (6)	Live- stock & Vehicles (7)	Intangibles	Total
Gross Block as at 1.4.2006	178.05	849.51	77.59	112.03	13531.96	108.28	326.09	180.39	43.27	15407.17
	<i>173.49</i>	<i>820.45</i>	<i>4.67</i>	<i>94.17</i>	<i>11673.64</i>	<i>95.39</i>	<i>100.87</i>	<i>177.57</i>	<i>39.01</i>	<i>13179.26</i>
Additions during the year (1) & (5)	18.80	101.77	2.44	2.44	444.37	13.67	57.78	5.45	21.25	667.97
	<i>4.99</i>	<i>29.88</i>	<i>72.92</i>	<i>18.25</i>	<i>1870.59</i>	<i>13.28</i>	<i>225.22</i>	<i>6.45</i>	<i>4.26</i>	<i>2245.84</i>
Deductions during the year (2)	—	0.15	—	0.03	33.01	1.44	—	11.02	—	45.65
	<i>0.43</i>	<i>0.82</i>	<i>—</i>	<i>0.39</i>	<i>12.27</i>	<i>0.39</i>	<i>—</i>	<i>3.63</i>	<i>—</i>	<i>17.93</i>
	196.85	951.13	80.03	114.44	13943.32	120.51	383.87	174.82	64.52	16029.49
	<i>178.05</i>	<i>849.51</i>	<i>77.59</i>	<i>112.03</i>	<i>13531.96</i>	<i>108.28</i>	<i>326.09</i>	<i>180.39</i>	<i>43.27</i>	<i>15407.17</i>
Capital work-in-progress [including advances for capital expenditure Rs. 401.10 crores (31.3.2006 : <i>Rs. 262.64</i> crores)]										2497.44
										<i>1157.73</i>
Gross Block as at 31.3.2007										18526.93
										<i>16564.90</i>
Impaired Assets as at 1.4.2006	92.94	1.25	—	—	—	—	—	—	—	94.19
	<i>96.27</i>	<i>1.25</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>97.52</i>
Impaired during the year	6.22	—	—	—	—	—	—	—	—	6.22
	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
Impaired reversed during the year	—	—	—	—	—	—	—	—	—	—
	<i>(3.33)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(3.33)</i>
Impaired Assets as at 31.3.2007	99.16	1.25	—	—	—	—	—	—	—	100.41
	<i>92.94</i>	<i>1.25</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>94.19</i>
Accumulated Depreciation upto 1.4.2006	11.01	241.06	1.59	53.96	6046.81	59.58	104.48	59.14	28.03	6605.66
	<i>9.63</i>	<i>219.46</i>	<i>0.99</i>	<i>49.92</i>	<i>5407.82</i>	<i>53.97</i>	<i>31.96</i>	<i>50.13</i>	<i>21.61</i>	<i>5845.49</i>
Depreciation during the year	1.64	23.81	1.75	4.90	685.50	22.26	56.05	15.70	7.68	819.29
	<i>1.38</i>	<i>21.93</i>	<i>0.60</i>	<i>4.43</i>	<i>650.81</i>	<i>5.69</i>	<i>72.52</i>	<i>11.32</i>	<i>6.42</i>	<i>775.10</i>
Depreciation on assets written off during the year (including adjustments for transfers)	—	0.01	0.17	0.02	28.56	1.11	—	8.33	0.79	38.99
	<i>—</i>	<i>0.33</i>	<i>—</i>	<i>0.39</i>	<i>11.82</i>	<i>0.08</i>	<i>—</i>	<i>2.31</i>	<i>—</i>	<i>14.93</i>
Accumulated Depreciation upto 31.3.2007	12.65	264.86	3.17	58.84	6703.75	80.73	160.53	66.51	34.92	7385.96
	<i>11.01</i>	<i>241.06</i>	<i>1.59</i>	<i>53.96</i>	<i>6046.81</i>	<i>59.58</i>	<i>104.48</i>	<i>59.14</i>	<i>28.03</i>	<i>6605.66</i>
Total Accumulated Depreciation & Impairment upto 31.3.2007	111.81	266.11	3.17	58.84	6703.75	80.73	160.53	66.51	34.92	7486.37
	<i>103.95</i>	<i>242.31</i>	<i>1.59</i>	<i>53.96</i>	<i>6046.81</i>	<i>59.58</i>	<i>104.48</i>	<i>59.14</i>	<i>28.03</i>	<i>6699.85</i>
Net Block as at 31.3.2007	85.04	685.02	76.86	55.60	7239.57	39.78	223.34	108.31	29.60	8543.12
	<i>74.10</i>	<i>607.20</i>	<i>76.00</i>	<i>58.07</i>	<i>7485.15</i>	<i>48.70</i>	<i>221.61</i>	<i>121.25</i>	<i>15.24</i>	<i>8707.32</i>
Capital work-in-progress [including advances for capital expenditure Rs. 401.10 crores (31.3.2006 : <i>Rs. 262.64</i> crores)]										2497.44
										<i>1157.73</i>
										11040.56
										<i>9865.05</i>

- (1) Additions include adjustments for inter se transfers.
- (2) Deductions include cost of assets scrapped/sold/surrendered during the year.
- (3) Buildings include **Rs. 2.32** crores (31.3.2006 : *Rs. 2.32* crores) being cost of shares in Co-operative Housing Societies and Limited Companies.
- (4) Development of property represents expenditure incurred on development of mines/collieries.
- (5) Rupee liability has decreased by a net amount of **Rs. 1.90** crores (2005-06 : *net decrease by Rs. 15.27* crores) arising out of realignment of the value of foreign currency loans for procurement of fixed assets. This decrease has been adjusted in the carrying cost of respective fixed assets and has been depreciated over their remaining depreciable life.
- (6) Additions include **Rs. 57.57** crores (2005-06 : *Rs. 212.52* crores) towards provision for final mines closure expenditure as per the circular dated 8th August, 2003 issued by Indian Bureau of Mines and subsequent clarifications issued under Mineral Conservation & Development (Amendment) Rules 2003 as per Section 18 of the Mines and Minerals (Development and Regulation) Act, 1957. The depreciation for the current year includes **Rs. 20.63** crores (2005-06 : *Rs. 63.27* crores) on account of amortisation of the same including **Rs. 14.57** crores (2005-06 : *Rs. 41.14* crores) for earlier years.
- (7) The useful life of Office Equipments, Furniture and Fixtures and Light Vehicles has been revised effective 1st April, 2006. The net written down value of these assets as at 31st March, 2006 is being depreciated over the revised remaining useful life of the assets. As a result of this change depreciation for the year ended 31st March, 2007 is higher by **Rs. 19.84** crores (2005-06 : *Nil*).

Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :—

(Item No. 9, Page 120)

	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2006	
				Rupees crores	Rupees crores
A. LONG TERM INVESTMENTS (At Cost less provision for diminution in value)					
Trade Investments :					
SHARES AND DEBENTURES (Quoted) —					
1. Tata Motors Ltd.	3,23,78,410	147.03		147.03	
2. Tayo Rolls Ltd.	19,99,350	3.36		3.36	
3. The Tinplate Company of India Ltd.	88,75,000	29.68		29.68	
4. GKW Ltd. (10,29,996 shares sold during the year) . . .	—	—		—	
5. TRF Ltd.	19,13,314	4.67		4.67	
6. Kumardhubi Fireclay and Silica Works Ltd. (Book Value : Re. 1)	1,50,001	—		—	
7. Housing Development Finance Corporation Ltd.	1,580	0.01		0.01	
8. Tata Construction and Projects Ltd. (Book Value : Re. 1) .	5,61,335	—		—	
9. Indian Steel Rolling Mills Ltd. (Book Value : Re. 1)	3,30,315	—		—	
10. Wellman Incandescent India Ltd. (Book Value : Re. 1)	8,99,100	—		—	
11. Nicco Corporation Ltd. (3,15,000 shares sold during the year)	—	—		0.18	
12. Sanderson Industries Ltd. (Book Value : Re. 1)	2,27,642	—		—	
13. Tata Construction and Projects Ltd. — 10% Convertible Debentures of Rs. 100 each (Non-Convertible portion) (Book Value : Re. 1)	43,000	—		—	
14. Tata Metaliks Ltd.	1,17,99,992	11.80		11.80	
15. Tata Sponge Iron Ltd.	61,19,960	7.20		7.20	
16. Standard Chrome Ltd. (Book Value : Re. 1)	5,58,000	—		—	
17. The Tata Power Company Ltd.	56,81,818	100.00		100.00	
18. Others Rs. 40,272 (31.3.2006 : Rs. 40,272) (See Note 3, Page 134)	—	0.01		0.01	
			303.76		303.94
SHARES AND DEBENTURES (Unquoted) —					
19. Kumardhubi Metal Casting and Engineering Ltd. (Book Value : Re. 1)	10,70,000	—		—	
20. Tata Industries Ltd. (Face value of Rs. 100 each)	56,28,388	72.23		72.23	
21. Tata Services Ltd. (Face value of Rs. 1,000 each)	1,621	0.16		0.16	
22. Tata International Ltd. (Face value of Rs. 1,000 each) .	3,740	0.49		0.49	
23. Tata Projects Ltd. (Face value of Rs. 100 each)	15,000	0.18		0.18	
24. Rallis India Ltd. (7.50% Cumulative Preference shares)	85,00,000	8.50		8.50	
25. IFCI Venture Capital Funds Ltd.	1,00,000	0.10		0.10	
26. Kalinga Aquatics Ltd. (Book Value : Re. 1)	10,49,920	—		—	
27. Jamshedpur Injection Powder Ltd.	31,75,000	3.18		3.18	
28. Tata Ryerson Ltd.	34,12,500	34.12		34.12	
29. The Tinplate Company of India Ltd.	95,17,000	93.41 *		93.38	
30. mjunction Services Ltd. (formerly Metaljunction Services Ltd.)	40,00,000	4.00		4.00	
Carried forward ...		216.37	303.76	216.34	303.94

* Includes Rs. 0.03 crore incurred towards stamp duty during the year.

Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued
(Item No. 9, Page 120)

	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2006	
				Rupees crores	Rupees crores
Brought over ...		216.37	303.76	216.34	303.94
Trade Investments :					
SHARES AND DEBENTURES (Unquoted) —					
31. Tata Teleservices Ltd.	13,68,00,456	145.20		145.20	
32. Nicco Jubilee Park Ltd. (Book Value : Re.1)	3,40,000	—		—	
33. The Dhamra Port Company Ltd. (4,02,50,000 shares subscribed during the year)	9,35,59,106	93.56		53.31	
34. Tata BlueScope Steel Ltd. (22,10,00,000 shares of Rs. 10 each subscribed during the year)	22,10,00,000	221.00		—	
35. Panatone Finvest Ltd.	45,000	0.05		0.05	
36. Srutech Tubes (India) Pvt. Ltd. (Book Value : Re.1)	30,000	—		—	
37. Tata Autocomp Systems Ltd. (7% Cumulative Redeemable Preference Shares)	70,00,000	7.00		7.00	
38. Tata Teleservices Ltd. (0.10% Redeemable Non-Cumulative Convertible Preference Shares)	6,83,54,569	50.00		50.00	
39. Industrial Energy Ltd. (2,600 shares of Rs. 26,000 purchased during the year)	2,600	—		—	
40. Others Rs. 52,095 (31.3.2006 : Rs. 32,495)		—		—	
			733.18		471.90
Investments in Subsidiary Companies :					
SHARES (Unquoted) —					
41. Tata Steel (Thailand) Public Company Ltd. (Face value of THB 1 each) (formerly Millennium Steel Public Co. Ltd.) (Rs. 15.92 crores expenditure incurred during the year in connection with the investment)	2,10,45,43,058	295.60		279.68	
42. Kalimati Investment Co. Ltd.	1,63,87,469	86.68		86.68	
43. Tata Refractories Ltd.	1,48,98,360	90.97		90.97	
44. The Tata Pigments Ltd. (Face value of Rs. 100 each)	75,000	0.70		0.70	
45. Tata Korf Engineering Services Ltd. (Book Value : Re. 1)	2,40,386	—		—	
46. Tata Incorporated (Face value of US \$ 1,000 each)	1,500	1.64		1.64	
47. TM International Logistics Ltd.	91,80,000	9.18		9.18	
48. Lanka Special Steels Ltd. (Face value of LKR 10 each)	25,00,000	1.16		1.16	
49. Jamshedpur Utilities & Services Co. Ltd.	3,50,000	0.35		0.35	
50. The Indian Steel and Wire Products Ltd. (Book value : Re. 1) (See Note 6, Page 143)	54,74,030	—		—	
51. NatSteel Asia Pte Ltd. (2,00,00,000 shares subscribed during the year) (Face Value of S\$ 1 each)	27,20,00,000	747.02		690.02	
52. Sila Eastern Ltd. (Face value of THB 100 each)	9,800	0.10		0.10	
53. Hooghly Met Coke & Power Company Ltd.	9,80,48,995	98.05		98.05	
54. Tata Steel (KZN) (Pty.) Ltd. (9,000 shares subscribed during the year)	9,000	0.01		—	
55. Tata Steel Asia Holdings Pte Ltd. (Face value of S \$ 1 each) (2,50,000 shares subscribed during the year)	2,50,000	0.72		—	
Carried forward...		1332.18	1036.94	1258.53	775.84

Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued
(Item No. 9 , Page 120)

	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2006	
				Rupees crores	Rupees crores
Brought over ...		1332.18	1036.94	1258.53	775.84
56. Adityapur Toll Bridge Company Ltd. (Book value : Re. 1) (1,13,600 shares subscribed and provided during the year)	4,63,600	—		—	
57. Rawmet Ferrous Industries Pvt. Ltd. (3,06,00,071 shares purchased during the year)	3,06,00,071	43.53		—	
58. Gopalpur Special Economic Zone Ltd. (10,00,000 shares subscribed during the year)	10,00,000	1.00		—	
			1376.71		1258.53
B. CURRENT INVESTMENTS (at lower of cost and fair value)					
Other Investments (Quoted) :					
59. 6.75% Tax Free Bonds of Unit Trust of India (Face value of Rs. 100 each)	8,95,982		8.96		8.96
Other Investments (Unquoted) :					
60. Investment in Mutual Funds *					
Fixed Maturity Funds		117.00		734.65	
Liquid Funds		3566.57		1291.98	
(See Note 5, Page 135 and Note 28(c), Page 160)			3683.57		2026.63
			6106.18		4069.96

* Includes **Rs. 3,262.59** crores (31.3.2006: Nil) ringfenced for a specific purpose.

Notes :	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2006	
				Rupees crores	Rupees crores
(1) Aggregate amount of Quoted Investments			312.72		312.90
Market value as at 31.3.2007 : Rs. 2,979.19 crores (31.3.2006 : Rs. 3,807.22 crores)					
(2) Aggregate amount of Unquoted Investments			5793.46		3757.06
			6106.18		4069.96
(3) Shares and Debentures (Quoted) — Others include :—			Rupees		Rupees
(a) Reliance Firebrick and Pottery Co. Ltd. (partly paid up)	16,800		1		1
(b) Reliance Firebrick and Pottery Co. Ltd.	2,400		1		1
(c) Sijua (Jherriah) Electric Supply Co. Ltd.	4,144		40,260		40,260
(d) Timken India Ltd.	1		10		10
			40,272		40,272
(4) Shares and Debentures (Unquoted) — Others include :—					
(a) Bokaro and Ramgarh Ltd.	100		16,225		16,225
(b) Tarapur Environment Protection Society	196		19,600		—
(c) Jamshedpur Educational and Cultural Co-operative Society Ltd. (Face value of Rs. 100 each)	50		5,000		5,000
(d) Barajamda Iron Ore Mine Workers' Central Co-operative Stores Ltd. (Face value of Rs. 25 each)	200		5,000		5,000
(e) Joda East Iron Mine Employees' Consumer Co-operative Society Ltd. (Face value of Rs. 25 each)	100		2,500		2,500
(f) Ferro-Manganese Plant Employees' Consumer Co-operative Society Ltd. (Face value of Rs. 25 each)	100		2,500		2,500
(g) Jamshedpur Co-operative House Building Society Ltd. (Face value of Rs. 100 each)	10		1,000		1,000
(h) Jamshedpur Co-operative Stores Ltd. (Face value of Rs. 5 each)	50		250		250
(i) Malusha Travels Pvt. Ltd.	2		20		20
			52,095		32,495

Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued
(Item No. 9, Page 120)

(5) INVESTMENT IN MUTUAL FUNDS

Name of Mutual Fund	Balance As at 1.4.2006		Purchased during the year		Sold during the year		Balance As at 31.3.2007	
	No. of Units	Rupees crores	No. of Units	Rupees crores	No. of Units	Rupees crores	No. of Units	Rupees crores
FIXED MATURITY FUNDS								
Tata Fixed Horizon Series 1 - Plan A - Growth Plan	30,000,000.000	30.00	—	—	30,000,000.000	30.00	—	—
Tata Fixed Horizon Fund Series 1 - Plan C (371 Days) - Growth	30,000,000.000	30.00	—	—	30,000,000.000	30.00	—	—
Tata Fixed Horizon Fund Series 2 B Option (18 Months) - Growth	50,000,000.000	50.00	—	—	—	—	50,000,000.000	50.00
Tata Fixed Horizon Fund Series 2 - Plan A (13 Months) - Growth	50,000,000.000	50.00	—	—	50,000,000.000	50.00	—	—
Tata Fixed Horizon Fund Series 2 - Plan C (18 Months) - Growth	42,000,000.000	42.00	—	—	—	—	42,000,000.000	42.00
Tata Fixed Horizon Fund Series 3 - Scheme F (18 Months) - Growth	25,000,000.000	25.00	—	—	—	—	25,000,000.000	25.00
Tata Fixed Horizon Fund Series 3 - Scheme A (6 Months) - Dividend	50,327,962.142	50.33	370,945.551	0.37	50,698,907.693	50.70	—	—
Tata Fixed Horizon Fund Series 3 - Scheme B (6 Months) - Dividend	45,204,044.944	45.20	471,845.297	0.48	45,675,890.241	45.68	—	—
Tata Fixed Horizon Fund Series 5 - Scheme A - Dividend	50,000,000.000	50.00	873,966.880	0.87	50,873,966.880	50.87	—	—
Birla Fixed Term Plan - Series A - Growth Plan	15,000,000.000	15.00	—	—	15,000,000.000	15.00	—	—
Birla FTP - Quarterly - Series 1 - Dividend - Payout	25,000,000.000	25.00	—	—	25,000,000.000	25.00	—	—
Grindlays Fixed Maturity - 19th Plan - Dividend	20,202,800.000	20.20	—	—	20,202,800.000	20.20	—	—
Grindlays Fixed Maturity - 21st Plan - Dividend	20,188,400.000	20.19	—	—	20,188,400.000	20.19	—	—
J M Fixed Maturity Yearly Plan - YSA 2 Series - Growth	15,000,000.000	15.00	—	—	15,000,000.000	15.00	—	—
J M Fixed Maturity Fund Series - 11 Quarterly Plan QSA - Dividend	20,000,000.000	20.00	322,045.207	0.32	20,322,045.207	20.32	—	—
Kotak FMP Series XV - Dividend	20,220,560.299	20.22	42,043.629	0.04	20,262,603.928	20.26	—	—
Kotak FMP Series XVI - Dividend	25,231,453.709	25.23	114,287.056	0.12	25,345,740.765	25.35	—	—
Kotak FMP Series XVIII - Dividend	25,428,133.841	25.43	274,530.505	0.27	25,702,664.346	25.70	—	—
Kotak FMP Series 23 - Dividend	25,000,000.000	25.00	414,138.183	0.41	25,414,138.183	25.41	—	—
DSP ML Fixed Term Plan - Series 3 - 12 Months - Growth	10,000,000.000	10.00	—	—	10,000,000.000	10.00	—	—
Prud ICICI FMP Yearly Series XXV - Dividend	25,337,000.000	25.34	80,825.000	0.08	25,417,825.000	25.42	—	—
Prud ICICI FMP Series 28 - 4 Months Dividend - XXVIII	20,191,600.000	20.19	141,745.032	0.14	20,333,345.032	20.33	—	—
Principal PNB Fixed Maturity Plan - 91 Days - Series I - Dividend Reinvestment - January 2006	20,196,729.177	20.20	74,727.898	0.07	20,271,457.075	20.27	—	—
Principal PNB Fixed Maturity Plan 91 Days Series II - Dividend Reinvestment - March 2006	25,123,166.247	25.12	260,793.403	0.26	25,383,959.650	25.38	—	—
Carried forward...		684.65		3.43		571.08		117.00

Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued
(Item No. 9, Page 120)

(5) INVESTMENT IN MUTUAL FUNDS (Contd.)

Name of Mutual Fund	Balance As at 1.4.2006		Purchased during the year		Sold during the year		Balance As at 31.3.2007	
	No. of Units	Rupees crores	No. of Units	Rupees crores	No. of Units	Rupees crores	No. of Units	Rupees crores
Brought over...		684.65		3.43		571.08		117.00
Principal PNB Fixed Maturity Plan - 91 Days - Series 111	25,000,000.000	25.00	427,556.355	0.43	25,427,556.355	25.43	—	—
HDFC FMP 3M 6th March, 2006 (1) - Institutional Plan - Dividend	25,000,000.000	25.00	428,750.000	0.43	25,428,750.000	25.43	—	—
TOTAL FIXED MATURITY FUNDS		734.65		4.29		621.94		117.00
LIQUID FUNDS								
J M High Liquidity Fund - Super Institutional Plan - Daily Dividend	80,666,780.596	80.80	161,235,823.994	161.50	241,902,604.590	242.30	—	—
DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend	1,414,224.094	141.44	1,463,618.262	146.39	2,869,426.115	286.99	8,416.241	0.84
Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend	5,073,721.832	5.08	4,479.072	—	5,078,200.904	5.08	—	—
Standard Chartered Liquidity Manager - Plus Daily Dividend	—	—	16,171,885.110	1,617.35	16,171,885.110	1,617.35	—	—
HDFC Liquid Fund - Premium Plus Plan - Weekly Dividend	24,528,665.378	30.16	208,577,738.235	258.32	233,106,403.613	288.48	—	—
HDFC Cash Management Fund - Savings Plan Daily Dividend Reinvestment	—	—	449,655,258.850	478.27	449,400,172.986	478.00	255,085.864	0.27
Tata Liquid Super High Investment Fund Daily Dividend	4,585,310.553	510.99	18,108,244.079	2,018.10	15,192,494.839	1,693.09	7,501,059.793	836.00
Tata Liquidity Management Fund Daily Dividend	—	—	6,176,199.997	619.02	—	—	6,176,199.997	619.02
Birla Cash Plus - Institutional Premium - Daily Dividend Reinvestment	141,332,266.953	141.61	1,624,712,891.863	1,627.87	1,301,017,251.464	1,303.55	465,027,907.352	465.93
Kotak Liquid (Institutional Premium) Weekly Dividend	85,617,604.530	85.89	245,443,806.298	246.53	331,061,410.828	332.42	—	—
Kotak Liquid (Institutional Premium) Daily Dividend	—	—	741,975,506.301	907.30	578,176,495.122	707.00	163,799,011.180	200.30
ICICI Prudential Liquid Plan Super Institutional - Daily Dividend	33,151,379.545	33.15	1,104,224,780.709	1,104.23	1,045,150,052.071	1,045.15	92,226,108.185	92.23
UTI Liquid Cash Plan Institutional - Daily Income Option Reinvestment	37,136.423	3.78	9,198,652.603	937.74	9,233,853.014	941.32	1,936.012	0.20
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	39,627.034	3.95	4,995,564.331	499.69	5,033,363.134	503.46	1,828.231	0.18
HSBC Cash Fund - Institutional Plus Weekly Dividend	75,574,599.230	75.67	76,305,743.346	76.41	151,880,342.576	152.08	—	—
HSBC Cash Fund Institutional Plus Daily Dividend	—	—	248,315,398.610	248.45	247,861,197.732	248.00	454,200.878	0.45
DWS Insta Cash Plus Fund - Institutional Plan - Weekly Dividend	64,682,162.287	65.06	113,786,714.878	114.65	178,468,877.165	179.71	—	—
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option	—	—	184,497,347.239	184.86	183,641,898.297	184.00	855,448.942	0.86
Carried forward ...		1,177.58		11,246.68		10,207.98		2,216.28

Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued (Item No. 9, Page 120)

(5) INVESTMENT IN MUTUAL FUNDS (Contd.)

Name of Mutual Fund	Balance As at 1.4.2006		Purchased during the year		Sold during the year		Balance As at 31.3.2007	
	No. of Units	Rupees crores	No. of Units	Rupees crores	No. of Units	Rupees crores	No. of Units	Rupees crores
Brought over...		1,177.58		11,246.68		10,207.98		2,216.28
SBI Premier Liquid Fund - Institutional Daily Dividend	28,708,238.021	28.80	449,399,751.074	450.86	477,664,690.014	479.22	443,299.081	0.44
Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Daily Dividend Reinvestment	80,942,738.471	80.95	1,343,879,181.975	1,343.97	1,054,688,097.026	1,054.76	370,133,823.420	370.16
ING Vysya Liquid Fund - Institutional Weekly Dividend Option	—	—	31,906,292.037	32.10	31,906,292.037	32.10	—	—
ING Vysya Liquid Fund Super Institutional - Daily Dividend	4,649,194.684	4.65	1,235,833,828.507	1,236.20	825,747,045.424	825.99	414,735,977.767	414.86
Sundaram BNP Paribas Money Fund - Super Institutional Daily Dividend Reinvestment	—	—	456,826,343.367	461.18	313,016,948.484	316.00	143,809,394.883	145.18
DBS Chola Liquid Institutional - Daily Dividend	—	—	59,027,597.395	59.21	59,027,597.395	59.21	—	—
LICMF Liquid Fund - Dividend Plan	—	—	483,985,639.736	531.42	301,865,916.384	331.45	182,119,723.352	199.97
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	—	—	898,402,447.384	898.68	678,789,575.231	679.00	219,612,872.153	219.68
TOTAL LIQUID FUNDS		1,291.98		16,260.30		13,985.71		3,566.57
		2,026.63		16,264.59		14,607.65		3,683.57

Schedules forming part of the balance sheet

SCHEDULE G : STOCK-IN-TRADE :—
(Item No. 10A(b), Page 120)

	Rupees crores	<i>As at 31-3-2006 Rupees crores</i>
(a) Finished and semi-finished products produced and purchased by the Company, at lower of cost and net realisable value (including purchased goods-in-transit at cost)	1078.08	1000.62
(b) Work-in-progress (at lower of cost and net realisable value)	28.94	23.93
	1107.02	1024.55
(c) Coal, iron ore and other raw materials produced and purchased by the Company, at lower of cost and net realisable value (including purchased raw materials-in-transit at cost)	720.52	707.54
	1827.54	1732.09

SCHEDULE H : SUNDRY DEBTORS :—
(Item No. 10A(c), Page 120)

	Rupees crores	<i>As at 31-3-2006 Rupees crores</i>
(a) Over six months old	63.24	81.73
(b) Others	604.14	489.85
	667.38	571.58
Less — Provision for doubtful debts	35.75	32.18
	631.63	539.40

	Rupees crores	<i>As at 31-3-2006 Rupees crores</i>
Sundry debts, secured and considered good	—	—
Sundry debts, unsecured and considered good	631.63	539.40
Sundry debts, considered doubtful	35.75	32.18
	667.38	571.58

Schedules forming part of the balance sheet

SCHEDULE I : CASH AND BANK BALANCES :— (Item No. 10A(e), Page 120)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Cash in hand [including cheques : Rs. 128.17 crores (31.3.2006 : Rs. 92.60 crores)]	128.84	94.48
(b) Remittance in transit	65.50	55.16
(c) Current accounts with Scheduled Banks	252.07	138.34
(d) Current account with Bank of Bhutan (♦ Rs. 1,000.00)	♦ *	0.09*
(e) Current account with CitiBank Singapore	0.10*	0.28*
(f) Current account with Thane District Co-operative Bank Ltd. @[Rs. 13,769 (31.3.2006 : Rs. 6,032)]	@*	@*
(g) Deposit accounts with Scheduled Banks #	7234.84	0.04
	7681.35	288.39

Includes **Rs. 7,225.94** crores (31.3.2006: Nil) ringfenced for a specific purpose.

* Maximum balances in current account with

- | | 2006-07
Rupees
crores | 2005-06
Rupees
crores |
|---|-----------------------------|-----------------------------|
| 1. Bank of Bhutan | 0.09 | 2.88 |
| 2. CitiBank Singapore | 0.39 | 0.36 |
| 3. Thane District Co-operative Bank Ltd. (\$ 31.3.2006 : Rs.37,472) | 0.05 | \$ |

SCHEDULE J : LOANS AND ADVANCES :— (Item No. 10(B), Page 120)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Advances with public bodies	308.15	337.83
(b) Other advances	2374.68	572.37
(c) Loans and Advances to subsidiary companies	376.58	321.72
(d) Advance payment against taxes	70.85	75.02
	3130.26	1306.94
Less — Provision for doubtful advances	74.53	72.08
	3055.73	1234.86

	Rupees crores	As at 31-3-2006 Rupees crores
Loans and Advances, unsecured and considered good ...	3055.73	1234.86
Loans and Advances, considered doubtful	74.53	72.08
	3130.26	1306.94

- Notes :
- Advances with public bodies include balances with Customs, Port Trust, etc. **Rs. 291.68** crores (31.3.2006 : Rs. 224.83 crores).
 - Other advances include :
 - Loan due by an Officer of the Company **Rs. 1,03,750** (31.3.2006 : Rs. 1,18,750). Maximum balance during the year **Rs. 1,18,750** (2005-06 : Rs. 1,33,750).
 - Intercompany deposits of **Rs. 2** crores (31.3.2006 : Rs. 2 crores).
 - Application money on investments **Rs. 1,811.08** crores (31.3.2006 : Rs. 30.95 crores).
 - Loans and Advances to subsidiary companies include Loans and Advances in the nature of Loans given to subsidiaries **Rs. 364.46** crores (31.3.2006 : Rs. 315.85 crores) - [See Note 11(e), Page 145]

Schedules forming part of the balance sheet

SCHEDULE K : CURRENT LIABILITIES :—
(Item No. 11(A), Page 120)

	Rupees crores	Rupees crores	As at 31-3-2006 Rupees crores
(a) Sundry creditors :			
(i) For goods supplied [See Note 11, Page 144]	1093.10		814.88
(ii) For accrued wages and salaries	848.45		595.45
(iii) For other liabilities [See Note 11, Page 144]	1204.44		1123.70
		3145.99	2534.03
(b) Subsidiary companies		102.61	62.37
(c) Interest accrued but not due		47.11	24.29
(d) Advances received from customers		198.28	185.07
(e) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956			
Due as at 31.3.2007			
(i) Unpaid Dividends		—	—
(ii) Application Money Pending Refund		—	—
(iii) Unclaimed Matured Deposits (♦ Rs. 25,000)		♦	0.01
(iv) Unclaimed Matured Debentures		—	—
(v) Interest Accrued on (i) to (iv) above		0.03	0.06
Not due as at 31.3.2007			
(i) Unpaid Dividends		23.37	21.55
(ii) Application Money Pending Refund		0.01	0.01
(iii) Unclaimed Matured Deposits		2.59	3.80
(iv) Unclaimed Matured Debentures		1.76	3.96
(v) Interest Accrued on (i) to (iv) above		1.45	0.84
		3523.20	2835.99
		Rupees crores	As at 31.3.2006 Rupees crores
Note : Sundry creditors for other liabilities include: Liability for Employees Family Benefit Scheme		44.87	54.60

SCHEDULE L : PROVISIONS :—
(Item No. 11(B), Page 120)

	Rupees crores	Rupees crores	As at 31-3-2006 Rupees crores
(a) Provision for retiring gratuities (See Note 12(d)(3), Page 146)	49.31		0.81
(b) Provision for employee benefits	470.19		—
(c) Provision for taxation	448.68		250.04
(d) Provision for Fringe Benefits Tax	18.37		2.37
(e) Proposed dividends	943.91		719.51
	1930.46		972.73

Signatures to Schedules 1 to 4 and
A to L and Notes on pages 141 to 160

For and on behalf of the Board

RATANN TATA	Chairman
NUSLI N WADIA S M PALIA SURESH KRISHNA ISHAAT HUSSAIN JAMSHED J IRANI SUBODH BHARGAVA	} Directors
B MUTHURAMAN T MUKHERJEE A N SINGH	} Executive Directors

J C BHAM
Company Secretary

Mumbai, 17th May, 2007

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

1. Accounting Policies

(a) Basis for Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

(b) Revenue Recognition

(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) Employee Benefits

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post employment benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.

(iii) Other long-term employee benefits are recognised as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, at the discounting rate.

(iv) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

(v) Miscellaneous Expenditure

In respect of the Employee Separation Scheme (ESS), net present value of the future liability for pension payable is amortised equally over five years or upto financial year ending 31st March, 2010, whichever is earlier.

The increase in the net present value of the future liability for pension payable to employees who have opted for retirement under the Employee Separation Scheme of the Company is charged to the profit and loss account.

(d) 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.

(e) Depreciation

(I) Capital assets whose ownership does not vest in the Company is depreciated over their estimated useful life 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 or based on estimated useful life whichever is higher. The details of estimated life for each category is as under :

- (i) Buildings — 30 to 62 years.
- (ii) Plant and Machinery — 6 to 21 years.
- (iii) Railway Sidings — 21 years.
- (iv) Vehicles and Aircraft — 6 to 18 years.
- (v) Furniture, Fixtures and Office Equipment — 5 to 10 years.
- (vi) Intangibles (Computer Software) — 5 to 10 years.
- (vii) Development of property for development of mines and collieries are depreciated over the useful life of the mine or lease period whichever is less, subject to maximum of 10 years.
- (viii) Blast Furnace relining is depreciated over a period of 10 years (average expected life).
- (ix) Freehold land is not depreciated.
- (x) Leasehold land is amortised over the life of the lease.
- (xi) Roads — 30 to 62 years.

(f) Foreign Currency Transactions

Foreign Currency Transactions (FCT) and forward exchange contracts used to hedge FCT (including firm commitments and forecast transactions) are initially recognised 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 realised gains and losses on foreign exchange transactions (including option contracts), other than those relating to fixed assets are recognised 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 1, 2004, are adjusted to the carrying amount of such fixed assets.

(g) 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.

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

(h) 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 cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

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.

(i) Relining Expenses

Relining expenses other than expenses on Blast Furnace relining are charged as an expense in the year in which they are incurred.

(j) 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.

(k) Deferred Tax

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. 2,869.70** crores (31.3.2006 : Rs. 177.66 crores) to banks and financial institutions on behalf of others. As at 31st March, 2007, the contingent liabilities under these guarantees amounted to **Rs. 2,869.70** crores (31.3.2006 : Rs. 177.66 crores).

(b) Claims not acknowledged by the Company

	As at 31.3.2007 Rs. crores	<i>As at 31.3.2006 Rs. crores</i>
(i) Excise	193.30	<i>175.06</i>
(ii) Customs	13.66	<i>21.15</i>
(iii) Sales Tax	321.71	<i>293.10</i>
(iv) State Levies	98.92	<i>107.12</i>
(v) Suppliers and Service Contract	89.38	<i>109.72</i>
(vi) Labour Related	31.95	<i>31.22</i>
(vii) Income Tax	52.41	<i>68.74</i>

(c) Claim by a party arising out of conversion arrangement - **Rs. 195.82** crores (31.3.2006 : Rs. 195.82 crores). The Company has not acknowledged this claim and has instead filed a claim of **Rs. 139.65** crores (31.3.2006 : 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 (31.3.2006 : Rs. 235.48 crores) 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. The Company had 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. The State Government of Orissa moved to Supreme Court against the order of Orissa High Court and the case is pending with Supreme Court. The liability, if it materialises, as at 31.3.2007 would be **Rs. 327.63** crores (31.3.2006 : 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 Industrial Tribunal, Ranchi by its award dated 31.3.2006 pronounced on 13.6.2006 held that the contract workers were not engaged by the management of the Company in the permanent and regular nature of work before 11.2.1981 and they are not entitled to permanent employment under the principal employer. The Tata Workers Union has filed SLP against this award in the Supreme Court. The liability, if it materialises, would be to the tune of **Rs. 119.35** crores (31.3.2006 : Rs. 106.61 crores).

(g) Uncalled liability on partly paid shares and debentures **Rs. 0.01** crore (31.3.2006 : Rs. 0.01 crore).

(h) Bills discounted **Rs. 383.99** crores (31.3.2006 : Rs. 390.75 crores).

(i) Cheques discounted : Amount indeterminate.

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

3. The Company has given undertakings to (a) IDBI, IFCI, IIBI and State Bank of Patiala 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 and Bank of America 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 Met Coke 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 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.

The Promoters' (i.e. L & T Infrastructure Development Projects Ltd. and Tata Steel Ltd.) combined investments in The Dhamra Port Company Ltd., (DPCL) representing 51% of DPCL's paid-up equity share capital are pledged with IDBI Trusteeship Services Ltd.

In respect of loans taken by Tata Steel Asia Holdings Pte. Limited and Tulip UK Holdings (No. 1) Limited, the conditions of the loan agreements entered into by the respective companies with the consortium of lenders require that Tata Steel Limited continues to own legally and beneficially (directly or indirectly) all issued shares of the respective companies.

4. 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, 2007.
5. 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 was proposed to be incurred during the financial years 2006-07 and 2007-08 and the expenses to be recognised in the books of the Company based on the periodical expenditure statements received from the State Government. As per the confirmation received from the State Government of Jharkhand no expenditure in this regard has been incurred till 31st March, 2007.
6. 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) has an advance of **Rs. 27.67** crores as at 31.3.2007 (31.3.2006: *Rs. 24.63 crores*) with ISWP towards one time settlement with financial institutions for capital expenditure and margin for working capital.
7. 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.
8. Estimated amount of contracts remaining to be executed on Capital Account and not provided for : **Rs. 2,308.71** crores (31.3.2006 : *Rs. 1,963.34 crores*).
9. The Company has taken on lease Plant and Machinery, having an aggregate cost of **Rs. 3.79** crores (31.3.2006 : *Rs. 4.51 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. 0.62** crore (2005-06 : *Rs. 1.19 crores*). The break up of total minimal lease payments due as at 31st March, 2007 and their corresponding present value are as follows :

Rs. crores

Period	As at 31.3.2007		As at 31.3.2006	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Not later than one year	0.62	0.59	0.61	0.57
Later than one year but not later than five years	1.31	1.04	2.09	1.54
Later than five years	—	—	—	—
Total	1.93	1.63	2.70	2.11

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

10. Profit and Loss Account

- a) i) 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. 46.86** crores (31.3.2006 : Rs. 144.15 crores) in respect of schemes introduced during the year.
- ii) The amounts payable within one year under the ESS aggregate to **Rs. 225.97** crores (31.3.2006 : Rs. 242.60 crores).
- iii) The amount shown under Miscellaneous Expenditure on ESS account, represents the balance amount to be amortised over five years or the financial year ending 31st March, 2010, whichever is earlier.
- b) The manufacturing and other expenses and depreciation shown in the profit and loss account include **Rs. 25.74** crores (2005-06 : Rs. 20.00 crores) and **Rs. 1.11** crores (2005-06 : Rs. 0.84 crore) respectively in respect of Research and Development activities undertaken during the year.

11. Other Significant Disclosures

- a) Sundry creditors [Item No. (a)(i) and (iii) to Schedule K - Page 140] include **Rs. 4.99** crores (31.3.2006 : Rs. 2.50 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 :

A.S. GABRI AND SONS	ELASTOMER LINING WORKS	MANOJ ENTERPRISES	SANDEEP INDUSTRIES
ACHARYA SAFETY SPARES CORPORATION	ELECTRO CHEMICALS	MATHUR ENGG. WORKS	SARAFF RUBBER INDUSTRIES
AIRAUTO INDUSTRIES	EMPIRE INDUSTRIES	MECHANO RUBBER & ALLIED INDUSTRIES	SARAIWALA SINGH ENTERPRISES
ALLIED RUBBER INDUSTRIES	EMPIRICAL TECHNO CRAFT	MICRON ENGG. INDUSTRIES	SATISHREE PRESS
AMBICA ELECTRICALS	FOURESS ENGG. (INDIA) LTD.	MIM PACKS	SCIENTIFIC & SURGOCA
AMIN PRINTING PRESS	G.S. CONSTRUCTION CO.	MIM PLASTICS	SERVO INDIA
ANAND ENGG. WORKS	G.S. ENGINEERING WORKS	MODERN PRINTERS.	SHANTI ENTERPRISE
ANANT & COMPANY	GENERAL ENGINEERING CO.	NAMITA ELECTRIC WORKS	SHERPA FRUIT PRODUCTS
ANIL ENGINEERING CO.	GOLCHHA CHEMICAL INDUSTRIES	NAT STEEL EQUIPMENT PVT. LTD.	SHILPUDYOG
APEX ENTERPRISES	GOPAL INDUSTRIES	NASCENT DATA AID	SHREE PUROHIT
ASIAN ENGINEERING CO.	GOURI SHANKAR & CO.	NAT STEEL EQUIPMENT PVT. LTD.	ENGINEERING WORKS
ASSOCIATED CHEMICAL INDUSTRIES	GURUNANAK ENGINEERING WORKS	NATIONAL INDUSTRIAL APPARELS	SINGH ELECTRIC CO.
B.C. ENGINEERING WORKS	H. GURU INSTRUMENTS P. LTD.	NEW ALLENBY ENGG. WORKS	SINGHBHUM REFRACTORY
BALAKRISHNA & CO.	HANS ENGINEERING CO.	NEW EMPIRE INDUSTRIES	SOLAR DIAMOND
BANSAL ELECTRONICS	HIND ELECTRICAL AND GENERAL INDUSTRIES	NEW FURNITURE WORKS	SOUTH BIHAR PLASTICS (P) LTD.
BENGAL TECHNOCRATS PVT. LTD.	HINDUSTAN ENGINEERING WORKS	NIMPS AGRO FARMS	SREE DURGA ELECTRICAL ENGG. WORKS
BHARAT ELECTRICAL REPAIRING WORKS	HOME INDUSTRIES	NORTHERN ENGINEERING COMPANY	SUDHIR MFG. CO.
BHARAT ENGG. CO.	HYDROKRIMP A.C. (P) LTD.	OM ENGINEERING WORKS (I) PVT. LTD.	SUNRAJ INDUSTRIES
BHARAT ENGINEERS	INDIA CONSTRUCTION CO.	OSTA ENTERPRISES	SUTLEJ ENGINEERING WORKS
BHARAT STEEL & METAL INDUSTRIES	INDRA ENGINEERS	P.R.T.N. ENGINEERING & CO.	SVEDALA INDUSTRIES INDIA
BHAVYA INDUSTRIAL CHEMICALS	J.N. MARSHALL ENGG. PVT. LTD.	PAL ENGINEERING WORKS	SWARN ENGINEERING WORKS
BHOGAL ENGG. CO.	J.S.T. PLASTS	PAPPU ARTS	SYSTEMS AND CONTROLS
BIHAR ELECTRIC & REFRIGERATION CO.	J. WALTER THOMSON	PEST CONTROL (INDIA) LTD.	TATANAGAR COLD STORAGE CO. PVT. LTD.
BIZEL ELECTROTEC (INDIA) PVT. LTD.	JAI SUPRABHA PROTECTIVE PRODUCTS	PINAK INDUSTRIES	TECHNICO
BMC METALCAST LIMITED	JAIPUR STEEL STRIPS	POLY PACK INDIA MANUFACTURING	PURAN SINGH & SONS
BRIJ AUTOMOBILE & GENERAL	JAMSHEDPUR SPRING & ENGG. CO. (P) LTD.	QUADRANT EPP SURLON INDIA LTD.	QUALITY ENGINEERING WORKS
CALCUTTA ANODIZING WORKS	JYOTSHNA PRINTING PRESS	R.K. METALICKS PVT. LTD.	M/s. R.N. PANDEY
CALCUTTA PETRO CHEMICALS	KALIMATI INDUSTRIES	R.S. ENGINEERING WORKS	RAGHUNATH ENGINEERING INDUSTRIES
CBC POWER SYSTEM	KASHIMIRA CERAMIC PRODUCTS PVT. LTD.	RAJ INDUSTRIAL & ENGG. CO.	RAJ TECHNICAL WORKS
CONCORD ARAI PVT. LTD.	KWALITY ENGINEERING	REGULAR ENGINEERING COMPANY	REINOL OBSTFELD INDIA
CONCORD STEEL WORKS	L. MADANLAL (ALUMINIUM) LTD.	S.K. BHATTACHARJEE & CO.	S.R. ENGINEERING WORKS
DARSHANLAL & CO.	LAWRENCE & MAYO (INDIA) P. LTD.	S.R. UDYOG	SARAIWALA SINGH ENTERPRISES
DARSSHAN PLASTIC	LAXMI ENGINEERING & CO.		SATISHREE PRESS
DAS & DAS	LECHLER (INDIA) PVT. LIMITED		SCIENTIFIC & SURGOCA
DAS ENTERPRISE	M.K. ENGINEERS & TRADERS		SERVO INDIA
DEEPSUN INDUSTRIAL CORPORATION	M.R. ENGINEERING WORKS		SHANTI ENTERPRISE
DHANJAL ENGINEERING WORKS	MADRAS CUPPRUM METAL		SHERPA FRUIT PRODUCTS
DIAMOND AUTO & ELECTRIC WORKS	MAHARASHTRA MACHINE		SHILPUDYOG
DINESH & CO.	MALLABHUM POLYPACKS (P) LTD.		SHREE PUROHIT
EASTERN DIAMOND PRODUCTS PVT. LTD.			ENGINEERING WORKS
EASTERN MACHINERY WORKS			SINGH ELECTRIC CO.

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.

- c) The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.
- d) No amount is paid/payable by the Company under Section 441A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.

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

- e) 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 as at 31.3.2007 Rs. crores	Maximum balance outstanding during the year Rs. crores	Investment in Shares of the Company No. of Shares
Tata Korf Engineering Services Ltd.	Subsidiary	0.70 <i>0.65</i>	0.70 <i>1.09</i>	—
The Indian Steel and Wire Products Ltd.	Subsidiary	31.66 <i>31.68</i>	38.68 <i>34.94</i>	—
Kalimati Investment Co. Ltd.	Subsidiary	20.01 —	148.43 <i>182.00</i>	671,455 <i>671,455</i>
NatSteel Asia Pte. Ltd.	Subsidiary	296.12 <i>283.52</i>	303.65 <i>681.02</i>	—
Tata Steel (KZN) (Pty.) Ltd.	Subsidiary	15.97 —	15.97 —	—

12. Employee Benefits

- a) The Institute of Chartered Accountants of India has deferred the date of applicability of Accounting Standard (AS) 15, Employee Benefits (revised 2005). As early application of the Standard was encouraged, the Company adopted Accounting Standard (AS) 15 (revised 2005) on Employee Benefits effective 1st April, 2006. Consequent to the adoption, an amount of Rs. 306.64 crores (net of deferred tax, Rs. 155.55 crores) has been adjusted against General Reserves as at 1st April, 2006, in accordance with the transitional provision in the Standard.

Benefit	Rs. crores	
	Reserves	Deferred Tax
	Debit / (Credit)	Debit / (Credit)
Short Term Benefits:		
Leave (other than furlough leave)	100.35	(50.89)
Post Employment Benefits – Funded Defined Benefit Plans:		
Retiring Gratuity	(7.75)	3.93
Post Employment Benefits – Unfunded Defined Benefit Plans:		
Post Retirement Medical Benefits	309.29	(156.93)
Pensions to Directors	8.27	(4.20)
Farewell Gifts on retirement	2.39	(1.22)
Packing and Transportation Costs on Retirement	3.24	(1.64)
Long Term Benefits:		
Furlough (Long service) Leave	(2.47)	1.26
Long Service Awards	3.68	(1.87)
Loyalty Bonus	2.63	(1.31)
Termination Benefits:		
Employees Separation Compensation	(104.92)	53.23
Employees Family Benefit Scheme	(8.07)	4.09
Total	306.64	(155.55)

- b) The Company has recognised, in the profit and loss account for the year ended 31st March, 2007, an amount of Rs. 118.24 crores expenses under defined contribution plans.

Benefit (Contribution to)	Rs. crores
Provident Fund	75.65
Superannuation Fund	17.68
Employees Pension Scheme / Coal Mines Pension Scheme	17.28
TISCO Employees Pension Scheme	7.63
Total	118.24

The Company's Provident Fund is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any, in the interest rate declared by Trust over statutory limit. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

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

- c) The Company operates post retirement defined benefit plans as follows:
 - a. Funded
 - i. Post Retirement Gratuity
 - b. Unfunded
 - i. Post Retirement Medical Benefits
 - ii. Pensions to Directors
 - iii. Farewell Gifts
 - iv. Packing and Transportation costs on retirement
- d) Details of the post retirement gratuity plan are as follows:

Description	Rs. crores	
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at 1.4.2006		619.06
b. Current Service Cost		25.18
c. Interest Cost		47.52
d. Actuarial (Gain)/Loss		57.79
e. Benefits Paid		(54.56)
f. Obligation as at 31.3.2007		694.99
The defined benefit obligation as at 31.3.2007 is funded by the Company		
2. Change in Plan Assets (Reconciliation of opening & closing balances)		
a. Fair Value of Plan Assets as at 1.4.2006		630.74
b. Expected return on Plan Assets		48.50
c. Actuarial Gain/(Loss)		(18.28)
d. Contributions		39.28
e. Benefits Paid		(54.56)
f. Fair Value of Plan Assets as at 31.3.2007		645.68
3. Reconciliation of fair value of assets and obligations		
a. Fair Value of Plan Assets as at 31.3.2007		645.68
b. Present Value of Obligation as at 31.3.2007		(694.99)
c. Amount recognised in the Balance Sheet		(49.31)
4. Expense recognised during the year		
a. Current Service Cost		25.18
b. Interest Cost		47.52
c. Expected return on Plan Assets		(48.50)
d. Actuarial (Gain)/Loss		76.07
e. Expense recognised during the year		100.27
The expense is disclosed in the line item – Payments to & Provisions for Employees (Company's contribution to provident & other funds)		
5. Investment Details	% invested	<i>% invested</i>
	31.3.2007	<i>1.4.2006</i>
a. GOI Securities	18.38	16.44
b. Public Sector Unit Bonds	36.13	37.56
c. State / Central Guaranteed Securities	7.41	8.27
d. Special Deposit Schemes	29.30	31.26
e. Private Sector Bonds	2.54	2.76
f. Others (including bank balances)	6.24	3.71
	100.00	100.00
6. Assumptions	31.3.2007	<i>1.4.2006</i>
a. Discount Rate (per annum)	8.25%	7.50%
b. Estimated Rate of return on Plan Assets (per annum)	8.00%	7.50%
c. Rate of Escalation in Salary (per annum)	5-10%	5.00%

The basis used to determine overall expected rate of return on plan assets and the effect on major categories of plan assets is as follows:

The major portions of the assets are invested in PSU bonds and Special Deposits. Based on the asset allocation and prevailing yield rates on these asset classes, the long term estimate of the expected rate of return on the fund assets have been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

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

e) Details of unfunded post retirement defined benefit obligations are as follows:

Description	Rs. crores	
	Medical	Others
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at 1.4.2006	466.22	28.91
b. Current Service Cost	5.64	0.91
c. Interest Cost	36.40	2.32
d. Actuarial (Gain)/Loss	(21.67)	2.16
e. Benefits Paid	(29.49)	(1.09)
f. Obligation as at 31.3.2007	457.10	33.21
2. Expense recognised during the year		
a. Current Service Cost	5.64	0.91
b. Interest Cost	36.40	2.32
c. Actuarial (Gain)/Loss	(21.67)	2.16
d. Expense recognised during the year	20.37	5.39
The expense amounting to (a) Medical - Rs. 20.37 crores, and (b) Others – Rs. 5.39 crores is disclosed under the line item – Other Expenses (Schedule 4 Page 125)		
3. Assumptions		
a. Discount rate (per annum) on 1.4.2006	7.50%	7.50%
b. Discount rate (per annum) on 31.3.2007	8.25%	8.25%
c. Medical Costs Inflation Rate	5.00%	
d. Average Medical Cost (Rs. / person) on 1.4.2006	1,922	
e. Average Medical Cost (Rs. / person) on 31.3.2007	1,970	
f. Effect of 1% change in health care cost, on		
1% Increase		
– aggregate current service and interest cost	0.26	
– closing balance of obligation	60.01	
1% Decrease		
– aggregate current service and interest cost	(0.20)	
– closing balance of obligation	(51.11)	

f) The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.

g) The charge to the profit and loss account for the year ended 31st March, 2007 would have been higher / lower by the following amounts had the basis been the same as that in the year ended 31st March, 2006.

Benefit	Rs. crores	
	Higher	Lower
Post Employment Benefits – Unfunded Defined Benefit Plans:		
Post Retirement Medical Benefits	9.12	
Pensions to Directors		0.50
Farewell Gifts on Retirement		0.14
Packing and Transportation Costs on Retirement		3.66
Long Term Benefits:		
Long Service Awards	0.37	
Loyalty Bonus	0.62	
Total	10.11	4.30

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued
13. Information about Primary Business Segments

Particulars	Business Segments			Unallocable Rs. crores	Total Rs. crores
	Steel Rs. crores	Ferro Alloys and Minerals Rs. crores	Others Rs. crores		
Revenue :					
Total External Sales	14,858.27 12,912.10	1,454.05 1,310.06	1,239.70 993.34		17,552.02 15,215.50
Inter segment sales	769.59 630.51	120.30 113.71	17.80 14.27		907.69 758.49
Total Revenue	15,627.86 13,542.61	1,574.35 1,423.77	1,257.50 1,007.61		18,459.71 15,973.99
Less : Inter segment sales	769.59 630.51	120.30 113.71	17.80 14.27		907.69 758.49
Total Sales	14,858.27 12,912.10	1,454.05 1,310.06	1,239.70 993.34		17,552.02 15,215.50
Segment result before interest, exceptional items and tax	5,643.82 4,624.73	573.67 572.52	53.62 54.13	316.54 165.86	6,587.65 5,417.24
Less : Interest (See Schedule 3, Page 124)					173.90 124.51
Profit before Exceptional items and tax					6,413.75 5,292.73
Exceptional items					152.10 52.77
Less : Employee Separation Compensation					
(See Note 10(a), Page 144)					
Profit before Tax					6,261.65 5,239.96
Taxes					2,039.50 1,733.58
Profit after Taxes					4,222.15 3,506.38
Segment Assets	14,262.34 12,873.06	345.20 328.88	414.79 311.00	9,720.12 589.71	24,742.45 14,102.65
Segment Liabilities	3,636.97 2,483.68	195.30 139.53	138.59 107.50	1,482.80 1,078.01	5,453.66 3,808.72
Total cost incurred during the year to acquire segment assets	1,829.49 1,497.06	90.06 11.84	88.13 18.68		2,007.68 1,527.58
Segment Depreciation	793.00 753.23	15.37 14.07	10.92 7.80		819.29 775.10
Non-Cash Expenses other than depreciation	14.71 9.18	3.42 (0.61)	0.82 0.90	65.20 4.98	84.15 14.45

Information about Secondary Segments :- Geographical

	2006-07 Rs. crores	2005-06 Rs. crores
Revenue by Geographical Market		
India	15,506.93	13,107.25
Outside India	2,045.09	2,108.25
	17,552.02	15,215.50
Additions to Fixed Assets and Intangible Assets		
India	2,007.68	1,527.58
Outside India	—	—
	2,007.68	1,527.58
	As at 31.3.2007	As at 31.3.2006
	Rs. crores	Rs. crores
Carrying Amount of Segment Assets		
India	15,586.52	13,817.09
Outside India	9,155.93	285.56
	24,742.45	14,102.65

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued
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 business. Other business segments comprise Tubes and 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 :	As at	<i>As at</i>
	31.3.2007	<i>31.3.2006</i>
	Rs. crores	<i>Rs. crores</i>
Investments	6,106.18	<i>4,069.96</i>
Miscellaneous Expenditure	202.53	<i>253.27</i>
	<u>6,308.71</u>	<i><u>4,323.23</u></i>
Total Unallocable Liabilities exclude :		
Secured Loans	3,758.92	<i>2,191.74</i>
Unsecured Loans	5,886.41	<i>324.41</i>
Provision for Employee Separation Compensation	1,107.08	<i>1,388.71</i>
Deferred Tax Liability (Net)	748.94	<i>957.00</i>
	<u>11,501.35</u>	<i><u>4,861.86</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.

14. Related Party Disclosures
(a) List of Related Parties and Relationships

Party	Relationship
A Adityapur Toll Bridge Company Ltd. *	Subsidiary
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 Philippines, Inc.	
Eastern Steel Services Pte. Ltd.	
Eastern Wire Pte. Ltd.	
Gopalpur Special Economic Zone Ltd. @	
Hooghly Met Coke 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.	
N.T.S. Steel Group Public Co. Ltd. @	
NatFerrous Pte. Ltd.	
NatSteel (Xiamen) Ltd. (formerly known as Southern NatSteel (Xiamen) Ltd.) \$	
NatSteel Asia (S) Pte. Ltd.	
NatSteel Asia Pte. Ltd.	
NatSteel Australia Pty. Ltd. (formerly known as EW Reinforcement Pty. Ltd.)	
NatSteel Equity IV Pte. Ltd.	
NatSteel Middle East FZE @	
NatSteel Trade International (Shanghai) Company Ltd.	
NatSteel Trade International Pte. Ltd.	
NatSteel Vina Co. Ltd. \$	
PT Materials Recycling Indonesia	
Rawmet Ferrous Industries Pvt. Ltd. @	
Siam Construction Steel Co. Ltd. @	
Siam Industrial Wire Company Ltd.	
Siam Iron and Steel (2001) Co. Ltd. @	
Sila Eastern Ltd. #	
Tata Incorporated	
Tata Korf Engineering Services Ltd.	

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

Party	Relationship
Tata Refractories Ltd. Tata Steel (KZN) (Pty.) Ltd. @ Tata Steel (Thailand) Public Company Ltd. (formerly known as Millennium Steel Public Co. Ltd.) * Tata Steel Asia Holdings Pte. Ltd. @ Tata Steel UK Ltd. @ The Indian Steel and Wire Products Ltd. The Tata Pigments Ltd. TKM Overseas Transport (Europe) GmbH TKM Transport Management Services Private Ltd. TM International Logistics Ltd. TRL Asia Private Ltd. TRL China Ltd. TS Asia (Hong Kong) Pte. Ltd. @ TS Resources Australia Pty. Ltd. @ Tata Steel Netherlands B.V @ Tulip Netherlands (No. 1) B.V @ Tulip Netherlands (No. 2) B.V @ Tulip UK Holdings (No. 1) Ltd. @ Tulip UK Holdings (No. 2) Ltd. @ Tulip UK Holdings (No. 3) Ltd. @ Wuxi Jinyang Metal Products Co. Ltd. Wuxi NatSteel Metal Products Co. Ltd. @	
B. Almora Magnesite Ltd. Indian Steel Rolling Mills Ltd. Industrial Energy Ltd. @ Jamshedpur Injection Powder Ltd. Kalinga Aquatics Ltd. Kumardhubi Fireclay & Silica Works Ltd. Kumardhubi Metal Casting & Engineering Ltd. Metal Corporation of India Ltd. Nicco Jubilee Park Ltd. Rujuvalika 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. The Tinplate Company of India Ltd. TKM Overseas Ltd. TRF Ltd.	Associate — Where the Company exercises significant influence
C. mjunction Services Ltd. (formerly known as Metaljunction Services Ltd.) Tata BlueScope Steel Ltd.@ Tata Ryerson Ltd. The Dhamra Port Company Ltd.	Joint Venture
D. Tata Sons Ltd.	Promoter's holding together with its Subsidiaries is more than 20%
E. Key Management Personnel Mr. B. Muthuraman Dr. T. Mukherjee Mr. A.N. Singh	Whole Time Director
F. Relatives of Key Management Personnel Ms. Sumathi Muthuraman Ms. Shuvra Mukherjee Ms. Ipshita Kamra	Relative of Whole Time Director

@ Part of the year

\$ Earlier a Joint Venture, became a subsidiary during the year.

* Earlier an Associate, became a subsidiary during the year.

Subsidiary on account of management control.

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

Rs. crores

Transactions	Subsidiaries	Associates & JVs #	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Grand Total
Purchase of Goods						
Jamshedpur Injection Powder Ltd.	—	43.65	—	—	—	43.65
	—	37.92	—	—	—	37.92
Tata Refractories Ltd.	98.02	—	—	—	—	98.02
	84.17	—	—	—	—	84.17
Tayo Rolls Ltd.	—	38.47	—	—	—	38.47
	—	22.36	—	—	—	22.36
TS Resources Australia Pty. Ltd.	79.86	—	—	—	—	79.86
	—	—	—	—	—	—
Others	10.55	12.71	—	—	—	23.26
	9.19	56.90	—	—	—	66.09
	188.43	94.83	—	—	—	283.26
	93.36	117.18	—	—	—	210.54
Sale of Goods						
Tata Incorporated	187.68	—	—	—	—	187.68
	—	—	—	—	—	—
Tata Ryerson Ltd.	—	655.35	—	—	—	655.35
	—	475.38	—	—	—	475.38
TS Asia (Hong Kong) Pte. Ltd.	134.53	—	—	—	—	134.53
	—	—	—	—	—	—
Others	84.16	200.98	—	—	—	285.14
	20.93	212.34	—	—	—	233.27
	406.37	856.33	—	—	—	1,262.70
	20.93	687.72	—	—	—	708.65
Receiving of Services						
Jamshedpur Utilities & Services Company Ltd.	218.60	—	—	—	—	218.60
	150.10	—	—	—	—	150.10
T M International Logistics Ltd.	127.39	—	—	—	—	127.39
	98.24	—	—	—	—	98.24
Tata Ryerson Ltd.	—	83.72	—	—	—	83.72
	—	75.95	—	—	—	75.95
The Tinplate Company of India Ltd.	—	222.72	—	—	—	222.72
	—	166.15	—	—	—	166.15
Others	94.96	17.02	0.02	0.02	1.00	113.02
	84.55	9.60	0.02	0.02	0.28	94.47
	440.95	323.46	0.02	0.02	1.00	765.45
	332.89	251.70	0.02	0.02	0.28	584.91
Rendering of Services						
The Indian Steel & Wire Products Ltd.	13.62	—	—	—	—	13.62
	16.21	—	—	—	—	16.21
The Tinplate Company of India Ltd.	—	34.24	—	—	—	34.24
	—	32.74	—	—	—	32.74
Others	11.04	11.56	—	—	0.14	22.74
	4.40	8.69	—	—	0.06	13.15
	24.66	45.80	—	—	0.14	70.60
	20.61	41.43	—	—	0.06	62.10
Purchase of Fixed Assets						
TRF Ltd.	—	27.61	—	—	—	27.61
	—	2.33	—	—	—	2.33
	—	27.61	—	—	—	27.61
	—	2.33	—	—	—	2.33
Sale of Fixed Assets						
T M International Logistics Ltd.	0.04	—	—	—	—	0.04
	—	—	—	—	—	—
Others	0.24	—	—	—	—	0.24
	0.24	—	—	—	—	0.24
Leasing or Hire Purchase Arrangements						
Tata Ryerson Ltd.	—	—	—	—	—	—
	—	0.08	—	—	—	0.08
	—	—	—	—	—	—
	—	0.08	—	—	—	0.08

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

14. (b) Related Party Transactions

Rs. crores

Transactions	Subsidiaries	Associates & JVs #	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Grand Total
Dividend and Fraction Bonus amount paid to Shareholders						
Tata Sons Ltd.	—	—	—	—	144.64	144.64
Others	0.87 1.83	—	*	**	142.44	142.44
	1.83	1.52	***	****	—	0.87
	0.87 1.83	—	*	**	144.64 142.44	145.51 145.79
Dividend Income						
Tata Metaliks Ltd.	—	7.08	—	—	—	7.08
	—	7.08	—	—	—	7.08
Tata Refractories Ltd.	5.68 3.38	—	—	—	—	5.68 3.38
The Tinplate Company of India Ltd.	—	13.01	—	—	—	13.01
Others	4.65 4.65	10.39 10.87	—	—	—	15.04 15.52
	10.33 8.03	30.48 17.95	—	—	—	40.81 25.98
Interest Income						
Kalimati Investment Company Ltd.	5.61 1.08	—	—	—	—	5.61 1.08
NatSteel Asia Pte Ltd.	13.36 16.08	—	—	—	—	13.36 16.08
Others	0.87 0.51	—	—	—	—	0.87 1.51
	19.84 17.67	—	—	—	—	19.84 18.67
Management Contracts including deputation of employees						
Tata Sons Ltd.	—	—	—	—	37.85	37.85
	—	—	—	—	32.62	32.62
	—	—	—	—	37.85	37.85
	—	—	—	—	32.62	32.62
Finance Provided (including loans and equity contributions in cash or in kind)						
Tata Steel Asia Holdings Pte. Ltd.	1,524.09	—	—	—	—	1,524.09
Tata BlueScope Steel Ltd.	—	231.00	—	—	—	231.00
Others	517.64 525.74	40.72 334.58	—	—	0.65	558.36 860.97
	2,041.73 525.74	271.72 334.58	—	—	0.65	2,313.45 860.97
Unsecured Advances / Deposits Accepted						
Tata Ryerson Ltd.	—	0.06	—	—	—	0.06
Others	****	—	—	—	—	—
	—	0.09	—	—	1.03	1.12
	****	0.06	—	—	—	0.06
	—	0.09	—	—	1.03	1.12
Remuneration Paid						
Mr. B. Muthuraman	—	—	2.48	—	—	2.48
	—	—	2.20	—	—	2.20
Dr. T. Mukherjee	—	—	1.98	—	—	1.98
	—	—	1.75	—	—	1.75
Mr. A.N. Singh	—	—	1.41	—	—	1.41
	—	—	1.34	—	—	1.34
	—	—	5.87	—	—	5.87
	—	—	5.29	—	—	5.29
Provision for Receivables made during the year						
Tata Refractories Ltd.	0.09 0.10	—	—	—	—	0.09 0.10
The Tinplate Company of India Ltd.	—	0.52	—	—	—	0.52
TRF Ltd.	—	0.08	—	—	—	0.08
	—	0.01	—	—	—	0.01
Others	0.10 0.90	0.01 0.04	—	—	—	0.11 0.94
	0.19 1.00	0.61 0.05	—	—	—	0.80 1.05

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

Rs. crores

Transactions	Subsidiaries	Associates & JVs #	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Grand Total
Bad debts written off						
The Indian Steel & Wire Products Ltd.	0.20	—	—	—	—	0.20
TRF Ltd.	—	*****	—	—	—	—
Others	—	0.02	—	—	—	0.02
	0.09	0.16	—	—	—	0.25
	0.20	*****	—	—	—	0.20
	0.09	0.18	—	—	—	0.27
Provision of Diminution in value of Investments made during the year						
Adityapur Toll Bridge Company Ltd.	0.10	—	—	—	—	0.10
	—	—	—	—	—	—
	0.10	—	—	—	—	0.10
	—	—	—	—	—	—
Guarantees and Collaterals given during the year						
Tata Steel (Thailand) Public Company Ltd.	625.59	—	—	—	—	625.59
Tulip UK Holdings (No.1) Ltd.	2,557.05	—	—	—	—	2,557.05
	—	—	—	—	—	—
	3,182.64	—	—	—	—	3,182.64
	—	—	—	—	—	—
Guarantees Outstanding as at 31.3.2007						
Tulip UK Holdings (No.1) Ltd.	2,557.05	—	—	—	—	2,557.05
Others	134.99	96.44	—	—	—	231.43
	—	96.44	—	—	—	96.44
	2,692.04	96.44	—	—	—	2,788.48
	—	96.44	—	—	—	96.44
Outstanding Receivables as at 31.3.2007						
NatSteel Asia Pte. Ltd.	296.12	—	—	—	—	296.12
	285.26	—	—	—	—	285.26
Tata Steel Asia Holdings Pte. Ltd.	1,523.37	—	—	—	—	1,523.37
Others	458.07	89.22	0.01	0.01	2.60	549.91
	84.53	51.78	0.01	0.01	2.60	138.93
	2,277.56	89.22	0.01	0.01	2.60	2,369.40
	369.79	51.78	0.01	0.01	2.60	424.19
Provision for Outstanding Receivables as at 31.3.2007						
The Indian Steel & Wire Products Ltd.	4.19	—	—	—	—	4.19
	7.72	—	—	—	—	7.72
Others	1.34	2.27	—	—	—	3.61
	1.25	2.09	—	—	—	3.34
	5.53	2.27	—	—	—	7.80
	8.97	2.09	—	—	—	11.06
Outstanding Payables as at 31.3.2007						
Jamshedpur Utilities & Services Company Ltd.	67.35	—	—	—	—	67.35
	40.04	—	—	—	—	40.04
T M International Logistics Ltd.	18.74	—	—	—	—	18.74
	7.47	—	—	—	—	7.47
Tata Sons Ltd.	—	—	—	—	41.97	41.97
	—	—	—	—	36.70	36.70
Others	17.03	29.06	—	—	—	46.09
	14.95	33.20	—	—	—	48.15
	103.12	29.06	—	—	41.97	174.15
	62.46	33.20	—	—	36.70	132.36

Notes:

*	Rs. 28,418
**	Rs. 16,770
***	Rs. 28,418
****	Rs. 16,770
*****	Rs. 43,957
*****	Rs. 1,781

Transactions with Joint Ventures have been disclosed at full value.

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

15. The Company has the following Joint Ventures as on 31st March, 2007 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	As at 31st March, 2007				For the year ended 31st March, 2007	
		Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
		Rs. crores					
Tata Ryerson Ltd. (incorporated in India)	50%	197.69 152.05	109.01 80.34	7.90 33.09	4.06 2.71	517.84 367.81	500.38 354.03
mjunction Services Ltd. (formerly known as Metaljunction Services Ltd. (incorporated in India)	50%	50.86 17.44	39.43 8.17	0.37 —	— 0.11	25.20 15.54	17.40 9.54
The Dhamra Port Company Ltd. (incorporated in India)	50%	94.77 54.49	1.71 1.02	— —	534.72 —	0.03 —	0.69 (0.23)
Tata BlueScope Steel Ltd. (incorporated in India)	50%	237.03 —	27.80 —	— —	5.78 —	41.29 —	54.43 —

16. Earnings Per Share (EPS)

	2006-07 Rs. crores	2005-06 Rs. crores
(i) Profit after Tax	4,222.15	3,506.38
Profit attributable to Ordinary Shareholders	4,222.15	3,506.38
(ii) Weighted average No. of Ordinary Shares for Basic EPS	Nos. 57,24,09,842	Nos. 55,34,72,856
Add : Adjustment for Options relating to 12,446 (2005-06 : 12,446) Detachable Warrants (See Note 7, Page 143)	10,231	10,590
Weighted average no. of Ordinary Shares for Diluted EPS	57,24,20,073	55,34,83,446
(iii) Nominal value of Ordinary Shares	Rs. 10	Rs. 10
(iv) Basic/Diluted Earnings per Ordinary Share	Rs. 73.76	Rs. 63.35

17. Deferred Tax Liability (Net) (Item No. 9(b), Page 121)

	Deferred Tax (Asset)/Liability as at 1.4.2006 Rs. crores	Current year charge/(credit) Rs. crores	Deferred Tax (Asset)/Liability as at 31.3.2007 Rs. crores
Deferred Tax Liabilities			
(i) Difference between book and tax depreciation	1,707.55	(25.40)	1,682.15
(ii) Prepaid Expenses	20.60	16.21	36.81
(A)	1,728.15	(9.19)	1,718.96
Deferred Tax Assets			
(i) Employee Separation Compensation	(533.72)	26.85	(506.87)
(ii) Wage Provision	(10.41)	(0.02)	(10.43)
(iii) Provision for doubtful debts & advances	(28.67)	(2.33)	(31.00)
(iv) Disallowance under Section 43B	(64.88)	(35.29)	(100.17)
(v) Provision for Leave Salary	(110.84)	(17.43)	(128.27)
(vi) Provision for Employee Benefits (See Note 12(a), Page 145) ...	(155.82)	(16.02)	(171.84)
(vii) Differences in written down value of development of property	(11.75)	(9.22)	(20.97)
(viii) Other Deferred Tax (Assets)/Liabilities	(10.61)	10.14	(0.47)
(B)	(926.70)	(43.32)	(970.02)
Deferred Tax Liability (Net)	(A)+(B)		
	801.45	(52.51)	748.94

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

18. Licensed and installed capacities and production : ⁽¹⁾	Installed capacity ⁽²⁾	Production ⁽³⁾
	Tonnes	Tonnes
Class of Products		
(i) Saleable Steel (Jamshedpur works)	4,808,000 <i>(4,808,000)</i>	4,928,548 ⁽⁴⁾⁽⁸⁾ <i>(4,552,136)</i>
(ii) Cold Rolled Coils (Tarapur)	100,000 <i>(100,000)</i>	137,038 <i>(128,157)</i>
(iii) Wire Rods (Tarapur)	265,000 <i>(265,000)</i>	260,748 <i>(278,647)</i>
Wires (Borivali, Tarapur, Indore & Bangalore)	238,400 <i>(205,700)</i>	195,661 <i>(184,349)</i>
Cold Rolled Coils & Profiles (Sisodra)	46,000 <i>(46,000)</i>	27,958 <i>(29,211)</i>
(iv) Ferro Manganese & Silico Manganese (Joda)	30,500 <i>(30,500)</i>	51,014 <i>(41,240)</i>
(v) Charge Chrome (Bamnipal)	50,000 <i>(50,000)</i>	43,712 <i>(50,030)</i>
(vi) Welded Steel Tubes (Jamshedpur)	308,000 <i>(212,000)</i>	261,347 ⁽⁵⁾ <i>(225,062)</i>
(vii) Carbon and Alloy Steel Bearing Rings, Annular Forgings and Flanges (Jamshedpur)	5,250 <i>(5,250)</i>	2,612 <i>(3,413)</i>
(viii) Metallurgical Machinery (Jamshedpur)	— <i>(—)</i>	6,287 ⁽⁶⁾ <i>(10,722)</i>
	Numbers	Numbers
(ix) Alloy Steel Ball Bearing Rings (Jamshedpur)	20,500,000 <i>(20,500,000)</i>	12,167,121 ⁽⁷⁾ <i>(12,430,223)</i>
(x) Bearings (Kharagpur)	25,000,000 <i>(25,000,000)</i>	30,013,421 <i>(28,000,044)</i>

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

(1) Excluding items intended for captive consumption.

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

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

(4) Including semi-finished Steel produced **505,753** tonnes (*2005-06 : 679,132 tonnes*) and steel transferred for manufacture into Tubes/C.R. Strips at the Company's Tubes Division **303,788** tonnes (*2005-06 : 266,711 tonnes*) / steel transferred for manufacture of Cold Rolled Coils at the Company's Cold Rolling Mill Division (West) **161,984** tonnes (*2005-06 : 162,108 tonnes*) and steel transferred for manufacture of Wire Rods **247,821** tonnes (*2005-06 : 247,426 tonnes*) at the Company's Wire Rod Mill (West) division.

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

(6) There is no separate installed capacity.

(7) Including rings transferred for manufacture of Bearings.

(8) The installed capacity of F.Y. 2006-07 represents the capacity as at the end of the year. Capacity additions have been made throughout the year.

(9) Previous years figures recasted where necessary.

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

Class of Products	Turnover ⁽¹⁾		Closing Stock		Opening Stock	
	Tonnes	Rs. crores	Tonnes	Rs. crores	Tonnes	Rs. crores
(i) Saleable Steel (Finished)..... ⁽²⁾	4,509,482	14,511.03	390,465	689.95	394,829	641.90
	4,050,627	12,220.07	394,829	641.90	373,626	626.59
Agrico Products		84.65		5.07		3.41
		61.76		3.41		1.78
		14,595.68		695.02		645.31
		12,281.83		645.31		628.37
(ii) Semi-finished Steel and Scrap	223,050	486.29	253,111	211.42	238,748	191.49
	366,510	641.62	238,748	191.49	155,594	110.87
(iii) Welded Steel Tubes	239,890	999.45	24,508	57.19	22,267	49.47
	218,007	838.34	22,267	49.47	18,431	40.86
(iv) Carbon and Alloy Steel Bearing Rings	2,598	20.48	417	3.46	352	2.29
	2,487	21.82	352	2.29	190	1.56
(v) By-products, etc.		111.85		4.15		4.67
		89.75		4.67		1.54
(vi) Raw Materials :						
(a) Ferro Manganese	38,920	129.76	—	—	—	—
	39,782	106.34	—	—	—	—
(b) Charge Chrome/Ferro Chrome ⁽⁴⁾	150,158	596.98	—	—	—	—
	144,717	511.30	—	—	—	—
(c) Other Raw Materials	—	1,471.86	—	—	—	—
	—	1,513.37	—	—	—	—
(vii) Other Products ⁽⁵⁾	—	260.61		65.03		70.49
	—	158.50		70.49		66.74
(viii) Alloy Steel Ball Bearing Rings ⁽⁶⁾	Numbers		Numbers		Numbers	
	12,256,394	75.59	1,751,468	11.34	2,446,088	12.76
	12,137,966	94.56	2,446,088	12.76	2,413,180	15.68
(ix) Bearings	28,965,897	162.78	4,039,790	19.85	2,988,022	13.50
	27,379,136	154.19	2,988,022	13.50	2,504,458	12.92
(x) Metallurgical Machinery	Tonnes		Tonnes		Tonnes	
	6,166	95.52	—	—	—	—
	10,722	102.97	—	—	—	—
(xi) Sale of Purchased Materials						
(a) Saleable Steel (finished / converted)	1,200	5.19	2,963	10.62	2,520	10.64
	1,598	5.70	2,520	10.64	2,087	8.68
(b) Raw Materials / Scrap / Other Materials	—	6.16	—	—	—	—
	—	1.15	—	—	—	—
		19,018.20		1,078.08		1,000.62
		16,521.44		1,000.62		887.22

Notes :

- (1) Turnover includes exchange loss (net) **Rs. 4.77** crores [2005-06 : exchange gain (net) Rs. 3.98 crores].
- (2) Including steel material converted by re-rollers : **1,048,574** tonnes (2005-06 : 1,093,334 tonnes).
- (3) Includes Welded Steel Tubes converted under conversion arrangement **38,608** tonnes (2005-06 : 34,397 tonnes).
- (4) Turnover includes Ferro Chrome converted under conversion arrangement **107,685** tonnes (2005-06 : 96,228 tonnes).
- (5) Includes tubular steel structures **Rs. 205.69** crores (2005-06 : Rs. 115.38 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	Rs. crores
20. Purchase of Finished, Semi-Finished Steel and Other Products : (1)		
A. For Resale :		
(i) Finished/Semi-Finished Steel Materials	1,850	12.27
	1,868	8.49
(ii) Others	—	—
	75	0.51
B. For Own Consumption :		
(i) Finished/Semi-Finished Steel Materials (2)	87,900	358.37
	115,404	371.78
(ii) Sponge/Pig Iron	57,692	24.14
	307,711	231.71
(iii) Others		55.82
		43.59
		450.60
		656.08
(1) including exchange gain (net) of Rs. 0.09 crore [2005-06 : exchange loss (net) Rs. 0.09 crore]		
(2) includes components for manufacture of metallurgical machinery Rs. 38.50 crores (2005-06 : Rs. 29.40 crores)		
21. Raw materials consumed : @	Tonnes	Rs. crores
(i) Iron ore	8,724,458	368.29
	8,486,755	273.53
(ii) Coal [excluding 3,302,359 tonnes (2005-06 : 3,645,201 tonnes) valued at Rs. 1,030.68 crores (2005-06 : Rs. 1,099.83 crores)] used for manufacturing coke	1,411,446	287.91
	1,019,483	226.56
(iii) Coke	3,133,450	1,510.72
	2,773,807	1,093.71
(iv) Limestone and Dolomite	1,729,070	316.76
	1,863,757	300.48
(v) Ferro Manganese	15,824	50.94
	16,516	71.84
(vi) Zinc and Zinc Alloys	19,299	327.00
	20,692	159.26
(vii) Spelter, sulphur and other materials [excluding 114,705 tonnes valued at Rs. 24.61 crores (2005-06 : 88,917 tonnes valued at Rs. 14.19 crores) used in the manufacture of Ferro Manganese]	784,802	557.84
	798,141	513.79
		3,419.46
		2,639.17

Note : @ The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc. including exchange gain (net) **Rs. 8.44** crores [2005-06 : exchange gain (net) Rs. 5.07 crores]

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued
22. Value of direct imports (C.I.F. Value)

	Rs. crores
(i) Raw materials	1,592.25 1,226.82
(ii) Semi-finished products	24.04 122.09
(iii) Components, stores and spare parts	290.81 216.96
(iv) Capital goods	295.05 181.43

23. 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	
	Rs. crores	%	Rs. crores	%
(a) Directly imported	1,673.43 1,066.92	48.94 40.43	348.13 220.20	17.92 13.87
(b) Indigenously obtained	1,746.03 1,572.25	51.06 59.57	1,594.65 1,367.22	82.08 86.13
	3,419.46 2,639.17	100.00 100.00	1,942.78 1,587.42	100.00 100.00
<i>Less : Consumption charged to other revenue accounts .</i>			699.17 720.23	
			1,243.61 867.19	

- 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. 1.66** crores [2005-06 : exchange gain (net) Rs. 0.72 crore].

24. Expenditure in foreign currency

	Current Year Rs. crores	<i>Previous Year Rs. crores</i>
(i) Technical Know-how and Technical Consultants' Fees (net of taxes) including Rs. 117.94 crores (2005-06 : Rs. 92.48 crores) on capital account	123.55	94.07
(ii) Interest and Commitment charges payable in foreign currencies	82.23	26.21
(iii) Commission	13.09	6.89
(iv) Payable on other accounts [including Rs. 64 crores (2005-06 : Rs. 55.45 crores) on capital account]	186.34	79.51

SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued
25. 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 payable to non-resident shareholders which were declared during the year, are as under :

	Current Year	<i>Previous Year</i>
(i) Number of non-resident shareholders	3,899	<i>3,619</i>
(ii) Number of Ordinary shares held by them	123,364,686	<i>82,172,952</i>
(iii) Gross amount of dividends	Rs. 160.37 crores	<i>Rs. 106.82 crores</i>

26. Earnings in Foreign Exchange

- (i) Export of steel and other materials (at F.O.B. value) **Rs. 1,957.76** crores (2005-06 : *Rs. 2,051.20* crores) [including value of exports through export houses].
- (ii) Interest received **Rs. 58.20** crores (2005-06 : *Rs. 16.08* crores).
- (iii) Others **Rs. 87.93** crores (2005-06 : *Rs. 42.91* crores).

27. Derivative Instruments

- l) The Company has entered into 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.

Outstanding Forward Exchange Contracts entered into by the Company :

As at	No. of Contracts	US Dollar Equivalent (million)	INR Equivalent (Rs. crores)
31.3.2007	4	16.90	73.58
31.3.2006	<i>9</i>	<i>51.78</i>	<i>231.08</i>

(Forward exchange contracts outstanding as on 31st March, 2007 include Forward Sales of Great Britain Pound against US Dollar for forecast exports between April 2007 and September 2007).

- 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) Outstanding Interest Rate Swaps to hedge against fluctuations in interest rate changes:

As at	No. of Contracts	US Dollar Equivalent (million)	INR Equivalent (Rs. crores)
31.3.2007	1	22.29	97.05
31.3.2006	<i>1</i>	<i>27.25</i>	<i>121.59</i>

- ii) Outstanding Currency and Interest Rate Swap to hedge against fluctuations in changes in exchange rate and interest rate :

As at	No. of Contracts	US Dollar Equivalent (million)	INR Equivalent (Rs. crores)
31.3.2007	4	90.09	392.14
31.3.2006	<i>5</i>	<i>117.60</i>	<i>524.81</i>

- iii) Outstanding Currency Options to hedge against fluctuations in changes in exchange rate :

As at	No. of Contracts	US Dollar Equivalent (million)	INR Equivalent (Rs. crores)
31.3.2007	6	1,683.01	7,325.36
31.3.2006	<i>6</i>	<i>135.16</i>	<i>603.16</i>

(Currency options outstanding as on 31st March, 2007 include Vanilla GBP Call/JPY Put and GBP Call/USD Put options booked to hedge outflow of the Company's Funds on account of acquisition of Corus Group plc. and options used to selectively hedge the Company's exports from April 2007 to May 2008).

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

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

	As at 31.3.2007		As at 31.3.2006	
	US Dollar Equivalent (million)	INR Equivalent (Rs. crores)	US Dollar Equivalent (million)	INR Equivalent (Rs. crores)
A. Amounts receivable in foreign currency on account of the following:				
Loans drawn and placed as deposits in JPY/USD	1,662.37	7,234.80	—	—
Interest receivable on JPY/ USD deposits	4.27	18.58	—	—
B. Amounts payable in foreign currency on account of the following:				
Import of goods and services	2.62	11.39	3.96	17.69
Capital imports	8.04	35.02	7.18	32.06
Interest and commitment charges payable	7.49	32.63	0.44	1.96
Loans payable	1,664.21	7,249.75	47.09	210.13

The above disclosures have been made consequent to an 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.

28. In accordance with the shareholders' approval in the annual general meeting held on 5th July, 2006, the Company has, on a preferential basis, issued the following securities to Tata Sons Limited, in accordance with the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 :
- 2,70,00,000 Ordinary Shares of Rs. 10 each at a price of Rs. 516 per share involving an amount of Rs. 1,393.20 crores.
 - 2,85,00,000 Warrants, where each Warrant would entitle Tata Sons Limited to subscribe to one Ordinary Share of the Company against payment in cash. As per the SEBI Guidelines, an amount equivalent to 10% of the price i.e. Rs. 51.60 per Warrant has been received from Tata Sons Limited on allotment of the Warrants. The price at which the Warrants will be exercised will be determined in accordance with the SEBI prescribed pricing formula applicable at the time of exercise. Accordingly the outstanding warrants have not been considered for computation of diluted earnings per share.
 - Out of the total amount of Rs. 1,540.26 crores received from the preferential issue, Rs. 738.51 crores have been invested in Tata Steel Asia Holdings Pte. Ltd. and the amount is included in advance against application money on investments. The balance amount is included in Investment in Mutual Funds.
29. Previous year's figures have been recasted/restated wherever necessary.
30. Figures in italics are in respect of the previous year.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
<input type="text" value="Nil"/>	<input type="text" value="Nil"/>
Bonus Issue	Private Placement
<input type="text" value="Nil"/>	<input type="text" value="13,932,000"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities		Total Assets
	<input type="text" value="255,974,953"/>		<input type="text" value="255,974,953"/>
Sources of Funds	Paid-up Capital	Reserves & Surplus	
	<input type="text" value="5,806,675"/>	<input type="text" value="133,684,209"/>	
	Secured Loans	Unsecured Loans	
	<input type="text" value="37,589,207"/>	<input type="text" value="58,864,122"/>	
	Other Liabilities		
	<input type="text" value="20,030,740"/>		
Application of Funds	Net Fixed Assets	Investments	
	<input type="text" value="110,405,583"/>	<input type="text" value="61,061,816"/>	
	Net Current Assets	Misc. Expenditure	
	<input type="text" value="82,482,256"/>	<input type="text" value="2,025,298"/>	

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text" value="179,856,915"/>	<input type="text" value="115,719,419"/>
Exceptional Items	Profit/(Loss) Before Tax
<input type="text" value="(1,520,960)"/>	<input type="text" value="62,616,536"/>
Profit/(Loss) After Tax	Earnings per Share in Rs. (Weighted Average)
<input type="text" value="42,221,496"/>	<input type="text" value="73.76"/>
Dividend rate %	
<input type="text" value="155"/>	

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Production Statistics

('000 Tonnes)

Year	Iron Ore	Coal	Iron	Crude Steel	Rolled/ Forged Bars & Structural	Plates	Sheets	Hot Rolled Coils/ Strips	Cold Rolled Coils	Railway Materials	Semi-Finished for Sale	Total Saleable Steel
1950-51	2,046	1,137	1,130	1,078	279	69	152	—	—	99	197	796
1955-56	2,001	1,536	1,168	1,076	246	61	148	—	—	130	227	812
1956-57	1,999	1,528	1,169	1,088	220	64	161	35	—	106	226	812
1957-58	2,074	1,488	1,109	1,122	210	72	161	71	—	103	182	799
1958-59	2,198	1,590	1,149	1,166	212	71	134	103	—	77	302	899
1959-60	2,551	1,705	1,591	1,555	298	89	134	164	—	98	454	1,237
1960-61	2,275	1,714	1,586	1,622	369	85	132	161	—	112	404	1,263
1961-62	2,104	1,700	1,645	1,643	449	77	134	173	—	114	371	1,318
1962-63	2,616	2,047	1,764	1,799	472	90	149	178	—	131	393	1,413
1963-64	2,953	2,173	1,809	1,892	534	96	154	162	—	127	434	1,507
1964-65	3,125	2,264	1,885	1,956	548	101	164	197	—	133	425	1,568
1965-66	3,232	2,175	1,917	1,979	555	98	166	181	—	128	440	1,568
1966-67	3,009	2,088	1,926	2,001	556	104	152	177	—	114	465	1,568
1967-68	2,728	1,974	1,798	1,933	518	111	155	138	—	118	494	1,534
1968-69	2,821	2,108	1,715	1,816	510	110	163	186	—	125	371	1,465
1969-70	2,564	2,172	1,624	1,708	479	104	159	179	—	120	399	1,440
1970-71	2,402	1,959	1,664	1,716	512	101	164	180	—	78	340	1,375
1971-72	2,844	1,940	1,631	1,709	497	106	184	185	—	85	330	1,387
1972-73	3,231	1,997	1,681	1,690	530	99	175	187	—	55	412	1,458
1973-74	2,922	2,134	1,435	1,514	482	93	131	169	—	22	303	1,200
1974-75	2,940	2,209	1,668	1,722	562	103	166	179	—	38	413	1,461
1975-76	2,965	2,181	1,652	1,787	547	111	164	173	—	46	445	1,486
1976-77	3,138	2,135	1,754	1,908	522	112	146	178	—	48	544	1,550
1977-78	2,972	2,239	1,762	1,968	510	107	129	165	—	56	634	1,601
1978-79	2,808	2,134	1,672	1,866	493	103	132	180	—	53	555	1,516
1979-80	2,549	2,065	1,516	1,781	409	73	122	154	—	34	656	1,448
1980-81	2,698	2,196	1,648	1,875	381	82	121	148	—	28	777	1,537
1981-82	2,991	2,327	1,774	1,962	525	99	151	149	—	22	660	1,606
1982-83	3,224	2,671	1,793	1,957	501	103	137	119	—	11	750	1,621
1983-84	3,137	3,335	1,746	1,973	488	107	129	138	—	20	744	1,626
1984-85	3,454	3,582	1,804	2,049	512	122	139	168	—	19	754	1,714
1985-86	3,184	3,739	1,752	2,094	484	108	134	169	—	18	859	1,702
1986-87	3,305	3,796	1,940	2,250	436	93	122	152	—	13	1,091	1,861
1987-88	3,237	3,793	2,018	2,275	591	99	127	155	—	13	929	1,862
1988-89	3,569	3,793	2,238	2,313	637	93	131	166	—	13	904	1,900
1989-90	3,726	3,754	2,268	2,323	553	91	117	155	—	17	1,033	1,913
1990-91	3,509	3,725	2,320	2,294	558	88	118	153	—	14	1,013	1,901
1991-92	3,996	3,848	2,400	2,415	599	92	123	170	—	9	1,045	1,978
1992-93	4,126	3,739	2,435	2,477	575	78	122	163	—	7	1,179	2,084
1993-94	4,201	3,922	2,598	2,487	561	—	124	281	—	6	1,182	2,117
1994-95	4,796	4,156	2,925	2,788	620	—	137	613	—	2	1,074	2,391
1995-96	5,181	4,897	3,241	3,019	629	—	133	1,070	—	—	869	2,660
1996-97	5,766	5,294	3,440	3,106	666	—	114	1,228	—	—	811	2,783
1997-98	5,984	5,226	3,513	3,226	634	—	60	1,210	—	—	1,105	2,971
1998-99	6,056	5,137	3,626	3,264	622	—	—	1,653	—	—	835	3,051
1999-2000	6,456	5,155	3,888	3,434	615	—	—	2,057	—	—	615	3,262
2000-01	6,989	5,282	3,929	3,566	569	—	—	1,858	356	—	647	3,413
2001-02	7,335	5,636	4,041	3,749	680	—	—	1,656	734	—	566	3,596
2002-03	7,985	5,915	4,437	4,098	705	—	—	1,563	1,110	—	563	3,975
2003-04	8,445	5,842	4,466	4,224	694	—	—	1,578	1,262	—	555	4,076
2004-05	9,803	6,375	4,347	4,104	706	—	—	1,354	1,445	—	604	4,074
2005-06	10,834	6,521	5,177	4,731	821	—	—	1,556	1,495	—	679	4,551
2006-07	9,776	7,041	5,552	5,046	1,230	—	—	1,670	1,523	—	506	4,929

Notes :

Figures of total saleable steel are adjusted for :

(a) From 1985-86 and onwards - steel transferred to and produced at the Company's Tubes Division.

(b) Total saleable steel for 2003-04 includes production of the erstwhile Tata SSL Ltd., pursuant to its merger with the Company.

Financial Statistics

(Rupees Crores)

Year	CAPITAL ACCOUNTS						REVENUE ACCOUNTS							
	Capital	Reser- ves and Surplus	Borrow- ings	Gross Block	Net Block	Invest- ments	Gross Reve- nue	Expen- diture	Depre- ciation	Profit before Taxes	Taxes	Profit after Taxes	Net Transfer to Reserves	Divi- dends
1950-51	10.47	11.73	2.50	42.76	15.15	2.80	30.23	23.49	2.15	4.59	2.10	2.49	1.00	1.50
1955-56	17.34	15.23	11.98	69.39	32.44	5.99	41.93	30.27	2.40	9.26	3.45	5.81	4.07	1.76
1956-57	25.94	20.20	21.53	93.45	54.79	5.38	44.14	32.69	2.47	8.98	3.42	5.56	3.70	1.93
1957-58	30.66	24.50	60.19	147.06	105.04	5.41	48.26	38.47	3.91	5.88	0.90	4.98	2.92	2.41
1958-59	30.72	26.15	83.78	171.79	124.78	5.94	56.12	47.72	5.53	2.87	0.17	2.70	0.57	2.47
1959-60	38.97	27.09	77.07	177.92	122.95	8.84	76.46	62.31	8.47	5.68	—	5.68	1.92	3.76
1960-61	38.97	27.67	69.04	185.52	116.76	8.85	87.08	68.07	13.92	5.09	—	5.09	0.52	4.65
1961-62	38.97	27.97	64.08	190.23	109.06	8.87	92.48	73.24	13.15	6.09	—	6.09	1.44	4.65
1962-63	38.97	40.27*	54.62	195.88	103.32	8.85	103.44	81.22	11.66	10.56	0.80	9.76	4.86	4.89
1963-64	38.97	47.41*	47.27	200.38	100.15	9.86	115.20	90.76	7.97	16.47	4.75	11.72	6.45	5.25
1964-65	38.97	50.94*	43.74	204.45	94.52	10.62	126.91	102.06	10.14	14.71	6.15	8.56	3.30	5.25
1965-66	38.97	56.35*	34.87	211.87	92.27	11.66	134.00	106.86	10.40	16.74	7.10	9.64	4.40	5.25
1966-67	50.00	48.44*	51.47	238.03	107.36	11.26	130.78	107.32	11.49	11.97	4.40	7.57	2.32	5.27
1967-68	50.00	50.23*	50.23	251.56	109.07	11.29	137.67	117.21	12.12	8.34	2.45	5.89	0.62	5.27
1968-69	50.00	51.82*	44.05	258.08	103.62	12.28	142.87	120.11	12.94	9.82	3.60	6.22	0.95	5.27
1969-70	50.00	52.71*	37.73	268.31	101.51	12.22	151.21	126.69	13.19	11.33	5.20	6.13	0.86	5.27
1970-71	50.00	55.58*	36.10	287.86	106.02	12.21	158.51	128.29	16.10	14.12	6.70	7.42	2.15	5.27
1971-72	50.00	56.92*	43.80	305.78	109.98	12.22	171.95	143.91	16.07	11.97	5.80	6.17	0.90	5.27
1972-73	50.00	58.46*	48.03	329.74	118.36	12.24	210.22	187.19	17.51	5.52	—	5.52	0.25	5.27
1973-74	50.00	63.16*	49.49	346.18	121.31	12.17	197.95	167.10	16.63	14.32	4.45	9.77	6.48	3.29**
1974-75	50.00	75.55*	63.45	366.57	127.30	11.01	279.72	236.63	15.11	27.98	12.80	15.18	10.07	5.11**
1975-76	50.00	77.97	88.30	395.84	142.34	11.09	287.63	258.76	16.20	12.67	3.25	9.42	4.59	4.83
1976-77	62.86	71.17	94.36	417.99	149.57	11.14	332.84	297.51	17.28	18.05	6.00	12.05	6.06	5.99
1977-78	62.86	73.60	87.68	438.51	156.02	11.17	361.30	335.18	18.25	7.87	0.10	7.77	1.27	6.50
1978-79	62.86	80.26	77.74	464.30	165.11	11.45	380.85	335.83	20.12	24.90	7.35	17.55	10.53	7.02
1979-80	62.86	88.11	84.82	499.70	184.51	12.05	454.94	407.04	22.97	24.93	9.00	15.93	8.14	7.79
1980-81	62.86	106.01	104.65	550.48	216.76	14.01	520.86	445.10	23.70	52.06	25.60	26.46	17.90	8.56
1981-82	83.44	120.60	233.74	650.14	304.05	14.04	704.69	599.83	27.21	77.65	30.00	47.65	34.56	13.09†
1982-83	83.44	152.80	310.34	789.76	420.31	20.04	798.16	729.52	23.77	44.87	—	44.87	31.78	13.09
1983-84	72.02*	160.61	380.62	843.64	453.46	20.22	889.54	826.39	43.14	20.01	—	20.01	7.77	12.24
1984-85	72.02	230.24	398.52	911.55	451.55	103.12	1105.02	938.33	69.95®	96.74	12.00	84.74	69.62	15.12
1985-86	82.74	334.19	447.43	1115.76	577.41	144.54	1285.51	1078.55	49.28	157.68	50.00	107.68	90.88	20.60
1986-87	82.63	401.05	517.83	1299.84	708.09	130.12	1416.39	1259.27	57.60	99.52	12.00	87.52	66.86	20.66
1987-88	136.01	476.33	576.65	1525.46	861.88	163.52	1526.78	1340.65	73.98	112.15	20.00	92.15	62.81	29.34
1988-89	156.09	645.53	611.64	1753.13	998.71	234.44	1861.77	1587.74	93.69	180.34	26.00	154.34	108.17	46.17
1989-90	229.43	1103.11	954.11	2062.76	1200.09	795.32	2135.57	1840.95	118.79	175.83	27.30	148.53	97.94	50.59
1990-91	229.89	1194.22	1183.75	2703.29	1713.79	571.86	2330.83	1955.67	137.03	238.13	78.00	160.13	88.79	71.34
1991-92	230.12	1315.36	2051.30	4026.16	2878.19	248.77	2869.70	2426.65	164.89	278.16	64.00	214.16	133.61	80.55
1992-93	278.45	1707.94	3039.55	5463.13	4107.64	170.06	3423.33	3094.84	215.37	127.12	—	127.12	62.30	64.82
1993-94	335.21	2189.53	3428.59	6439.94	4924.39	261.62	3822.64	3464.10	177.70	180.84	—	180.84	84.29	96.55
1994-95	336.87	2351.17	3561.24	6962.89	5213.48	220.65	4649.06	4120.01	247.93	281.12	—	281.12	162.88	118.24
1995-96	367.23	3375.17	3842.14	7408.46	5393.56	410.94	5879.96	5016.56	297.61	565.79	—	565.79	408.82	156.97
1996-97	367.38	3606.64	4082.65	7850.82	5526.40	664.90	6409.43	5540.39	326.83	542.21	73.00	469.21	286.98	182.23#
1997-98	367.56	3697.32	4579.14	8948.52	6300.04	623.45	6516.58	5810.02	343.23	363.33	41.25	322.08	160.10	161.98#
1998-99	367.97	3796.45	4938.93	10032.17	7058.58	585.44	6335.60	5638.19	382.18	315.23	33.00	282.23	118.94	163.29#
1999-2000	517.97	4040.43	4907.23	10668.33	7426.38	803.10	6943.33	6040.20	426.54	476.59	54.00	422.59	250.69	171.90#
2000-01	507.97	4380.46	4672.22	11258.17	7538.09	846.92	7810.05	6715.36	492.25	602.44	49.00	553.44	335.83	217.61#
2001-02	367.97	3077.99	4705.48	11742.44	7543.70	912.74	7682.70	6906.95	524.75	251.00	46.10	204.90	55.51	149.39#
2002-03	369.18	2816.84	4225.61	12393.79	7543.80	1194.55	9843.66	8025.68	555.48	1262.50	250.19	1012.31	679.30	333.01#
2003-04	369.18	4146.68	3382.21	13269.47	7857.85	2194.12	12069.62	8778.55	625.11	2665.96	919.74	1746.22	1329.97	416.25#
2004-05	553.67	6506.25	2739.70	14957.73	9112.24	2432.65	16053.48	10137.42	618.78	5297.28	1823.12	3474.16	2652.79	821.37#
2005-06	553.67	9201.63	2516.15	16470.71	9865.05	4069.96	17398.98	11383.92	775.10	5239.96	1733.58	3506.38	2685.95	820.43#
2006-07	727.73	13368.42	9645.33	18426.52	11040.56	6106.18	20196.24	13115.30	819.29	6261.65	2039.50	4222.15	3117.82	1104.33

* Inclusive of Dividends subsequently paid from Reserves and Surplus.

** Payable as per the Companies (Temporary Restrictions on Dividends) Act, 1974.

† Including an additional Jubilee Dividend of Rs. 2 per share.

+ Excluding Preference Shares which have been cancelled with effect from 1-4-1983 and Non-Convertible Bonds issued in lieu thereof.

@ Including Rs. 15.05 crores additional depreciation for 1983-84.

Including tax on dividends.

Dividend Statistics

Year	First Preference (Rs. 150) ^a		Second Preference (Rs. 100) ^a		Ordinary (Rs. 75 upto 1975-76 Rs. 100 from 1976-77 ^b and Rs. 10 from 1989-90) ^h		Deferred (Rs. 30) ^c		Total Rs. lakhs
	Rate Rs. a.p.	Amount Rs. lakhs	Rate Rs. a.p.	Amount Rs. lakhs	Rate Rs. a.p.	Amount Rs. lakhs	Rate Rs. a.p.	Amount Rs. lakhs	
1945-46	9.0.0	4.50	7.8.0	52.04	23.0.0	80.50	129.8.9	63.15	200.19
1950-51	9.0.0	4.50	7.8.0	52.04	18.0.0	63.00	93.10.5	45.65	165.19
1955-56	9.0.0	4.50	7.8.0	52.04	10.8.0 ^d	134.92	—	—	191.46
1960-61	9.00	4.50	7.50	79.89	10.36	380.65	—	—	465.04
1961-62	9.00	4.50	7.50	79.89	10.36	380.66	—	—	465.05
1962-63	9.00	4.50	7.50	79.89	11.00	404.17	—	—	488.56
1963-64	9.00	4.50	7.50	79.89	12.00	440.92	—	—	525.31
1964-65	9.00	4.50	7.50	79.89	12.00	440.92	—	—	525.31
1965-66	9.00	4.50	7.50	79.89	12.00	440.92	—	—	525.31
1966-67	9.00	4.50	7.50	79.89	8.60 ^e	442.39	—	—	526.78
1967-68	9.00	4.50	7.50	79.89	8.60	442.39	—	—	526.78
1968-69	9.00	4.50	7.50	79.89	8.60	442.39	—	—	526.78
1969-70	9.00	4.50	7.50	79.89	8.60	442.39	—	—	526.78
1970-71	9.00	4.50	7.50	79.89	8.60	442.39	—	—	526.78
1971-72	9.00	4.50	7.50	79.89	8.60	442.39	—	—	526.78
1972-73	9.00	4.50	7.50	79.89	8.60	442.39	—	—	526.78
1973-74	9.00	4.50	7.50	79.89	4.75	244.34	—	—	328.73
1974-75	9.00	4.50	7.50	79.89	8.30	426.95	—	—	511.34
1975-76	9.00	4.50	7.50	79.89	7.75	398.66	—	—	483.05
1976-77	9.00	4.50	7.50	79.89	10.00	514.40	—	—	598.79
1977-78	9.00	4.50	7.50	79.89	11.00	565.84	—	—	650.23
1978-79	9.00	4.50	7.50	79.89	12.00	617.28	—	—	701.67
1979-80	9.00	4.50	7.50	79.89	13.50	694.44	—	—	778.83
1980-81	9.00	4.50	7.50	79.89	15.00	771.60	—	—	855.99
1981-82	9.00	4.50	7.50	79.89	17.00 ^{e,f}	1224.28	—	—	1308.67
1982-83	9.00	4.50	7.50	79.89	17.00	1224.28	—	—	1308.67
1983-84	—	—	—	—	17.00	1224.28	—	—	1224.28
1984-85	—	—	—	—	21.00	1512.34	—	—	1512.34
1985-86	—	—	—	—	25.00	2059.43	—	—	2059.43
1986-87	—	—	—	—	25.00	2065.72	—	—	2065.72
1987-88	—	—	—	—	25.00 ^e	2934.29	—	—	2934.29
1988-89	—	—	—	—	30.00 ^g	4616.74	—	—	4616.74
1989-90	—	—	—	—	3.00 ^{h,i}	5059.30	—	—	5059.30
1990-91	—	—	—	—	3.10	7134.23	—	—	7134.23
1991-92	—	—	—	—	3.50	8054.78	—	—	8054.78
1992-93	—	—	—	—	2.50 ^j	6482.21	—	—	6482.21
1993-94	—	—	—	—	3.00 ^k	9655.44	—	—	9655.44
1994-95	—	—	—	—	3.50 ^l	11823.94	—	—	11823.94
1995-96	—	—	—	—	4.50 ^m	15697.11	—	—	15697.11
1996-97	—	—	—	—	4.50	18222.25 ⁿ	—	—	18222.25 ⁿ
1997-98	—	—	—	—	4.00	16198.05 ^o	—	—	16198.05 ^o
1998-99	—	—	—	—	4.00	16329.05 ^p	—	—	16329.05 ^p
1999-2000	—	—	—	—	4.00	17189.87 ^{q,r}	—	—	17189.87 ^{q,r}
2000-01	—	—	—	—	5.00	21760.67 ^{s,t,u}	—	—	21760.67 ^{s,t,u}
2001-02	—	—	—	—	4.00	14939.21 ^v	—	—	14939.21 ^v
2002-03	—	—	—	—	8.00	33299.88 ^w	—	—	33299.88 ^w
2003-04	—	—	—	—	10.00	41625.77 ^x	—	—	41625.77 ^x
2004-05	—	—	—	—	13.00	82137.22 ^y	—	—	82137.22 ^y
2005-06	—	—	—	—	13.00	82042.66 ^z	—	—	82042.66 ^z
2006-07	—	—	—	—	15.50	110432.51 [*]	—	—	110432.51 [*]

a Subject to deduction of Company's Income-tax from Preference Dividends upto 1958-59.

b Free of tax upto 1958-59 and gross (i.e. inclusive of tax deducted at source) from 1959-60.

c Out of 48,750 Deferred Shares, 26,250 Deferred Shares were issued in 1917 at a premium of Rs. 370 per share.

d On increased number of Ordinary Shares from 1953-54 onwards after conversion of Deferred Shares into Ordinary Shares and issue of Bonus Shares.

e Including on Bonus Shares issued during the year.

f Including an additional Jubilee Dividend of Rs. 2 per share.

g On the Capital as increased by Rights Issue of Ordinary Shares during 1987-88.

h The Ordinary Shares of Rs. 100 each have been sub-divided into Ordinary Shares of Rs. 10 each during 1989-90 and the rate of Dividend is per Ordinary Share of Rs. 10 each.

i On the Capital as increased by shares allotted on Conversion of Convertible Debentures.

j On the Capital as increased by Rights Issue of Ordinary Shares during 1992-93.

k On the Capital as increased by Ordinary Shares issued during 1993-94 against Detachable Warrants.

l On the Capital as increased by Ordinary Shares issued during 1994-95 against Detachable Warrants and Foreign Currency Convertible Bonds.

m On the Capital as increased by Ordinary Shares issued during 1995-96 against Detachable Warrants, Foreign Currency Convertible Bonds and Naked Warrants.

n Includes 10% tax of Rs. 1656.57 lakhs on dividends.

o Includes 10% tax of Rs. 1472.55 lakhs on dividends.

p Includes 11% tax of Rs. 1618.19 lakhs on dividends.

q Includes 11% tax of Rs. 1703.50 lakhs on dividends.

r Includes Dividend of Rs. 775.50 lakhs on 9.25% Cumulative Redeemable Preference Shares.

s Includes tax of Rs. 2151.38 lakhs on dividends.

t Includes Dividend of Rs. 22.30 lakhs on 9.25% Cumulative Redeemable Preference Shares for the period 1st April, 2000 to 27th June, 2000.

u Includes Dividend of Rs. 1198.40 lakhs on 8.42% Cumulative Redeemable Preference Shares for the period 1st June, 2000 to 31st March, 2001.

v Includes Dividend of Rs. 207.20 lakhs on 8.42% Cumulative Redeemable Preference Shares and tax of Rs. 21.13 lakhs on Preference Dividends.

w Includes tax of Rs. 3781.33 lakhs on Dividends.

x Includes tax of Rs. 4727.58 lakhs on Dividends.

y Includes tax of Rs. 10185.74 lakhs on Dividends.

z Includes tax of Rs. 10092.00 lakhs on Dividends.

* Includes tax of Rs. 16041.72 lakhs on Dividends

Financial Ratios

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
1. EBITDA/Turnover	41.18%	40.03%	42.48%	33.61%	26.82%	20.23%	24.28%	23.12%	19.41%	18.62%
2. PBT/Turnover	34.81%	33.87%	36.17%	24.59%	14.39%	3.70%	8.74%	7.75%	5.49%	6.27%
3. Return on Average Capital Employed	32.37%	40.81%	49.69%	28.10%	16.29%	6.51%	10.33%	9.05%	6.97%	7.59%
4. Return on Average Net Worth	36.09%	42.90%	62.01%	46.28%	35.88%	6.38%	14.38%	11.51%	7.65%	8.63%
5. Asset Turnover	71.38%	108.52%	110.15%	100.71%	78.16%	63.28%	63.59%	58.47%	55.44%	59.02%
6. Average Inventory to Turnover	9.01%	9.49%	7.70%	7.37%	7.72%	8.95%	9.01%	10.73%	12.39%	12.12%
7. Average Debtors to Turnover	2.96%	3.27%	3.88%	6.75%	10.38%	15.48%	15.86%	17.81%	20.14%	20.14%
8. Gross Block to Net Block	1.68	1.68	1.65	1.69	1.64	1.56	1.49	1.44	1.42	1.42
9. Net Debt to Equity	(0.12)	0.02	0.15	0.36	1.02	1.75	1.06	1.21	1.26	1.07
10. Current Ratio	2.51	1.11	1.10	1.03	1.36	1.54	1.55	1.65	1.79	1.99
11. Interest Cover Ratio	37.01	43.08	29.36	22.82	5.14	1.68	2.60	2.32	2.05	2.40
12. Net Worth per share	242.72	171.68	123.68	118.16	86.35	66.81	128.10	118.74	98.17	102.35
13. Earnings per share	73.76	63.35	62.77	31.55	27.43	5.51	14.64	11.26	7.67	8.75
14. Dividend Payout	26.16%	23.40%	23.61%	23.89%	32.90%	72.91%	39.32%	40.68%	57.86%	50.29%
15. P/E Ratio	6.10	8.47	6.39	12.16	4.88	17.72	8.36	10.30	13.51	17.05

1. EBIDTA/Turnover: Earnings Before Interest Depreciation Tax and Amortisation/Turnover (Turnover: Net Sales + Other Income).
2. PBT/Turnover: Profit Before Tax/Turnover.
3. Return on Average Capital Employed: Earnings Before Interest and Tax/Average Capital Employed. (Capital Employed: Total Funds Employed – Miscellaneous Expenses to the extent not written off or adjusted).
4. Return on Average Net Worth: Profit After Tax/Average Net Worth. (Net Worth: Share Capital + Reserves & Surplus – Miscellaneous Expenses to the extent not written off or adjusted).
5. Asset Turnover: (Net Sales + Other Income – Investment Income)/(Net Fixed Assets + Current Assets + Loans and Advances).
6. Average Inventory to Turnover: Average Inventory/Gross Sales.
7. Average Debtors to Turnover: Average Debtors/Gross Sales.
8. Gross Block to Net Block: Gross Block/Net Block
9. Net Debt to Equity :
(Net Debt : Secured Loan + Unsecured Loan - Cash and Bank Balance - Current Investments)
(Equity = Shareholders' Fund – Miscellaneous Expenses)
10. Current Ratio: Current Assets/Current Liabilities.
11. Interest Cover Ratio: Earnings Before Interest and Tax/Interest.
12. Net Worth per Share: Net Worth/Number of Shares.
13. Earnings per Share: Profit attributable to Ordinary Shareholders/Weighted average number of ordinary shares.
14. Dividend Payout: Dividend/Profit after Tax.
15. P/E Ratio: Market Price/Earnings per Share.

Corporate Governance Report for the year 2006-07

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. The Company's Corporate Governance Philosophy

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its future growth strategy, the Company believes in adopting the 'best practices' that are followed in various geographies, in the area of Corporate Governance. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders.

The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding Shareholders' Wealth. During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

2. Board of Directors

The Company has a non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings attended during 2006-07	Whether attended AGM held on 5th July, 2006	No. of Directorships in other public companies as on 31.3.2007		No. of Committee positions held in other public companies** as on 31.3.2007	
				Chairman	Member	Chairman	Member
Mr. R. N. Tata (Chairman)	Professional Not Independent Non-Executive	11	Yes	11	2	—	—
Mr. Nusli N. Wadia	Independent Non-Executive	7	No	5	4	—	—
Mr. S. M. Palia	-do-	10	Yes	—	8	3	2
Mr. P. K. Kaul Financial Institutions' Nominee* (Expired on 28th February, 2007)	-do-	1	No	NA	NA	NA	NA
Mr. Suresh Krishna	-do-	6	No	5	2	2	2
Mr. Kumar Mangalam Birla (Ceased to be a Director w.e.f. 14.08.2006)	-do-	—	No	NA	NA	NA	NA

Name	Category	No. of Board Meetings attended during 2006-07	Whether attended AGM held on 5th July, 2006	No. of Directorships in other public companies as on 31.3.2007		No. of Committee positions held in other public companies** as on 31.3.2007	
				Chairman	Member	Chairman	Member
Mr. Ishaat Hussain	Professional Not Independent Non-Executive	11	Yes	2	10	3	5
Dr. J. J. Irani	-do-	9	Yes	4	6	—	2
Mr. Subodh Bhargava (Appointed a Director w.e.f. 29.05.2006)	Independent Non-Executive	3	No	2	10	3	6
Mr. B. Muthuraman Managing Director	Not Independent Executive	11	Yes	4	3	—	1
Dr. T. Mukherjee Dy. Managing Director (Steel)	-do-	11	Yes	3	3	—	1
Mr. A. N. Singh Dy. Managing Director (Corporate Services)	-do-	11	Yes	2	—	1	—

* Appointed by IDBI as the lead institution.

** Represents Chairmanships/Memberships of Audit Committee and Shareholders'/ Investors' Grievance Committee.

Eleven Board Meetings were held during the year 2006-07 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows :

18th May 2006, 13th June 2006, 5th July 2006, 21st July 2006, 31st August 2006, 12th October 2006, 20th October 2006, 30th October 2006, 23rd November 2006, 30th January 2007 and 22nd March 2007.

Dates for the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. Board Meetings are held at the Registered Office of the Company. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary by the Board.

The information as required under Annexure IA to Clause 49 is being made available to the Board.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

During 2006-07, the Company did not have any material pecuniary relationship or transactions with Non Executive Directors, other than Dr. J. J. Irani, to whom the Company paid retiring benefits aggregating to Rs. 31.20 lakhs. The Company, with the approval of the Department of Company Affairs has also paid Rs. 11.96 crores as transportation charges to M/s. Dimnar & Co., a firm, whose proprietor is related to Dr. J. J. Irani.

The Company has adopted the Tata Code of Conduct for Executive Directors, Senior Management Personnel and other Executives of the Company. The Company has received confirmations from the Executive Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. It has also adopted the Tata Code of Conduct for Non-Executive Directors of the Company. The Company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the year under review. Both the Codes are posted on the website of the Company.

3. Audit Committee

The Company had constituted an Audit Committee in the year 1986. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows :

- a. To review compliance with internal control systems;
- b. To review the findings of the Internal Auditor relating to various functions of the Company;
- c. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- d. To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- e. To make recommendations to the Board on any matter relating to the financial management of the Company, including Statutory & Internal Audit Reports;
- f. Recommending the appointment of statutory auditors and branch auditors and fixation of their remuneration.

Mr. S. M. Palia, Chairman of the Audit Committee was present at the Annual General Meeting held on 5th July, 2006.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during the year 2006-07
Mr. S. M. Palia Chairman w.e.f. 15.05.2006	Independent, Non-Executive	6
Mr. P.K.Kaul, (Ceased to be Chairman w.e.f. 15.05.2006 but continued as Member till his death on 28.02.2007)	Independent, Non-Executive	4
Mr. Ishaat Hussain Member, Chartered Accountant	Professional Not Independent, Non-Executive	6
Mr. Nusli N. Wadia Member w.e.f. 23.11.2006	Independent, Non-Executive	1
Mr. Subodh Bhargava Member w.e.f. 22.03.2007	Independent, Non-Executive	—

Audit Committee meetings are attended by the Vice-President (Finance), Chief (Corporate Audit) and Chief Financial Controller (Corporate) and Representatives of Statutory Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

Six Audit Committee Meetings were held during 2006-07. The dates on which the said meetings were held were as follows :

15th May, 2006, 20th July, 2006, 30th August, 2006, 26th October, 2006, 18th January, 2007 and 25th January, 2007.

The necessary quorum was present at the meetings.

Whistle Blower Policy

The Audit Committee at its meeting held on 25th October, 2005, approved framing of a Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach the Ethics Counsellor/Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of

the Tata Code of Conduct, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. Under the Policy, each employee of the Company has an assured access to the Ethics Counsellor/ Chairman of the Audit Committee.

4. Remuneration Committee

The Company had constituted a Remuneration Committee in the year 1993. The broad terms of reference of the Remuneration Committee are as follows :

- a. Review the performance of the Managing Director and the Whole-time Directors, after considering the Company's performance.
- b. Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director and Whole-time Directors.
- c. Finalise the perquisites package of the Managing Director and Whole-time Directors within the overall ceiling fixed by the Board.
- d. Recommend to the Board, retirement benefits to be paid to the Managing Director and Whole-time Directors under the Retirement Benefit Guidelines adopted by the Board.

The Remuneration Committee also functions as the Compensation Committee as per SEBI guidelines on the Employees' Stock Option Scheme. The Company, however, has not yet introduced the Employees' Stock Option Scheme.

The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during the year 2006-07
Mr. Suresh Krishna, Chairman w.e.f. 12.04.2006	Independent, Non-Executive	1
Mr. R. N. Tata, Member	Professional Not Independent, Non-Executive	1
Mr. S. M. Palia, Member	Independent, Non-Executive	1

One meeting of the Remuneration Committee was held on 18th May, 2006.

The Chairman of the Remuneration Committee, Mr. Suresh Krishna was not present at the Annual General Meeting held on 5th July, 2006.

The Company has complied with the non-mandatory requirement of Clause 49 regarding the Remuneration Committee.

Remuneration Policy

The Company while deciding the remuneration package of the senior management members takes into consideration the following items :

- (a) employment scenario
- (b) remuneration package of the industry and
- (c) remuneration package of the managerial talent of other industries.

The annual variable pay of senior managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives.

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on 5th July, 2006, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. The

Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters other than at the meetings.

The Company pays sitting fees of Rs. 10,000 per meeting to the NEDs for attending the meetings of the Board, Executive Committee of the Board, Committees constituted by the Board from time to time and Audit Committee. The Board at its meeting held on 22nd March, 2007 has increased the sitting fees of the Remuneration Committee from Rs. 5,000 to Rs. 10,000 w.e.f. 01.04.2007. For other meetings, the Company continues to pay to the NEDs sitting fees of Rs. 5,000 per meeting.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Managing and Whole-time Directors. Salary is paid within the range approved by the Shareholders. Annual increments effective 1st April each year, as recommended by the Remuneration Committee, are approved by the Board. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

Details of remuneration for 2006-07

Non-Wholetime Directors

(Rs. lakhs)

Name of the Director	Commission*	Sitting Fees
1. Mr. R. N. Tata	55.20	1.75 ***
2. Mr. Nusli N. Wadia	15.50	1.00
3. Mr. S. M. Palia	38.00	2.35 ***
4. Mr. P. K. Kaul	5.60**	0.50
5. Mr. Suresh Krishna	7.80	0.65 ***
6. Mr. Kumar Mangalam Birla	—	—
7. Mr. Ishaat Hussain	42.10	2.30
8. Dr. J. J. Irani	31.30@	1.60
9. Mr. Subodh Bhargava	4.50	0.30
Total	200.00	10.45

* Payable in 2007-08.

** Amount payable to IDBI Bank Ltd.

*** Includes amount of Rs. 5000/- paid in 2007-08

@ Excluding retirement benefits of Rs. 31.20 lakhs.

Managing and Whole-time Directors

Name	Salary Rs. lakhs	Perquisites & Allowances Rs. lakhs	Commission@ Rs. lakhs	Stock Options
Mr. B. Muthuraman Managing Director	59.20	18.63	170.00	Nil
Dr. T. Mukherjee Dy. Managing Director (Steel)	51.20	26.97	120.00	Nil
Mr. A. N. Singh Dy. Managing Director (Corporate Services)	41.60	14.45	85.00	Nil

@ Payable in 2007-08

Shareholding of the Directors in the Company as on 31st March, 2007.

Director	No. of Ordinary Shares of Rs. 10/- each held singly and/or jointly
Mr. R. N. Tata (Chairman)	16680
Mr. Nusli N. Wadia	Nil
Mr. S. M. Palia	450
Mr. Suresh Krishna	Nil
Mr. Ishaat Hussain	1614
Dr. J. J. Irani	5431
Mr. Subodh Bhargava	750
Mr. B. Muthuraman	2186
Dr. T. Mukherjee	Nil
Mr. A. N. Singh	Nil
Total	27111

Service Contracts, Severance Fees and Notice Period

Period of Contract of MD : From 22.07.2006 to 30.09.2009

The Contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

There is no separate provision for payment of severance fees

Period of Contract of Dy. MD : 01.08.2005 to 31.10.2007.

(Steel)

The Contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

There is no separate provision for payment of severance fees.

Period of Contract of Dy. MD : 5 years from 01.08.2005.

(Corporate Services)

The Contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

There is no separate provision for payment of severance fees.

5. Shareholders' Committee

An Investors' Grievance Committee was constituted on 23rd March, 2000 to specifically look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc.

No meeting of the Investors' Grievance Committee was held during 2006-07.

The composition of the Investors' Grievance Committee is given below:

Names of Members	Category
Mr. Ishaat Hussain, Chairman	Professional Not Independent Non-Executive
Mr. Suresh Krishna, Member	Independent Non-Executive

**Name, designation & address of
Compliance Officer :**

Mr. J. C. Bham
Company Secretary
Bombay House,
24, Homi Mody Street,
Fort, Mumbai 400 001.

Phone : (022) 6665 7279

Fax : (022) 6665 7724 / 6665 7725

Email : cosectisco@tata.com

**Name, designation & address of
Investor Relations Officer :**

Mr. Sanjay Khattry
Head (Financial Planning & Investor Relations)
Bombay House,
24, Homi Mody Street,
Fort, Mumbai 400 001.

Phone : (022) 6665 7289

Fax : (022) 6665 8113

Email : skhattry@tata.com

Shareholder/Investor Complaints :

Complaints pending as on 1st April, 2006	:	7
During the period 1st April, 2006 to 31st March, 2007, complaints identified and reported under Clause 41 of the Listing Agreements	:	924
Complaints disposed off during the year ended 31st March, 2007	:	928
Complaints unresolved to the satisfaction of shareholders as on 31st March, 2007	:	3
No. of pending share transfers as on 31st March, 2007	:	125*

*Transfers lodged in the last week of March 2007 and hence pending as on 31st March, 2007.

Sr. No.	Description	Nos. Received	Total Replied	Total Pending
A	Complaints			
	Letters received from Statutory/Regulatory bodies			
1.	SEBI	34	31	3
2.	DOCA	—	—	—
3.	STOCK EXCHANGES	13	13	—
4.	NSDL/CDSL	10	10	—
	Total Nos.	57	54	3
B	Legal Matters			
	Court/Consumer Forum Matters	—	—	—
	Total Nos.	—	—	—
C	Dividends			
1.	Non-receipt of Dividend Warrants (pending recon. at the time of receipt of letters)	867	867	—
2.	Fraudulent Encashment of Dividend Warrants	—	—	—
	Total Nos.	867	867	—
D	Letters in the nature of reminders/complaints	—	—	—
	Total Correspondence Statistics	924	921	3

Note :

The Correspondence identified as investor complaints are letters received through Statutory / Regulatory bodies and those related to Court / Consumer forum matters, (where the Company / Registrar is involved and is accused of deficiency in service) fraudulent encashment and non-receipt of dividend amounts where reconciliation of the payment is in progress/completed after the end of the quarter.

Committees

In addition to the above Committees, the Board has constituted 4 more Committees, viz. Executive Committee of the Board, the Nomination Committee, Committee of Directors and the Ethics and Compliance Committee.

The terms of reference of the **Executive Committee of the Board** (ECOB) are to approve capital expenditure schemes and donations within the stipulated limits and to recommend to the Board, capital budgets and other major capital schemes, to consider new businesses, acquisitions, divestments, changes in organisational structure and also to periodically review the Company's business plans and future strategies.

The composition of the ECOB and details of the meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during the year 2006-07
Mr. R. N. Tata, Chairman	Professional	5
Mr. Nusli N. Wadia, Member	Not Independent, Non-Executive	
Mr. S. M. Palia, Member	Independent, Non-Executive	2
Dr. J. J. Irani, Member	-do-	5
	Professional	
	Not Independent, Non-Executive	5
Mr. Ishaat Hussain, Member	-do-	5
Mr. B. Muthuraman, Member	Not Independent, Executive	5
Dr. T. Mukherjee, Member (w.e.f. 18.5.2006)	-do-	4
Mr. A. N. Singh, Member (w.e.f. 18.5.2006)	-do-	4

Five ECOB Meetings were held during the year 2006-07. The dates on which the said meetings were held were as follows :

17th May, 2006 , 30th August, 2006, 21st November, 2006, 23rd November, 2006 and 20th March, 2007.

The **Nomination Committee** has been constituted on 18th May, 2006 with the objective of identifying Independent Directors to be inducted to the Board from time to time and to take steps to refresh the constitution of the Board from time to time.

The composition of the Nomination Committee is given below :

Names of Members	Category
Mr. Suresh Krishna, Chairman	Independent, Non-Executive
Mr. R.N. Tata, Member	Professional, Not Independent, Non-Executive
Mr. Nusli N. Wadia, Member	Independent, Non-Executive
Mr. S.M. Palia, Member	Independent, Non-Executive

During the year under review, no meeting of the Nomination Committee was held.

The **Committee of Directors** has been constituted to approve of certain routine matters such as Opening and Closing of Bank Accounts of the Company, to grant limited Powers of Attorney to the Officers of the Company, to appoint proxies to attend general meetings on behalf of the Company etc. The Members of this Committee are – Mr. R. N. Tata, (Chairman), Mr. Ishaat Hussain and Dr. J. J. Irani. The business of the Committee is transacted by passing Circular Resolutions which are placed before the Board at its next meeting.

Ethics and Compliance Committee

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Tata Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The Code is based on the principle that Directors, Officers and Employees of a Tata Company owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's securities.

In terms of the said Code, a Committee has been constituted on 30th May, 2002, called Ethics and Compliance Committee.

The composition of the Ethics and Compliance Committee is given below :

Names of Members	Category
Mr. Ishaat Hussain, Chairman	Professional, Not Independent, Non-Executive
Mr. Suresh Krishna, Member	Independent, Non-Executive

The Board has also appointed the Vice President (Finance) as the Compliance Officer to ensure compliance and effective implementation of the Regulations and also the Code across the Company.

No meeting of the Ethics and Compliance Committee was held during 2006-07.

During the year under review, the Compliance Officer submitted Monthly Committee Report of the Tata Code of Conduct for Prevention of Insider Trading to the Board of Directors.

6. General Body Meetings

a) Location and time, where last three Annual General Meetings (AGMs) were held:

Financial Year	Details of Location	Date & Time
2005-06	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	5th July, 2006 at 11.00 a.m.
2004-05		27th July, 2005 at 3.30 p.m.
2003-04		22nd July, 2004 at 3.30 p.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the year.

c) No Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

d) Special Resolutions passed in previous 3 Annual General Meetings :

At the last Annual General Meeting held on 5th July, 2006, Special Resolutions were passed for a) Commission to Directors other than the Managing and Whole-time Directors, b) Increase in the Authorised Share Capital, c) Alteration of the Articles of Association of the Company and d) Raising additional long term funds. The resolutions at items a), b) and c) were passed unanimously. The resolution at item d) was passed by requisite majority.

At the Annual General Meeting held on 27th July, 2005, Special Resolution was passed for the Change of Name of the Company from "The Tata Iron and Steel Company Limited" to "Tata Steel Limited". The resolution was passed unanimously.

At the Annual General Meeting held on 22nd July, 2004, Special Resolutions were passed for a) increase in the Authorised Share Capital b) Alteration of the Articles of Association of the Company c) Issue of Bonus Shares d) Appointment of Auditors and e) Appointment of Branch Auditors. The resolutions at items a), b), c) were passed unanimously and the resolutions at items d) and e) were passed by requisite majority.

7. Disclosures

i) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest.

There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

ii) The Company has periodically disclosed to the Audit Committee the uses/applications of funds raised during the year through preferential issue of shares and warrants to Tata Sons Ltd. The details of the proceeds and utilisation of the same have been disclosed in the Notes to Accounts.

iii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.

iv) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with clause 7 of the Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges, for

employees to report concerns about unethical behaviour. No personnel has been denied access to the Ethics Counsellor/Chairman of the Audit Committee.

- v) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges :
- a) The Company has set up a Remuneration Committee. Please see para 4 for details.
 - b) A half-yearly declaration of financial performance including a summary of the significant events in the six-months period was sent to every shareholder.
 - c) The Company has moved towards a regime of unqualified financial statements.

Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. Means of Communication

Half-yearly report sent to each household of shareholders –

In addition to the results of the Company being published in the newspapers and posted on the website of the Company, half-yearly reports are sent to each household of the shareholders.

Results –

The quarterly and annual results along with the Segmental Report are generally published in Indian Express, Nava Shakti, Free Press Journal and also displayed on the website of the Company www.tatasteel.com shortly after its submission to the Stock Exchanges.

Presentation to Institutional Investors or to analysts –

Official news releases and presentations made to Institutional Investors and analysts are posted on the Company's website.

Management Discussion & Analysis Report –

The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

Company's Corporate Website –

The Company's website is a comprehensive reference on Tata Steel's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor Relations' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars, share transfer agents and frequently asked questions. Investors can also submit their queries and get feedback through online interactive forms. The section on 'Newsrooms' includes all major press reports and releases, awards, campaigns.

9. General Shareholder Information

AGM : Date, time & venue –

18.7.2007 at 3.30 p.m.
Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020.

As required under Clause 49 IV(G)(i), particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 18th July, 2007.

Financial Calendar –

Year ending	March 31
AGM	July
Dividend Payment	Generally in July

Date of Book Closure –

12th June, 2007 to 22nd June, 2007 (both days inclusive)

Dividend Payment Date –

The dividend warrants will be posted on or after 18.07.2007.

Unclaimed Dividend –

- All unclaimed/unpaid dividend amounts upto the financial year ended 31.03.1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims in prescribed Form No. II to The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to :-
 Office of Registrar of Companies
 Central Government Office Bldg., 'A' Wing,
 2nd Floor, Next to Reserve Bank of India
 CBD, Belapur 400 614.
- All unclaimed/unpaid dividend amounts for the financial years 1995-96 to 1998-99 have been transferred to Investor Education & Protection Fund and no claims will lie against the Company or the Fund in respect of the unclaimed amounts so transferred.
- The unclaimed interim dividend declared in respect of the financial year 1999-2000 is due for transfer to the IEPF on 21st June, 2007.

Listing on Stock Exchanges –

The Company's securities are listed on the following 3 Stock Exchanges in India :

Bombay Stock Exchange Limited
 Phiroze Jeejeebhoy Towers,
 Dalal Street,
 Mumbai 400 001.

National Stock Exchange of India Ltd.
 Exchange Plaza,
 Bandra-Kurla Complex,
 Bandra East,
 Mumbai 400 051.

The Calcutta Stock Exchange Assn. Ltd.
 7, Lyons Range,
 Kolkata 700 001.

(The application for delisting from The Calcutta Stock Exchange Assn. Ltd. is still pending)

Global Depository Receipts (GDRs) issued by the Company in the International Market have been listed on the Luxembourg Stock Exchange.

The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2006-07.

Stock Codes/Symbols –

Bombay Stock Exchange Limited –			
Ordinary Shares (demat form)	...	...	500470
National Stock Exchange of India Ltd.	...	...	TATA STEEL

Privately Placed Debentures

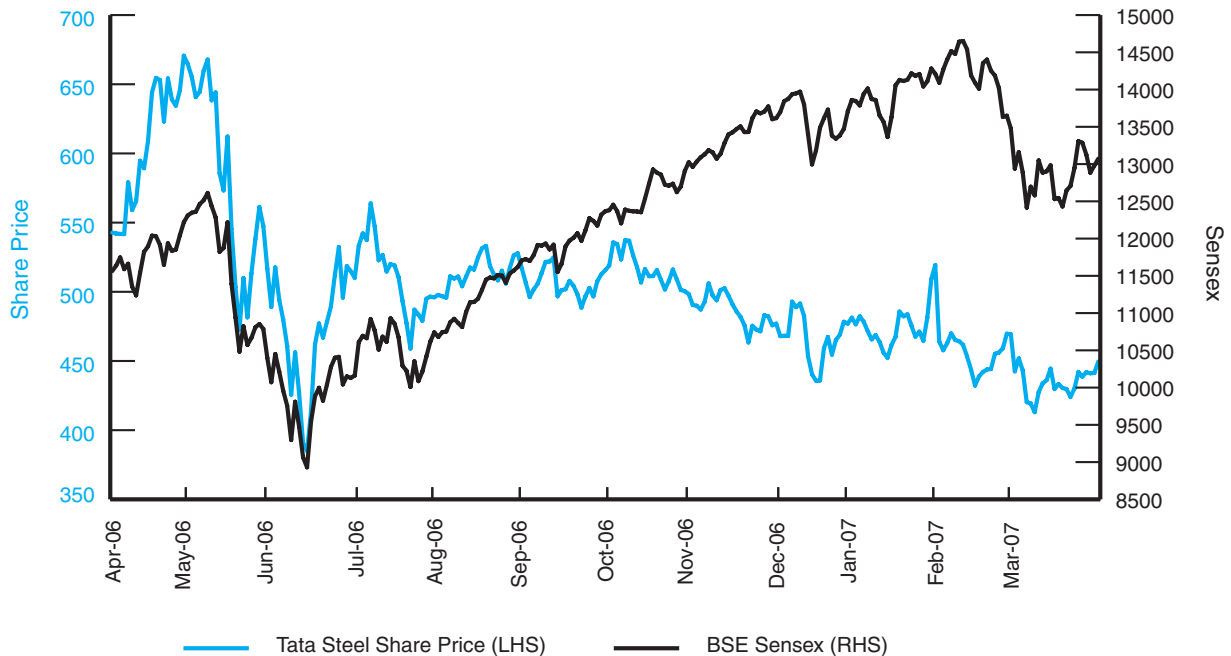
Privately Placed Debentures issued by the Company are listed on the Whole-Sale Debt Market Segment of the National Stock Exchange of India Ltd.

Market Information

Market Price Data : High, Low (based on the closing prices) and average volume, average number of trades and average value of shares traded during each month in last financial year.

Month	High (Rs.)	Low (Rs.)	Avg. Volume per day (No. of Shares)	Avg. No. of Trades per day	Avg. Value per day (Rs. lakhs)
April 2006	654.55	541.70	1,929,315	19,812	1,166,761,216
May 2006	670.65	472.80	2,448,530	28,715	1,409,473,204
June 2006	533.30	384.95	2,570,736	36,620	1,230,290,736
July 2006	563.85	458.95	2,223,996	34,958	1,135,614,723
August 2006	533.15	495.75	1,344,448	21,345	692,249,222
September 2006	535.65	488.55	1,226,543	18,943	625,132,251
October 2006	537.35	490.45	1,411,592	19,319	729,202,494
November 2006	506.05	463.40	1,023,290	16,234	498,086,357
December 2006	492.90	435.65	1,480,602	20,577	685,480,314
January 2007	519.30	452.35	1,156,016	16,334	552,892,046
February 2007	469.90	432.25	1,695,334	20,233	775,418,182
March 2007	451.90	413.00	1,200,464	16,961	521,498,293

Performance of Tata Steel Share Price in comparison to BSE Sensex



Registrar and Transfer Agents :

TSR Darashaw Limited are the Registrar and Share Transfer Agents of the Company.

Address for correspondence is as below:

TSR Darashaw Limited
6-10 Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai 400 011.

Tel. : (022) 6656 8484

Fax : (022) 6656 8494 / 6656 8496

E-mail : csg-unit@tsrdarashaw.com

website : <http://www.tsrdarashaw.com>

For the convenience of shareholders based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSR Darashaw Limited :

Branches of TSR Darashaw Limited

- | | |
|--|---|
| 1. TSR Darashaw Limited
503, Barton Centre, 5th Floor,
84, Mahatma Gandhi Road,
Bangalore 560 001.
Tel. : (080) 2532 0321
Fax : (080) 2558 0019
E-mail: tsrdlbgang@tsrdarashaw.com | 2. TSR Darashaw Limited
Bungalow No.1, 'E' Road,
Northern Town, Bistupur,
Jamshedpur 831 001.
Tel. : (0657) 242 6616
Fax : (0657) 242 6937
E-mail: tsrljsr@tsrdarashaw.com |
| 3. TSR Darashaw Limited
Tata Centre, 1st Floor,
43, Jawaharlal Nehru Road,
Kolkata 700 071.
Tel. : (033) 2288 3087
Fax : (033) 2288 3062
E-mail: tsrdlcal@tsrdarashaw.com | 4. TSR Darashaw Limited
Plot No. 2/42, Sant Vihar
Ansari Road, Darya Ganj
New Delhi 110 002.
Tel. : (011) 2327 1805
Fax : (011) 2327 1802
E-mail : tsrdldel@tsrdarashaw.com |

Agent of TSR Darashaw Limited

Shah Consultancy Services Limited

1, Sumatinath Complex, 2nd Dhal,
Pritamnagar, Ellisbridge
Ahmedabad 380 006

Telefax: 079 26576038

E-mail: shahconsultancy@hotmail.com

Share Transfer System : Share Transfers in physical form can be lodged with the TSR Darashaw Limited at the above mentioned addresses. The Transfers are normally processed within 10-12 days from the date of receipt if the documents are complete in all respects. Certain Directors and the Company Secretary are severally empowered to approve transfers.

Distribution of Shareholding

Number of Ordinary shares held	Number of Shareholders	
	31-3-2007 %	31-3-2006 %
1 to 100	60.47	52.30
101 to 500	31.62	38.14
501 to 1000	4.31	5.18
1001 to 10000	3.39	4.13
Over 10000	0.21	0.25
	100.00	100.00

Categories of Shareholders

Category	Number of Shareholders' accounts		Voting strength %		Number of Ordinary Shares held	
	31-3-2007	31-3-2006	31-3-2007	31-3-2006	31-3-2007	31-3-2006
Individuals	6,66,583	5,34,053	25.32	25.19	146,997,477	139,441,726
Unit Trust of India	30	29	0.01	0.01	47,060	41,333
Life Insurance Corporation of India	11	9	12.01	11.88	69,725,863	65,753,593
Govt. & Other Public Financial Institutions	19	17	5.37	5.65	31,189,482	31,297,858
Tata Group Companies	24	25	* 30.52	*26.81	177,152,216	148,391,636
Companies	6738	5784	4.84	4.84	28,073,014	26,796,068
Nationalised Banks, Mutual Funds and Trusts	504	460	4.51	3.17	26,193,523	17,518,404
Foreign Institutional Investors	275	264	17.42	22.45	101,094,221	124,232,238
TOTAL	6,74,184	5,40,641	100.00	100.00	580,472,856	553,472,856

* This includes 6,71,455 (As on 31st March, 2006 : 6,71,455) shares allotted to Kalimati Investment Company Limited pursuant to the Bombay High Court Order dated 3rd April, 2003, approving the Scheme of Amalgamation of Tata SSL Limited with the Company. These shares do not carry any voting rights.

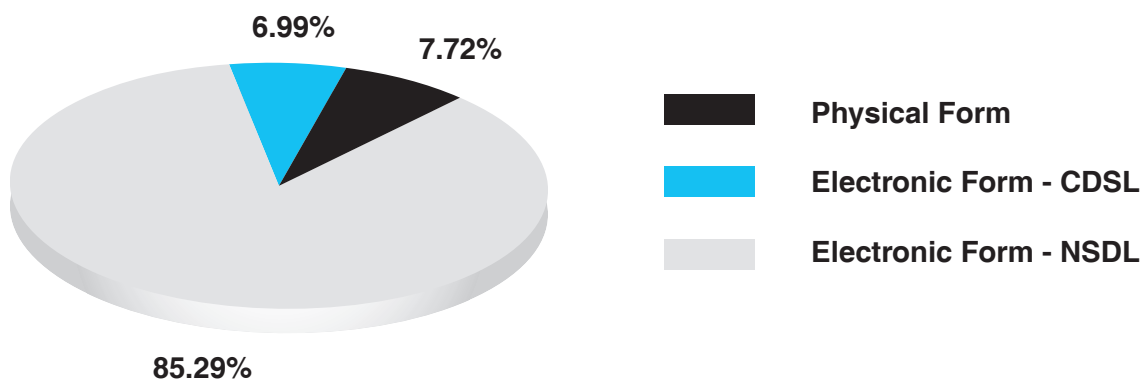
Top Ten Shareholders of the Company as on 31st March, 2007

Sr. No.	Name of the Shareholder	No. of shares held	% of holding
1.	Tata Sons Limited	139,763,040	24.08
2.	Life Insurance Corporation of India	69,725,863	12.01
3.	Tata Motors Limited	25,806,729	4.45
4.	HSBC Global Investment Funds A/c HSBC Global Investment Funds Mauritius Limited	15,976,000	2.75
5.	The New India Assurance Company Limited	9,866,937	1.70
6.	Janus Growth and Income Fund	7,509,223	1.29
7.	Baytree Invesyments Mauritius Pte. Limited	7,208,000	1.24
8.	National Insurance Company Limited	7,203,450	1.24
9.	The Oriental Insurance Company Limited	5,822,440	1.00
10.	Macquarie Bank Limited	5,309,301	0.91

Dematerialisation of shares as on 31st March, 2007 and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). 535,647,360 Ordinary Shares of the Company representing 92.28% of the Company's share capital is dematerialised as on 31st March, 2007.

The Company's shares are regularly traded on Bombay Stock Exchange Limited, as is seen from the volume of shares indicated in the Table containing Market Information.



Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 081A01012.

Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity : 3867 GDRs (each GDR representing 1 Ordinary share of the Company)
 The Company had issued detachable warrants (alongwith Secured Premium Notes) for subscribing to 1 Ordinary Share of Rs. 10 each at a premium of Rs. 70 per share. In respect of approximately 12,446 detachable warrants applicable to matters which are in dispute, the option to get the shares is kept alive for the time being.

Plant Locations :

Company's Steel Works and	..	
Tubes Division	..	Jamshedpur (Jharkhand)
Bearings Division	..	Kharagpur (West Bengal)
Ferro Manganese Plant	..	Joda (Orissa)
Charge Chrome Plant	..	Bamnipal (Orissa)
Cold Rolling Complex	..	Tarapur (Maharashtra)
	..	Sisodra (Gujarat)
Mines, Collieries & Quarries	..	States of Jharkhand, Orissa and Karnataka.
Wire Division	..	Borivli (Mumbai)
	..	Tarapur (Maharashtra)
	..	Bangalore (Karnataka)
	..	Indore (Madhya Pradesh)

Address for Correspondence : Tata Steel Limited
Bombay House, 24, Homi Mody Street,
Fort, Mumbai 400 001.
Phone : (022) 6665 8282
Fax : (022) 6665 7724 / 6665 7725
E-mail : cosectisco@tata.com
Website : www.tatasteel.com

10. Other information to the shareholders

Dividend History for the Last 10 years

Financial Year	Dividend Date	Rate
2005-06	06.07.06	130%
2004-05	28.07.05	130%
2003-04	23.07.04	100%
2002-03	24.07.03	80%
2001-02	12.06.02	40%
2000-01	20.07.01	50%
1999-00	23.05.00	40%
1998-99	30.07.99	40%
1997-98	24.07.98	40%
1996-97	01.08.97	45%

Bank Details

Shareholders holding in the physical form are requested to notify/send the following to TSR Darashaw Limited to facilitate better servicing :-

- i) any change in their address/mandate/bank details, and
- ii) particulars of the bank account in which they wish their dividend to be credited, in case have not been furnished earlier.

Shareholders are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in the physical form and in the dematerialised form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

Nomination Facility

Shareholders who hold shares in the physical form and wish to make / change a nomination in respect of their shares in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit to TSR Darashaw Limited the prescribed Form 2B. The Form can be downloaded from the Company's website www.tatasteel.com under the section 'Investor Relations'.

Shares held in Electronic Form

Shareholders holding shares in electronic form may please note that :

- Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.
- Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

Electronic Clearing Service (ECS) Facility

The Company, with respect to payment of dividend to shareholders, provides the facility of ECS at the following cities :

Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Cochin, Delhi, Guwahati, Hyderabad, Indore, Jaipur, Jamshedpur, Kanpur, Kolkata, Lucknow, Ludhiana, Mangalore, Mumbai, Nagpur, Nasik, Patna, Pune, Panjim, Surat, Thiruvananthapuram, Trichy, Vadodara, Vijayawada and Vishakapatnam.

Shareholders holding shares in the physical form, who wish to avail the ECS facility, may send their ECS mandate in the prescribed form to the Company, in the event they have not done so earlier. The ECS mandate form can be downloaded from the Company's website www.tatasteel.com under the section 'Investor Relations'.

Depository Services

Shareholders may write to the respective Depository or to TSR Darashaw Limited for guidance on depository services. Address for correspondence with Depository are as follows:-

National Securities Depository Limited
Trade World, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013.
Telephone : (022) 2499 4200
Facsimile : (022) 2497 2993/2497 6351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
16th Floor,
Dalal Street,
Mumbai 400 023.
Telephone : (022) 2272 3333
Facsimile : (022) 2272 3199/2272 2072
E-mail : investor@cdslindia.com
Website : www.cdslindia.com

Odd Lot Facility

Having regard to the difficulties experienced by shareholders in disposing of the shares held by them in physical form, TSR Darashaw Limited, Registrars of the Company has framed a Scheme for the purchase of such shares. Interested shareholders may contact TSR Darashaw Limited for further details.

- Shareholders holding shares in the dematerialised form should address their correspondence to their respective DPs, other than for dividend, which should be addressed to TSR Darashaw Limited.
- Shareholders are requested to provide their e-mail address, telephone/fax numbers and quote their account numbers / DP ID & Client ID numbers in all correspondence with TSR Darashaw Limited to facilitate prompt response.

Certificate

**To the Members of
TATA STEEL LIMITED**

We have examined the compliance of conditions of Corporate Governance by Tata Steel Limited, for the year ended on 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

P. R. RAMESH
Partner
Membership No : 70928

Mumbai, 17th May, 2007

Statement pursuant to Section 212(8) of the Companies Act, 1956, related to Subsidiary Companies

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment included in Total Assets	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Adityapur Toll Bridge Co. Ltd.	INR	—	0.84	—	0.84	—	—	—	—	—	—	—	India
2	Bangla Steel & Mining Co. Ltd.	TAKA	0.63	0.06	(0.02)	0.04	—	—	—	(0.02)	—	(0.02)	—	Bangladesh
3	Best Bar (VIC) Ply. Ltd.	SGD	28.68	—	17.99	44.11	26.12	—	186.61	9.88	2.96	6.92	—	Australia
4	Best Bar Ply. Ltd.	SGD	28.68	9.55	21.86	57.31	25.90	—	133.75	18.19	5.12	13.07	—	Australia
5	Burwill Trading Pte. Ltd.	SGD	28.68	31.26	(3.23)	35.71	7.67	—	157.84	1.53	0.21	1.32	—	Singapore
6	Easteel Construction Services Pte. Ltd.	SGD	28.68	2.87	5.71	12.15	3.57	—	33.51	2.50	0.36	2.14	—	Singapore
7	Easteel Services (M) Sdn Bhd	SGD	28.68	—	0.21	1.09	0.88	—	1.49	0.15	0.03	0.12	—	Malaysia
8	Eastern Steel Fabricators Philippines, Inc.	SGD	28.68	12.46	(37.06)	7.07	31.67	—	—	0.46	—	0.46	—	Philippines
9	Eastern Steel Services Pte. Ltd.	SGD	28.68	28.68	5.54	34.52	0.31	—	8.31	0.01	—	0.01	—	Singapore
10	Eastern Wire Pte. Ltd.	SGD	28.68	23.95	23.47	48.42	1.01	—	10.04	0.35	0.67	(0.32)	—	Singapore
11	Gopalpur Special Economic Zone Ltd.	INR	—	0.10	—	0.10	—	—	—	—	—	—	—	India
12	Hooghly Met Coke & Power Company Ltd.	INR	—	100.05	—	519.39	419.34	—	—	—	—	—	—	India
13	International Shipping Logistics FZE	AED	11.85	1.19	16.67	17.86	—	—	88.02	7.07	—	7.07	—	Dubai
14	Jamshedpur Utilities & Services Company Ltd.	INR	—	0.35	17.74	18.09	—	—	219.89	18.50	7.39	11.11	—	India
15	Kalimati Coat Company Pty. Ltd.	SGD	28.68	21.06	(5.46)	88.57	52.97	—	—	(4.11)	—	(4.11)	—	Australia
16	Kalimati Investments Co. Ltd.	INR	—	16.39	212.46	249.60	20.75	80.08	23.27	20.01	0.25	19.76	3.28	India
17	Lanka Special Steels Ltd.	LKR	0.40	1.00	(0.37)	4.07	3.45	—	30.81	(0.60)	—	(0.60)	—	Sri Lanka
18	Materials Recycling Pte. Ltd.	SGD	28.68	0.72	(0.72)	—	—	—	—	—	—	—	—	Singapore
19	N.T.S. Steel Group Public Company Ltd.	THB	1.34	443.63	27.47	1403.74	932.24	—	1359.67	41.29	0.14	41.42	—	Thailand
20	NatSteel Equity IV Pte. Ltd.	SGD	28.68	—	47.55	66.30	18.75	—	—	—	—	—	—	Singapore
21	NatFerrous Pte. Ltd.	SGD	28.68	28.68	38.85	199.38	131.86	—	1013.46	11.51	1.95	9.56	—	Singapore
22	NatSteel (Xiamen) Ltd.	SGD	28.68	105.86	(6.71)	210.63	111.48	—	242.96	2.74	0.10	2.84	—	China
23	NatSteel Asia (S) Pte. Ltd.	SGD	28.68	5.74	72.78	88.60	10.08	—	74.05	12.14	0.18	12.32	—	Singapore
24	NatSteel Asia Pte. Ltd.	SGD	28.68	780.10	82.25	2337.39	1475.03	8.82	1667.07	(1.82)	0.78	(1.04)	—	Singapore
25	NatSteel Australia Pty. Ltd.	SGD	28.68	28.37	(44.59)	246.36	262.57	—	362.92	(22.18)	—	(22.18)	—	Australia
26	NatSteel Middle East FZE	SGD	28.68	1.27	(0.36)	1.04	0.13	—	—	(0.28)	—	(0.28)	—	Dubai
27	NatSteel Trade International (Shanghai) Co. Ltd.	SGD	28.68	0.97	(0.41)	0.98	0.41	—	—	(0.03)	—	(0.03)	—	China
28	NatSteel Trade International Pte. Ltd.	SGD	28.68	8.43	44.68	185.19	132.07	—	1676.65	3.48	4.63	8.11	—	Singapore
29	NatSteel Vme Co. Ltd.	SGD	28.68	38.41	(3.57)	38.06	3.22	—	86.93	0.03	—	0.03	—	Vietnam
30	PT Materials Recycling Indonesia	SGD	28.68	0.77	(2.47)	(1.81)	3.51	—	16.15	0.13	—	0.13	—	Indonesia
31	Rawmet Ferrous Industries Pvt. Ltd.	INR	—	30.60	0.15	86.91	56.16	—	58.79	0.19	0.05	0.14	—	India
32	Siam Industrial Wire Company Ltd.	SGD	28.68	31.32	159.63	215.27	24.32	—	487.16	64.95	8.07	56.88	—	Thailand
33	Siam Iron & Steel Company Ltd.	THB	1.34	16.08	47.98	362.77	298.71	—	911.47	28.88	5.01	23.86	—	Thailand
34	Sila Eastern Ltd.	THB	1.34	0.27	2.67	2.94	—	—	49.49	1.83	0.62	1.21	—	Thailand
35	Tata Incorporated	USD	43.53	6.53	38.71	45.24	—	1.28	680.75	7.73	2.90	4.83	—	USA
36	Tata Korf Engineering Services Ltd.	INR	—	0.40	—	3.53	3.13	—	0.17	(0.10)	—	(0.10)	—	India
37	Tata Refractories Ltd.	INR	—	20.90	166.87	332.61	144.84	33.89	463.96	30.59	11.61	18.98	8.56	India

Statement pursuant to Section 212(8) of the Companies Act, 1956, related to Subsidiary Companies

Rs. crores

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment included in Total Assets	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
38	Tata Steel (Thailand) Public Company Ltd.	THB	1.34	1145.93	514.25	2398.37	738.18	1380.52	66.38	58.99	2.33	56.66	—	Thailand
39	Tata Steel Asia Holding Pte. Ltd.	GBP	85.23	0.72	(68.02)	11080.62	11147.92	—	—	(67.86)	—	(67.86)	—	Singapore
40	Tata Steel (KZN) (Pty) Ltd.	ZAR	5.95	85.69	(1.92)	147.77	64.00	—	0.31	(1.92)	—	(1.92)	—	South Africa
41	Tata Steel Netherlands B.V	EURO	57.92	—	(0.04)	(160.54)	—	—	—	(0.04)	—	(0.04)	—	Netherlands
42	Tata Steel UK Limited	GBP	85.23	—	(160.54)	(160.54)	—	11522.97	—	(160.17)	—	(160.17)	—	United Kingdom
43	The Indian Steel & Wire Products Ltd.	INR	—	5.99	72.75	133.40	54.65	—	98.20	6.61	0.21	6.40	—	India
44	The Siam Construction Steel Company Ltd.	THB	1.34	294.73	153.54	506.06	117.80	—	1272.04	144.81	28.15	116.66	—	Thailand
45	The Tata Pigments Ltd.	INR	—	0.75	11.96	12.89	0.18	—	23.29	3.00	1.27	1.73	0.45	India
46	TKM Overseas Transport (Europe) GmbH	EURO	57.92	—	0.01	0.01	—	—	0.02	—	—	—	—	Germany
47	TKM Transport Management Services Pvt. Ltd.	INR	—	0.11	6.08	6.19	—	1.11	110.04	(0.89)	0.01	(0.88)	—	India
48	TM International Logistics Ltd.	INR	—	18.00	45.49	76.65	13.17	2.90	126.46	14.83	4.77	10.06	2.16	India
49	TRL Asia Private Ltd.	SGD	28.68	37.26	(0.05)	37.21	(—)	36.89	—	(0.04)	—	(0.04)	—	Singapore
50	TRL China Ltd.	RMB	5.63	36.59	(0.55)	36.04	(—)	—	0.48	(0.55)	—	(0.55)	—	P R China
51	TS Asia (Hong Kong) Pte. Ltd.	SGD	28.68	—	7.75	117.43	109.68	—	203.50	9.66	1.69	7.96	—	Hong Kong
52	TS Resources Australia Pty. Ltd.	SGD	28.68	—	0.03	21.29	21.26	—	101.26	0.03	—	0.03	—	Australia
53	Tulip Netherlands (No. 1) B.V	EURO	57.92	0.10	(—)	0.10	—	—	—	(—)	—	(—)	—	Netherlands
54	Tulip Netherlands (No. 2) B.V	EURO	57.92	0.10	(—)	0.10	—	—	—	(—)	—	(—)	—	Netherlands
55	Tulip UK Holdings (No. 1) Ltd.	GBP	85.23	—	(10.00)	2002.96	2012.96	—	39.51	(9.97)	—	(9.97)	—	United Kingdom
56	Tulip UK Holdings (No. 2) Ltd.	GBP	85.23	—	2.15	2.15	—	—	39.57	2.14	—	2.14	—	United Kingdom
57	Tulip UK Holdings (No. 3) Ltd.	GBP	85.23	—	1.98	1.98	—	—	39.63	1.97	—	1.97	—	United Kingdom
58	Wuxi Jinyang Metal Products Co. Ltd.	SGD	28.68	64.35	33.04	121.31	23.92	—	209.22	18.05	4.24	13.81	—	China
59	Wuxi NaiSteel Metal Products Co. Ltd.	SGD	28.68	2.56	(0.02)	2.53	—	—	—	—	—	—	—	China

NOTE :

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.3.2007

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF TATA STEEL LIMITED

1. We have audited the attached Consolidated Balance Sheet of TATA STEEL LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2007, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto, in which are incorporated the returns from the Singapore Branch not audited by us. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - (a) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of Rs. 18,832.67 crores as at 31st March, 2007, total revenue of Rs. 9,066.73 crores and net cash flows amounting to Rs. 2,235.92 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.
 - (b) Attention is invited to Note 15 of Schedule N regarding investment of Rs. 11,522.97 crores in Corus Group plc ("Corus") and the financial statements of Corus not being considered for consolidation for the reasons stated therein.
 - (c) As stated in Note 16 of Schedule N, in the case of certain subsidiaries of the Company, having total assets (net) Rs. (14.71) crores as at 31st March, 2007 and total revenue of Rs. 17.31 crores for the year ended 31st March, 2007, the figures used for the consolidation are based on the management's estimates and are therefore unaudited.
 - (d) As stated in Note 10 of Schedule N, in the case of Southern Steel Berhad, Malaysia ("SSB") which is an associate company of NatSteel Asia Pte. Ltd., ("NatSteel") a subsidiary, the auditors of NatSteel have reported that the carrying value is arrived at by NatSteel after accounting for its share of results in SSB's profit after tax and minority interest and translation gain of Rs. 35.65 crores and Rs. 0.39 crore respectively for the year ended on 31st March, 2007. The figures used for equity accounting for SSB's results for the year ended 31st March, 2007 are based on the management's estimates and are therefore unaudited.
 - (e) As stated in Note 1 of Schedule N, in the case of certain associates, the financial statements as on 31st March, 2007 are not available. The investments in these associates valued at Re. 1 in the Financial Statements of the Company, have not been adjusted in the Consolidated Financial Statements in the absence of their financial statements as on 31st March, 2007.

4. Subject to the matters referred to in paragraphs 3 (c) to 3 (e) above :
- (a) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards ("AS") 21, Consolidated Financial Statements, AS 23 Accounting for Investments in Associates in Consolidated Financial Statements and AS 27 Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India.
 - (b) Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2007;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants,

P. R. RAMESH
Partner.
Membership No. : 70928

Mumbai, 17th May, 2007

Consolidated Balance Sheet as at 31st March, 2007

Schedule	Page	FUNDS EMPLOYED :		Rupees crores	Rupees crores	As at 31-3-2006 Rupees crores
A	194	1.	a SHARE CAPITAL		580.00	553.00
			b SHARE WARRANTS (See Note 26(b), Page 216) ..		147.06	—
B	194	2.	RESERVES AND SURPLUS		13895.14	9728.84
		3.	TOTAL SHAREHOLDERS' FUNDS		14622.20	10281.84
		4.	WARRANTS ISSUED BY A SUBSIDIARY COMPANY		17.46	—
		5.	MINORITY INTEREST		598.39	123.57
		6.	LOANS			
C	195	a	Secured	4961.23		2503.39
D	195	b	Unsecured	19964.30		874.04
		c	Total Loans		24925.53	3377.43
		7.	DEFERRED TAX LIABILITY (Net) (See Note 24, Page 216) ..		785.94	992.18
		8.	PROVISION FOR EMPLOYEE SEPARATION COMPENSATION (See Note 13(a), Page 206)		1118.30	1402.56
		9.	TOTAL FUNDS EMPLOYED		42067.82	16177.58
			APPLICATION OF FUNDS :			
E	196	10.	FIXED ASSETS			
		a	Gross Block	23410.15		17988.09
		b	Less — Impairment	100.41		94.19
		c	Less — Depreciation	9089.21		7105.80
		d	Net Block		14220.53	10788.10
F	197	11.	INVESTMENTS		16497.50	3478.90
		12.	GOODWILL ON CONSOLIDATION		40.37	12.24
		13.	PURCHASED GOODWILL		179.29	101.76
		14.	A. CURRENT ASSETS			
		a	Stores and spare parts	692.97		496.85
G	197	b	Stock-in-trade	3195.16		2276.46
H	197	c	Sundry debtors	1686.53		1218.72
		d	Interest accrued on investments	1.16		1.10
I	198	e	Cash and Bank balances	10887.96		776.75
				16463.78		4769.88
J	198	B.	LOANS AND ADVANCES	1980.34		1138.18
				18444.12		5908.06
		15.	Less : CURRENT LIABILITIES AND PROVISIONS			
K	198	A.	Current Liabilities	5444.19		3292.51
L	199	B.	Provisions	2079.57		1074.98
				7523.76		4367.49
		16.	NET CURRENT ASSETS		10920.36	1540.57
M	199	17.	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		209.77	256.01
		18.	TOTAL ASSETS (Net)		42067.82	16177.58
N	200		Contingent Liabilities (See Note 3, Page 204) NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			

As per our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants,

P R RAMESH
Partner.

For and on behalf of the Board

RATANNTATA
NUSLI N WADIA
S M PALIA
SURESH KRISHNA
ISHAAT HUSSAIN
JAMSHED J IRANI
SUBODH BHARGAVA
B MUTHURAMAN
T MUKHERJEE
A N SINGH

Chairman

Directors

Executive
Directors

J C BHAM
Company Secretary

Consolidated Profit and Loss Account for the year ended 31st March, 2007

Schedule	Page	INCOME :	Rupees crores	Rupees crores	Previous Year Rupees crores
1	192	1. SALE OF PRODUCTS & SERVICES	27437.29		22272.14
		Less — EXCISE DUTY	2223.98		1950.00
			25213.31		20322.14
2	192	2. OTHER INCOME	438.07		246.74
				25651.38	20568.88
		EXPENDITURE :			
4	193	3. MANUFACTURING AND OTHER EXPENSES	18116.76		14167.39
		4. DEPRECIATION	1010.98		860.37
			19127.74		15027.76
		5. Less — EXPENDITURE (OTHER THAN INTEREST) TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS	353.60		189.66
			18774.14		14838.10
3	192	6. INTEREST	411.19		161.60
		7. TOTAL EXPENDITURE		19185.33	14999.70
		PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		6466.05	5569.18
		8. EMPLOYEE SEPARATION COMPENSATION		(153.03)	(54.20)
		(See Note 13(a), Page 206)			
		PROFIT BEFORE TAXES		6313.02	5514.98
		9. TAXES			
		a CURRENT TAX	2145.52		1619.97
		b DEFERRED TAX (See Note 24, Page 216)	(15.52)		144.95
		c FRINGE BENEFITS TAX	17.41		28.99
				2147.41	1793.91
		PROFIT AFTER TAXES		4165.61	3721.07
		10. MINORITY INTEREST	(67.52)		(18.64)
		11. SHARE OF PROFITS OF ASSOCIATES	79.18		32.19
				11.66	13.55
		PROFITS AFTER MINORITY INTEREST AND SHARE OF PROFIT OF ASSOCIATES		4177.27	3734.62
		12. BALANCE BROUGHT FORWARD FROM LAST YEAR/PREVIOUS PERIOD		3298.06	1920.31
		AMOUNT AVAILABLE FOR APPROPRIATIONS		7475.33	5654.93
		13. APPROPRIATIONS :			
		a PROPOSED DIVIDENDS	942.87		718.64
		b TAX ON DIVIDENDS	163.42		103.36
			1106.29		822.00
		c SPECIAL RESERVE	3.95		6.17
		d GENERAL RESERVE	1524.70		1528.70
				2634.94	2356.87
		BALANCE CARRIED TO BALANCE SHEET		4840.39	3298.06
		Basic and Diluted Earnings per Share (Rs.) (See Note 23, Page 216)		73.06	67.62
N	200	NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			

As per our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants,

P R RAMESH
Partner.

Mumbai, 17th May, 2007

J C BHAM
Company Secretary

For and on behalf of the Board

RATANNTATA
NUSLI N WADIA
S M PALIA
SURESH KRISHNA
ISHAAT HUSSAIN
JAMSHED J IRANI
SUBODH BHARGAVA
B MUTHURAMAN
T MUKHERJEE
A N SINGH

Chairman

Directors

Executive
Directors

Consolidated Cash Flow Statement for the year ended 31st March, 2007

	Year Ended 31-3-2007 Rupees crores	Year Ended 31-3-2006 Rupees crores
A. Cash Flow from Operating Activities :		
Profit before taxes, minority interest & share of profits of associates	6313.02	5514.98
Adjustments for :		
Depreciation	1010.98	860.37
Income from investments	(317.41)	(156.21)
(Profit)/Loss on sale of investments	(26.36)	(10.66)
(Profit)/Loss on sale of assets/discarded assets written off	(10.71)	(42.14)
Impairment of Assets	6.22	—
Reversal of impairment loss	—	(3.33)
Interest income	(222.88)	(45.96)
Interest charged to Profit and Loss Account	634.07	207.56
Amount received on cancellation of forward covers/options	(83.59)	(37.73)
Provision for diminution in value of investments	0.10	0.02
Employee Separation Compensation	153.03	54.20
Provision for contingencies	0.22	(2.64)
Foreign exchange gain/(loss) on consolidation	(120.13)	(20.55)
Provision for Wealth Tax	1.11	1.08
Amortisation of Goodwill	166.95	25.33
Amortisation of long term expenses	117.20	5.31
	<u>1308.80</u>	<u>834.65</u>
Operating Profit before Working Capital Changes	7621.82	6349.63
Adjustments for :		
Trade and Other Receivables	(960.13)	(112.97)
Inventories	(639.95)	(237.25)
Trade Payables and Other Liabilities	1853.95	(223.93)
	<u>253.87</u>	<u>(574.15)</u>
Cash Generated from Operations	7875.69	5775.48
Direct Taxes paid	(2144.56)	(1819.83)
	<u>(2144.56)</u>	<u>(1819.83)</u>
Cash Flow before Exceptional Items	5731.13	3955.65
Employee Separation Compensation paid	(228.12)	(220.13)
Net Cash from Operating Activities	<u>5503.01</u>	<u>3735.52</u>
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(2975.11)	(1932.75)
Sale of Fixed Assets	48.03	51.11
Pre-operative expenses	(4.75)	(1.75)
Purchase of Investments	(28551.90)	(8200.72)
Acquisition of Subsidiaries/Joint Ventures	(668.62)	(1.11)
Sale of Investments	15342.47	7356.08
Purchase of Goodwill (net)	—	(0.56)
Interest received	204.24	73.27
Dividend received	317.41	156.21
	<u>(16288.23)</u>	<u>(2500.22)</u>
Net Cash from Investing Activities	<u>(16288.23)</u>	<u>(2500.22)</u>

Consolidated Cash Flow Statement for the year ended 31st March, 2007

	Year Ended 31-3-2007 Rupees crores	Year Ended 31-3-2006 Rupees crores
C. Cash Flow from Financing Activities :		
Issue of Equity Capital	1393.20	0.73
Issue of Share Warrants	147.06	—
Capital contribution received	5.59	—
Proceeds from borrowings	22760.71	821.20
Repayment of borrowings	(2420.97)	(776.21)
Amount received on cancellation of forward covers/options	94.55	43.76
Long term loan expenses	(170.47)	(58.93)
Interest paid	(612.57)	(264.02)
Dividend paid	(716.82)	(711.66)
Net Cash from Financing Activities	20480.28	(945.13)
Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	(iii) 9695.06	290.17
Opening Cash and Cash equivalents (as per Schedule I, Page No. 198)	(v) 1192.90	(vi) 486.58
Closing Cash and Cash equivalents (as per Schedule I, Page No. 198)	(vii) 10887.96	776.75

- Notes :** (i) Figures in brackets represent outflows.
- (ii) Interest paid is exclusive of, and purchase of Fixed Assets is inclusive of, interest capitalised **Rs. 1.60** crores (2005-06 : *Rs. 4.92 crores*).
- (iii) Cash and cash equivalents include loss on foreign exchange revaluation of **Rs. 224.09** crores (31.3.2006: *Rs. Nil*).
- (iv) Proceeds from borrowings includes translation gain on foreign currency loans **Rs. 224.00** crores (31.3.2006 : *translation gain of Rs. 15.27 crores*) out of which **Rs. 1.90** crores (2005-06 : *Rs. 15.27 crores*) has been included in purchase of Fixed Assets.
- (v) Includes **Rs. 416.15** crores of opening cash and cash equivalents in the books of Tata Steel (Thailand) Public Company Limited (Rs. 391.02 crores), Adityapur Toll Bridge Company Limited (Rs. 0.08 crore) and Rawmet Ferrous Industries Private Limited (Rs. 0.26 crore) which became subsidiaries of the group during the year and Tata BlueScope Steel Limited (Rs. 24.79 crores) which became joint venture of the group during the year.
- (vi) Includes Rs. 20.85 crores of opening cash and cash equivalents in the books of The Dhamra Port Company Limited (Rs. 0.04 crore), NatSteel (Xiamen) Limited (Rs. 19.73 crores) and NatSteel Vina Company Limited (Rs. 1.08 crores) which became joint venture of the group during that year.
- (vii) Includes **Rs. 7,225.94** crores (31.3.2006: *Rs. Nil*) ringfenced for a specific purpose.
- (viii) Previous year figures have been recast/restated wherever necessary.

As per our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants,

P R RAMESH
Partner.

For and on behalf of the Board

RATANN TATA	<i>Chairman</i>
NUSLI N WADIA	}
S M PALIA	
SURESH KRISHNA	
ISHAAT HUSSAIN	
JAMSHED J IRANI	
SUBODH BHARGAVA	<i>Directors</i>
B MUTHURAMAN	}
T MUKHERJEE	
A N SINGH		Executive Directors

J C BHAM
Company Secretary

Mumbai, 17th May, 2007

Schedules forming part of the Consolidated profit and loss account

SCHEDULE 1 : SALE OF PRODUCTS AND SERVICES :—
(Item No. 1, Page 189)

- (a) Sale of products
- (b) Sale of power and water
- (c) Income from services, sale of miscellaneous goods and stores, rent etc.

	Rupees crores	<i>Previous Year Rupees crores</i>
	26451.40	21474.03
	495.00	380.96
	490.89 *	417.15
	<u>27437.29</u>	<u>22272.14</u>

* Includes **Rs. 21.58** crores gain on debt restructuring in one of the subsidiaries.

SCHEDULE 2 : OTHER INCOME :—
(Item No. 2, Page 189)

- (a) Income from Investments
- (b) Profit on sale/redemption of current investments
- (c) Profit on sale of capital assets (net of loss on assets sold/scrapped/written off)
- (d) Gain on swaps and cancellation of forward covers/options

	Rupees crores	<i>Previous Year Rupees crores</i>
	317.41	156.21
	26.36	10.66
	10.71	42.14
	83.59	37.73
	<u>438.07</u>	<u>246.74</u>

SCHEDULE 3 : INTEREST :—
(Item No. 6, Page 189)

- 1. Interest on
 - (i) Debentures and Fixed Loans
 - (ii) Others
- Less — Interest capitalised
- 2. Less :
Interest received on sundry advances, deposits, customers' balances etc.

	Rupees crores	Rupees crores	<i>Previous Year Rupees crores</i>
	251.09		163.80
	<u>384.58</u>		<u>48.68</u>
		635.67	212.48
		1.60	4.92
		634.07	207.56
		222.88	45.96
		<u>411.19</u>	<u>161.60</u>

Schedule forming part of the Consolidated profit and loss account

SCHEDULE 4 : MANUFACTURING AND OTHER EXPENSES :— (Item No. 3, Page 189)

	Rupees crores	Rupees crores	<i>Previous Year Rupees crores</i>
1. PURCHASE OF FINISHED, SEMI-FINISHED STEEL AND OTHER PRODUCTS		5953.85	4210.36
2. RAW MATERIALS CONSUMED :			
(a) Opening Stock	753.16 @		646.78
(b) Add — (i) Purchases	2358.27		2000.72
(ii) Cost of raw materials produced	872.61		588.03
	3984.04		3235.53
(c) Less — Closing Stock	766.50		740.13
		3217.54	2495.40
3. PAYMENTS TO AND PROVISION FOR EMPLOYEES :			
(a) Wages and salaries, including bonus	1635.40		1458.23
(b) Company's contributions to provident and other funds	249.57		214.23
		1884.97	1672.46
4. OPERATION AND OTHER EXPENSES :			
(a) Stores and spares consumed	1182.25		755.17
(b) Fuel oil consumed	285.32		160.87
(c) Repairs to buildings	17.26		45.59
(d) Repairs to machinery	698.26		677.87
(e) Relining expenses	87.37		48.68
(f) Conversion charges	668.59		556.78
(g) Purchase of power	1315.39		972.83
(h) Rent	49.58		46.54
(i) Royalty	178.70		172.79
(j) Rates and taxes	65.69		62.69
(k) Insurance charges	40.73		30.25
(l) Commission, discounts and rebates	65.86		80.74
(m) Provision for wealth tax	1.11		1.08
(n) Adjustments relating to previous years (net)	(62.47)		(56.28)
(o) Other expenses [including provision for diminution in the value of investments Rs. 0.10 crore (2005-06 : <i>Rs. 0.02</i> crore) and goodwill written off Rs. 166.95 crores (2005-06 : <i>Rs. 25.33</i> crores)]	1383.09		962.65
		5976.73	4518.25
5. FREIGHT AND HANDLING CHARGES		1508.37	1225.43
6. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES		19.99	14.78
7. EXCISE DUTY		95.53	77.71
		18656.98	14214.39
8. (ACCRETION)/REDUCTION IN STOCKS OF FINISHED AND SEMI-FINISHED PRODUCTS AND WORK-IN-PROGRESS (DEDUCTED)/ADDED :			
(a) Opening Stock	1888.44 #		1489.33 *
(b) Less — Closing Stock	2428.66		1536.33
		(540.22)	(47.00)
		18116.76	14167.39

@ Includes Rs. 13.03 crores for Rawmet Ferrous Industries Pvt. Ltd. and Tata Steel (Thailand) Public Company Ltd. and its subsidiaries that have become subsidiaries during the year.

Includes Rs. 348.36 crores for Tata Steel (Thailand) Public Company Ltd. and its subsidiaries that have become subsidiaries and Rs. 3.75 crores for Tata BlueScope Steel Ltd. that has become joint venture during the year.

* Includes Rs. 46.95 crores for NatSteel Vina Company Ltd. and NatSteel (Xiamen) Ltd. that have become joint venture during that year.

Schedules forming part of the Consolidated balance sheet

SCHEDULE A : SHARE CAPITAL :—
(Item No. 1(a), Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
Authorised :		
1,750,000,000 Ordinary Shares of Rs. 10 each..... <i>(31.3.2006 : 600,000,000 Ordinary Shares of Rs. 10 each)</i>	1750.00	600.00
25,000,000 Cumulative Redeemable Preference Shares of Rs. 100 each <i>(31.3.2006 : 25,000,000 Ordinary Shares of Rs. 100 each)</i>	250.00	250.00
	<u>2000.00</u>	<u>850.00</u>
Issued :		
580,403,477 @ Ordinary Shares of Rs. 10 each <i>(31.3.2006 : 553,403,477 Ordinary Shares of Rs. 10 each)</i>	<u>580.40</u>	<u>553.40</u>
Subscribed :		
579,801,401 @ Ordinary Shares of Rs. 10 each fully paid up <i>(31.3.2006 : 552,801,401 Ordinary Shares of Rs. 10 each)</i> <i>Add — Amount paid up on 389,516 (31.3.2006 : 389,516)</i> Ordinary Shares forfeited	579.80	552.80
	0.20	0.20
	<u>580.00</u>	<u>553.00</u>

@ Excludes **671,455** *(31.3.2006 : 671,455)* Ordinary Shares held by a Subsidiary.

SCHEDULE B : RESERVES AND SURPLUS :—
(Item No. 2, Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
<i>(a)</i> Securities Premium Account	2259.36	829.20
<i>(b)</i> Amalgamation Reserve	1.12	1.12
<i>(c)</i> Debenture Redemption Reserve	646.00	646.00
<i>(d)</i> Capital Redemption Reserve	20.78	20.78
<i>(e)</i> Capital Reserve	15.96	15.96
<i>(f)</i> Capital Reserve (arising on Consolidation)	15.91	11.03
<i>(g)</i> General Reserve	5931.62	4737.46
<i>(h)</i> Investment Allowance (Utilised) Reserve	0.23	0.23
<i>(i)</i> Export Profits Reserve	1.25	1.25
<i>(j)</i> Foreign Currency Translation Reserve	(3.76)	11.01
<i>(k)</i> Contributions for Capital Expenditure	42.65	37.06
<i>(l)</i> Contingency Reserve	100.00	100.00
<i>(m)</i> Debenture Forfeiture Account	0.04	0.04
<i>(n)</i> Special Reserve	23.59	19.64
<i>(o)</i> Profit and Loss Account	4840.39	3298.06
	<u>13895.14</u>	<u>9728.84</u>

Schedules forming part of the Consolidated balance sheet

SCHEDULE C : SECURED LOANS :—

(Item No. 6(a), Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Banks and Financial Institutions	—	63.47
(b) Joint Plant Committee-Steel Development Fund [including funded interest Rs. 230.02 crores (31.3.2006 : Rs. 222.32 crores)]	1650.24	1609.25
(c) Privately Placed Non-Convertible Debentures	175.00	462.50
(d) International Finance Corporation, Washington - A Loan US \$ 100 million equivalent (repayable in foreign currency)	435.35	—
(e) International Finance Corporation, Washington - B Loan US \$ 300 million equivalent (repayable in foreign currency)	1306.05	—
(f) Working Capital Demand Loan/Term Loans from Banks	1116.40	295.28
(g) Cash Credits/Packing Credits from Banks	273.75	72.21
(h) Government of India	0.02	0.02
(i) Assets under lease	4.42	0.66
	4961.23	2503.39

SCHEDULE D : UNSECURED LOANS :—

(Item No. 6(b), Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Fixed Deposits (including interest accrued and due)	24.14	36.94
(b) Housing Development Finance Corporation Ltd.	8.69	12.35
(c) JPY Syndicated ECB Loan - US \$ 495 million equivalent (repayable in foreign currency)	2162.66	—
(d) Japan Bank of International Co-operation and various Financial Institutions (repayable in foreign currency)	112.43	143.62
(e) Canara Bank, London ECB Loan – US \$ 5 million (repayable in foreign currency)	21.77	—
(f) Euro Hermes Loans from Deutsche Bank, Frankfurt (repayable in foreign currency)	10.47	—
(g) JPY Syndicated Standard Chartered Bank Loan - US \$ 750 million equivalent (repayable in foreign currency)	3298.88	—
(h) Loan facility arranged by Standard Chartered Bank - GBP 235 million equivalent (repayable in foreign currency) *	2012.96	—
(i) Syndicated loan facility arranged by Standard Chartered Bank - GBP 90 million equivalent (repayable in foreign currency) *	767.08	—
(j) Syndicated loan facility arranged by Standard Chartered Bank - GBP 65 million equivalent (repayable in foreign currency) *	554.00	—
(k) Syndicated loan facility arranged by Standard Chartered Bank - GBP 200 million equivalent (repayable in foreign currency) *	1704.61	—
(l) Syndicated loan facility arranged by ABN Amro Bank N.V. and Standard Chartered Bank - US \$ 1,780 million equivalent (repayable in foreign currency) *	8122.23	—
(m) Banks and Financial Institutions	1114.18	666.55
(n) Interest Free Loans Under Sales Tax Deferral Scheme	0.52	0.57
(o) Others	49.68	14.01
	19964.30	874.04

* See Note 6 (iii), Page 205

Schedule forming part of the Consolidated balance sheet

SCHEDULE E : FIXED ASSETS :—

(Item No. 10, Page 188)

Rupees crores

Fixed Assets	Land and Roads	Buildings (4)	Lease-hold	Railway Sidings	Plant and Machinery	Furniture, Fixture & Office Equipment (9)	Development of Property (6) & (8)	Vehicles (9)	Intangibles	Total
Gross Block as at 1.4.2006	202.80	1049.26	151.44	114.50	14351.84	150.72	326.09	199.41	84.62	16630.68
	192.63	987.16	10.86	94.71	12334.92	123.79	100.88	199.04	47.69	14091.68
Assets of New Companies (1)	132.03	485.10	10.19	—	1420.45	26.26	—	—	0.86	2074.89
	—	20.52	8.29	—	52.51	6.83	—	1.88	—	90.03
Additions during the year (2),(5)&(7)	55.07	258.28	74.93	2.45	922.23	27.06	57.78	10.45	30.73	1438.98
	10.60	42.40	132.90	20.18	1980.86	21.82	225.21	9.67	36.93	2480.57
Deductions during the year (3)	—	19.10	—	0.03	25.66	1.90	—	14.05	0.03	60.77
	0.43	0.82	0.61	0.39	16.45	1.72	—	11.18	—	31.60
Gross Block as at 31.3.2007	389.90	1773.54	236.56	116.92	16668.86	202.14	383.87	195.81	116.18	20083.78
	202.80	1049.26	151.44	114.50	14351.84	150.72	326.09	199.41	84.62	16630.68
Capital work-in-progress [including advances for capital expenditure Rs. 579.26 crores- (31.3.2006 : Rs. 325.93 crores)]										3326.37
										1357.41
										23410.15
										17988.09
Impaired Assets as at 1.4.2006	92.94	1.25	—	—	—	—	—	—	—	94.19
	96.27	1.25	—	—	—	—	—	—	—	97.52
Impairment during the year	6.22	—	—	—	—	—	—	—	—	6.22
	—	—	—	—	—	—	—	—	—	—
Impairment reversed during the year	—	—	—	—	—	—	—	—	—	—
	(3.33)	—	—	—	—	—	—	—	—	(3.33)
Impaired Assets as at 31.3.2007	99.16	1.25	—	—	—	—	—	—	—	100.41
	92.94	1.25	—	—	—	—	—	—	—	94.19
Accumulated Depreciation upto 1.4.2006	15.54	313.31	3.15	54.41	6428.35	86.11	104.47	69.86	30.60	7105.80
	13.42	271.60	1.85	50.32	5682.54	69.14	31.96	61.70	23.86	6206.39
Accumulated Depreciation of the New Companies (1)	24.85	318.59	—	—	502.49	19.91	—	0.07	0.35	866.26
	—	7.46	—	—	33.39	5.68	—	1.54	—	48.07
Depreciation during the year	2.98	45.52	4.29	5.01	841.10	29.83	56.05	17.32	8.88	1010.98
	1.90	31.22	1.06	4.47	717.27	11.14	72.52	14.06	6.73	860.37
Depreciation on assets written off during the year (including adjustments for transfers) (5)	(4.65)	(51.96)	(4.65)	(2.47)	(52.73)	0.78	—	9.44	0.07	(106.17)
	(0.22)	(3.03)	(0.24)	0.38	4.85	(0.15)	0.01	7.44	(0.01)	9.03
Accumulated Depreciation upto 31.3.2007	48.02	729.38	12.09	61.89	7824.67	135.07	160.52	77.81	39.76	9089.21
	15.54	313.31	3.15	54.41	6428.35	86.11	104.47	69.86	30.60	7105.80
Total Accumulated Depreciation & Impairment upto 31.3.2007	147.18	730.63	12.09	61.89	7824.67	135.07	160.52	77.81	39.76	9189.62
	108.48	314.56	3.15	54.41	6428.35	86.11	104.47	69.86	30.60	7199.99
Net Block as at 31.3.2007	242.72	1042.91	224.47	55.03	8844.19	67.07	223.35	118.00	76.42	10894.16
	94.32	734.70	148.29	60.09	7923.49	64.61	221.62	129.55	54.02	9430.69
Capital work-in-progress [including advances for capital expenditure Rs. 579.26 crores- (31.3.2006 : Rs. 325.93 crores)]										3326.37
										1357.41
										14220.53
										10788.10

- (1) Represents assets and accumulated depreciation of Tata Steel (Thailand) Public Company Ltd. and its subsidiaries, Rawmet Ferrous Industries Private Ltd., Adityapur Toll Bridge Company Ltd., NatSteel (Xiamen) Ltd. and NatSteel Vina Company Ltd., which became subsidiaries and Tata BlueScope Steel Ltd. which became joint venture of the Company. Previous year figures represent assets and accumulated depreciation of TKM Overseas (Europe) GmbH, which became subsidiary and NatSteel (Xiamen) Ltd. and NatSteel Vina Company Ltd., which became joint ventures of the Company during that year.
- (2) Additions include adjustments for inter se transfers.
- (3) Deductions include cost of assets scrapped/sold/surrendered during the year.
- (4) Buildings include Rs. 2.32 crores (31.3.2006 : Rs. 2.32 crores) being cost of shares in Co-operative Housing Societies and Limited Companies.
- (5) Additions and Depreciation includes Rs. 362.99 crores (2005-06 : Rs. 33.17 crores) and Rs. 162.19 crores (2005-06 : Rs. 13.60 crores) respectively for adjustment on account of Foreign Subsidiary Currency Realignment.
- (6) Development of property represents expenditure incurred on development of mines/collieries.
- (7) Rupee liability has decreased by a net amount of Rs. 1.90 crores (2005-06 : net decrease by Rs. 15.27 crores) arising out of realignment of the value of foreign currency loans for procurement of fixed assets. This decrease has been adjusted in the carrying cost of respective fixed assets and has been depreciated over their remaining depreciable life.
- (8) Additions include Rs. 57.57 crores (2005-06 : Rs. 212.52 crores) towards provision for final mines closure expenditure as per the circular dated 8th August, 2003 issued by Indian Bureau of Mines and subsequent clarifications issued under Mineral Conservation & Development (Amendment) Rules 2003 as per Section 18 of the Mines and Minerals (Development and Regulation) Act, 1957. The depreciation for the current year includes Rs. 20.63 crores (2005-06 : Rs. 63.27 crores) on account of amortisation of the same including Rs. 14.57 crores (2005-06 : Rs. 14.14 crores) for earlier years.
- (9) The useful life of Office Equipments, Furniture and Fixtures and Light Vehicles has been revised effective 1st April, 2006. The net written down value of these assets as at 31st March, 2006 is being depreciated over the revised remaining useful life of the assets. As a result of this change, depreciation for the year ended 31st March, 2007 is higher by Rs. 19.84 crores (2005-06 : Nil).

Schedules forming part of the Consolidated balance sheet

SCHEDULE F : INVESTMENTS :— (Item No. 11, Page 188)

	Rupees crores	Rupees crores	As at 31-3-2006 Rupees crores
A. LONG TERM INVESTMENTS (At Cost less provision for diminution in value)			
1. In Associates (See Note 1, Page 202)			
Cost of investment	168.14		448.16
(including Rs. 9.87 crores (31.3.2006 : Rs. 54.85 crores) of Goodwill net of Capital Reserve arising on consolidation)			
Add – Share of post acquisition profit/(loss) (net)	169.41		106.82
		337.55	554.98
2. Others			
(a) Shares (Quoted)		11887.33 *	327.20
(b) Shares (Unquoted)		472.52	472.45
B. CURRENT INVESTMENTS (at lower of cost and fair value)			
(Quoted)			
3. Units in Unit Trust of India	10.21		10.21
4. Others	1.79		1.79
		12.00	12.00
(Unquoted)			
5. Investment in Mutual Funds		3763.46 #	2090.27
6. Others		24.64	22.00
		16497.50	3478.90

* Includes investment of Rs. 11,522.97 crores in Corus Group plc.
(See Note 15, Page 206)

Includes **Rs. 3,262.59** crores (31.3.2006 : Nil) ringfenced for a specific purpose
also see Note 26(c), Page 216.

SCHEDULE G : STOCK-IN-TRADE :— (Item No. 14A(b), Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Finished and semi-finished products produced and purchased by the Company, at lower of cost and net realisable value (including purchased goods-in-transit at cost)	2396.06	1509.22
(b) Work-in-progress (at lower of cost and net realisable value)	32.60	27.11
	2428.66	1536.33
(c) Coal, iron ore and other raw materials produced and purchased by the Company, at lower of cost and net realisable value (including purchased raw materials-in-transit at cost)	766.50	740.13
	3195.16	2276.46

SCHEDULE H : SUNDRY DEBTORS :— (Item No. 14A(c), Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Over six months old	292.73	157.29
(b) Others	1581.82	1135.52
	1874.55	1292.81
Less — Provision for doubtful debts	188.02	74.09
	1686.53	1218.72
Sundry debts, secured and considered good	8.97	0.29
Sundry debts, unsecured and considered good	1677.56	1218.43
Sundry debts, considered doubtful	188.02	74.09
	1874.55	1292.81

Schedules forming part of the Consolidated balance sheet

SCHEDULE I : CASH AND BANK BALANCES :—

(Item No. 14A(e), Page 188)

(a) Cash in hand [including cheques in hand Rs. 129.98 crores (31.3.2006 : Rs. 95.35 crores)]	132.45	100.50
(b) Remittance in transit	69.81	57.80
(c) With Scheduled Banks	7560.86 *	246.48
(d) With Other Banks	3124.84 *	371.97
	10887.96	776.75

* Includes **Rs. 7,225.94** crores (31.3.2006 : Nil) ringfenced for a specific purpose.

SCHEDULE J : LOANS AND ADVANCES :—

(Item No. 14B, Page 188)

(a) Advances with public bodies	380.33	378.63
(b) Other advances	1455.52	685.15
(c) Advance payment against taxes	217.26	158.52
	2053.11	1222.30
Less — Provision for doubtful advances	72.77	84.12
	1980.34	1138.18

Loans and Advances, secured and considered good	0.04	0.04
Loans and Advances, unsecured and considered good	1980.30	1138.14
Loans and Advances, considered doubtful	72.77	84.12
	2053.11	1222.30

SCHEDULE K : CURRENT LIABILITIES :—

(Item No. 15A, Page 188)

(a) Acceptances	2.88	0.96
(b) Sundry creditors :		
(i) For goods supplied	1791.59	1107.66
(ii) For accrued wages and salaries	957.07	672.92
(iii) For other liabilities	2322.61	1246.28
	5071.27	3026.86
(c) Interest accrued but not due	49.81	28.89
(d) Advances received from customers	291.02	205.57
(e) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956		
Due as at 31.3.2007		
(i) Unpaid Dividends	—	—
(ii) Application Money Pending Refund	—	—
(iii) Unclaimed Matured Deposits (♦ Rs. 25,000)	♦	0.01
(iv) Unclaimed Matured Debentures	—	—
(v) Interest Accrued on (i) to (iv) above	0.03	0.06
	0.03	0.07
Not due as at 31.3.2007		
(i) Unpaid Dividends	23.37	21.55
(ii) Application Money Pending Refund	0.01	0.01
(iii) Unclaimed Matured Deposits	2.59	3.80
(iv) Unclaimed Matured Debentures	1.76	3.96
(v) Interest Accrued on (i) to (iv) above	1.45	0.84
	29.18	30.16
	5444.19	3292.51

Schedules forming part of the Consolidated balance sheet

SCHEDULE L : PROVISIONS :— (Item No. 15B, Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Provision for retiring gratuities (See Note 19(d)(3), Page 208)	72.31	13.23
(b) Provision for employee benefits	477.57	—
(c) Provision for taxation	563.99	336.93
(d) Provision for Fringe Benefits Tax	20.33	3.90
(e) Proposed dividends	942.87	718.64
(f) Provision for contingencies	2.50	2.28
	2079.57	1074.98

SCHEDULE M : MISCELLANEOUS EXPENDITURE (to the extent not written off) :— (Item No. 17, Page 188)

	Rupees crores	As at 31-3-2006 Rupees crores
(a) Employee Separation Compensation (See Note 13(a), Page 206) ...	203.19	254.18
(b) Preliminary Expenditure	2.08	1.83
(c) Pre-operative Expenditure	4.50	—
	209.77	256.01

Mumbai, 17th May, 2007

J C BHAM
Company Secretary

Signatures to Schedules 1 to 4 and
A to M and Notes on pages 200 to 216

For and on behalf of the Board

RATANNTATA		Chairman
NUSLI N WADIA	}	Directors
S M PALIA		
SURESH KRISHNA		
ISHAAT HUSSAIN		
JAMSHED J IRANI		
SUBODH BHARGAVA		
B MUTHURAMAN	}	Executive Directors
T MUKHERJEE		
A N SINGH		

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07
1. Principles of Consolidation :

The Consolidated Financial Statements relate to Tata Steel Limited ("the Company") and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis :

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gains/(losses) arising on conversion are recognised under Foreign Currency Translation Reserve.
- Investments in Associate Companies have been accounted under the equity method as per Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India.
- The financial statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2007, except for certain associates (as indicated # below) for which financial statements as on reporting date are not available. These have been consolidated based on last available financial statements.
- The excess of cost to the Company, of its investment in the subsidiary company and joint venture over the Company's portion of equity is recognised in the financial statement as Goodwill.
- The excess of the Company's portion of equity of the subsidiary and joint venture on the acquisition date over its cost of investment is treated as Capital Reserve.
- Minority interest in the net assets of consolidated subsidiaries consists of :
 - a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - b) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- Minority interest's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- Intra-group balances and intra-group transactions and resulting unrealised profits have been eliminated.

The list of subsidiary companies and joint ventures which are included in the consolidation and the Company's holdings therein are as under :

Name of the Company	Ownership in % either directly or through Subsidiaries		Country of Incorporation
	2006-07	2005-06	
Subsidiaries			
Adityapur Toll Bridge Company Ltd. *	55.05	—	India
Bangla Steel & Mining Company Ltd.	100.00	100.00	Bangladesh
Best Bar (VIC) Pty. Ltd.	71.00	71.00	Australia
Best Bar Pty. Ltd.	71.00	71.00	Australia
Burwill Trading Pte. Ltd.	100.00	100.00	Singapore
Easteel Construction Services Pte. Ltd.	100.00	100.00	Singapore
Easteel Services (M) Sdn. Bhd.	100.00	100.00	Malaysia
Eastern Steel Fabricators Philippines, Inc.	67.00	67.00	Philippines
Eastern Steel Services Pte. Ltd.	100.00	100.00	Singapore
Eastern Wire Pte. Ltd.	100.00	100.00	Singapore
Gopalpur Special Economic Zone Ltd.	100.00	—	India
Hooghly Met Coke and Power Company Ltd.	97.99	97.99	India
International Shipping Logistics FZE	51.00	51.00	UAE
Jamshedpur Utilities & Services Company Ltd.	100.00	100.00	India
Kalimati Coal Company Pty. Ltd.	100.00	100.00	Australia
Kalimati Investment Company Ltd.	100.00	100.00	India
Lanka Special Steels Ltd.	100.00	100.00	Sri Lanka
Materials Recycling Pte. Ltd.	100.00	100.00	Singapore
N.T.S. Steel Group Public Company Ltd.	67.51	—	Thailand
NatFerrous Pte. Ltd.	100.00	100.00	Singapore
NatSteel (Xiamen) Ltd. (formerly known as Southern NatSteel (Xiamen) Limited) \$	100.00	50.00	China

**SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR 2006-07 :- continued**

Name of the Company Subsidiaries	Ownership in % either directly or through Subsidiaries		Country of Incorporation
	2006-07	2005-06	
NatSteel Asia (S) Pte. Ltd.	100.00	100.00	Singapore
NatSteel Asia Pte. Ltd.	100.00	100.00	Singapore
NatSteel Australia Pty. Ltd. (formerly known as EW Reinforcement Pty. Ltd.)	100.00	100.00	Australia
NatSteel Equity IV Pte. Ltd.	100.00	100.00	Singapore
NatSteel Middle East FZE	100.00	—	UAE
NatSteel Trade International (Shanghai) Company Ltd.	100.00	60.00	China
NatSteel Trade International Pte. Ltd.	100.00	60.00	Singapore
NatSteel Vina Company Ltd. \$	56.50	33.90	Vietnam
PT Materials Recycling Pte. Ltd.	100.00	100.00	Indonesia
Rawmet Ferrous Industries Pvt. Ltd.	100.00	—	India
Siam Construction Steel Company Ltd.	67.74	—	Thailand
Siam Industrial Wire Company Ltd.	100.00	100.00	Thailand
Siam Iron and Steel (2001) Company Ltd.	67.74	—	Thailand
Sila Eastern Ltd. @	49.00	49.00	Thailand
Tata Incorporated	100.00	100.00	USA
Tata Korf Engineering Services Ltd. (a)	99.99	99.99	India
Tata Refractories Ltd.	71.28	71.28	India
Tata Steel (KZN) (Pty) Ltd.	90.00	—	South Africa
Tata Steel (Thailand) Public Company Ltd. * (formerly known as Millennium Steel Public Company Ltd.)	67.75	—	Thailand
Tata Steel Asia Holdings Pte. Ltd.	100.00	—	Singapore
Tata Steel UK Ltd.	100.00	—	United Kingdom
The Indian Steel and Wire Products Ltd.	91.36	91.36	India
The Tata Pigments Ltd.	100.00	100.00	India
TKM Overseas Transport (Europe) GmbH	51.00	51.00	Germany
TKM Transport Management Services Pvt. Ltd.	51.00	51.00	India
TM International Logistics Ltd.	51.00	51.00	India
TRL Asia Pvt. Ltd.	62.73	71.28	Singapore
TRL China Ltd.	71.28	71.28	China
TS Asia (Hong Kong) Pte. Ltd.	100.00	—	Hong Kong
TS Resources Australia Pty. Ltd.	100.00	—	Australia
Tata Steel Netherlands B.V	100.00	—	Netherlands
Tulip Netherlands (No. 1) B.V	100.00	—	Netherlands
Tulip Netherlands (No. 2) B.V	100.00	—	Netherlands
Tulip UK Holdings (No.1) Ltd.	100.00	—	United Kingdom
Tulip UK Holdings (No. 2) Ltd.	100.00	—	United Kingdom
Tulip UK Holdings (No. 3) Ltd.	100.00	—	United Kingdom
Wuxi Jinyang Metal Products Company Ltd.	95.00	95.00	China
Wuxi NatSteel Metal Products Company Ltd.	95.00	—	China
Joint Ventures			
mjunction Services Ltd. (formerly known as Metaljunction Services Ltd.)	50.00	50.00	India
Tata BlueScope Steel Ltd.	50.00	—	India
Tata Ryerson Ltd.	50.00	50.00	India
The Dhamra Port Company Ltd.	50.00	50.00	India

(a) **2,40,386** Shares (31.3.2006 : 2,40,386 Shares) and **1,59,600** Shares (31.3.2006 : 1,59,600 Shares) of Rs.10/- each in Tata Korf Engineering Services Limited are held by the Company and by Kalimati Investment Company Limited, respectively.

@ Subsidiary on account of management control.

\$ Earlier a Joint Venture, became a subsidiary during the year.

* Earlier an Associate Company, became a subsidiary during the year.

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued

The Associates of the Company and the ownership interest are as follows :

Name of the Company	% Share held	Original Cost of Investment	Goodwill/(Capital Reserve)	Accumulated Profit/(Loss) as at 31.3.2007	Carrying amount of Investments as at 31.3.2007
		Rs. crores	Rs. crores	Rs. crores	Rs. crores
Adityapur Toll Bridge Company Limited (Re.1/-)(a)*	—	—	—	—	—
	49.18	0.35	—	(0.35)	—
Almora Magnesite Limited	39.00	0.78	—	(0.01)	0.77
	39.00	0.78	—	(0.06)	0.72
Indian Steel Rolling Mills Limited (Re.1/-)(a)#	20.56	—	—	—	—
	20.56	—	—	—	—
Industrial Energy Limited (b)	26.00	0.01	—	—	0.01
	—	—	—	—	—
Jamshedpur Injection Powder Limited	30.00	3.38	0.01	9.05	12.43
	30.00	3.38	0.01	7.40	10.78
Kalinga Aquatics Limited (Re.1/-)(a)#	30.00	—	—	—	—
	30.00	—	—	—	—
Kumardhubi Fireclay & Silica Works Limited (Re.1/-)(a)#	27.78	—	—	—	—
	27.78	—	—	—	—
Kumardhubi Metal Casting & Engineering Limited (Re.1/-)(a)#	49.31	—	—	—	—
	49.31	—	—	—	—
Metal Corporation of India Limited (Re.1/-)(a)#	42.05	—	—	—	—
	42.05	—	—	—	—
Tata Steel (Thailand) Public Company Ltd. (formerly known as Millennium Steel Public Company Limited *	—	—	—	—	—
	24.99	279.68	44.98	(1.16)	278.52
Nicco Jubilee Park Limited (Re.1/-)(a)#	21.60	0.35	—	(0.35)	—
	21.60	0.35	—	(0.35)	—
Rujuvalika Investments Limited	24.12	0.60	(0.29)	1.39	1.99
	24.12	0.60	(0.29)	1.00	1.60
Southern Steel, Berhad	27.03	100.13	—	** 28.41	128.54
	27.03	100.13	—	** (11.84)	88.29
Srutech Tubes (India) Private Limited	20.00	—	—	0.05	0.05
	20.00	—	—	0.06	0.06
Steel Asia Development and Management Corporation (Re.1/-)(a)	40.00	—	—	—	—
	40.00	—	—	—	—
Steel Asia Industries, Inc. (Re.1/-)(a)	50.00	—	—	—	—
	50.00	—	—	—	—
Steel Asia Manufacturing Corporation (Re.1/-)(a)	40.00	—	—	—	—
	40.00	—	—	—	—
Tata Construction & Projects Limited (Re.1/-)(a)#	29.66	—	—	—	—
	29.66	—	—	—	—
Tata Metaliks Limited	47.65	16.15	3.29	61.46	77.61
	47.65	16.15	3.29	55.62	71.77
Tata Sponge Iron Limited	39.74	7.20	6.29	64.10	71.30
	39.74	7.20	6.29	59.99	67.19
Tayo Rolls Limited	36.53	3.36	0.03	11.66	15.02
	36.53	3.36	0.03	10.03	13.39
The Tinplate Company of India Limited	31.89	30.09	—	(23.45)	6.64
	31.89	30.09	—	(25.32)	4.77
TKM Overseas Limited	49.00	1.13	—	** 0.14	1.27
	49.00	1.13	—	** 0.15	1.28
TRF Limited	36.32	4.96	0.54	16.96	21.92
	36.32	4.96	0.54	11.65	16.61
Total		168.14	9.87	*** 169.41	*** 337.55
		448.16	54.85	106.82	554.98

* Earlier an Associate Company, became a subsidiary during the year.

** Includes Rs. 4.57 crores gain (2005-06 : Rs. 8.38 crores gain) on account of foreign currency translation.

*** Includes Rs. 6.16 crores adjustment to General Reserve consequent to the adoption of Accounting Standard (AS) 15, Employee Benefits (revised 2005).

(a) The investments in these associates have been reported at Nil value as the Company's share of losses exceeds the carrying amount of investment.

(b) Part of the year

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued

2. Accounting Policies

(a) Basis for Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

(b) Revenue Recognition

- (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.
- (iii) In one subsidiary, the income from services are recognised upon completion of the relevant shipping activities and related services. Income and expenses relating to incomplete voyages are carried forward as voyages-in-progress. Despatch earnings are accounted for on receipt basis.

(c) Employee Benefits

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.
- (iii) Other long-term employee benefits are recognised as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, at the discounting rate.
- (iv) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

(v) Miscellaneous Expenditure

In respect of Employee Separation Scheme (ESS), net present value of the future liability for pension payable is amortised equally over five years or upto financial year ending 31st March, 2010, whichever is earlier.

The increase in the net present value of the future liability for pension payable to employees who have opted for retirement under the Employee Separation Scheme of the Company is charged to the profit and loss account.

(d) 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.

(e) Depreciation

- (I) Capital assets whose ownership does not vest in the Company is depreciated over their estimated useful life 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 or based on estimated useful life whichever is higher. The details of estimated life for each category is as under :
 - (i) Buildings — 30 to 62 years.
 - (ii) Plant and Machinery — 6 to 21 years.
 - (iii) Railway Sidings — 21 years.
 - (iv) Vehicles and Aircraft — 6 to 18 years.
 - (v) Furniture, Fixtures and Office Equipment — 5 to 10 years.
 - (vi) Intangibles (Computer Software) — 5 to 10 years.
 - (vii) Development of property for development of mines and collieries are depreciated over the useful life of the mine or lease period whichever is less, subject to maximum of 10 years.
 - (viii) Blast Furnace relining is depreciated over a period of 10 years (average expected life).
 - (ix) Freehold land is not depreciated.
 - (x) Leasehold land is amortised over the life of the lease.
 - (xi) Roads — 30 to 62 years.

In some subsidiaries, joint ventures and associates depreciation is calculated on written down value basis and intangible assets are amortised over the period for which the rights are obtained. The depreciation charge in respect of these units is not significant in the context of the consolidated financial statements.

In case of certain foreign subsidiaries, the assets are depreciated on a straight line basis over the estimated useful life of the assets.

(f) Foreign Currency Transactions

Foreign Currency Transactions (FCT) and forward exchange contracts used to hedge FCT (including firm commitments and forecast transactions) are initially recognised 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 realised gains and losses on foreign exchange transactions (including option contracts), other than those relating to fixed assets are recognised 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 Currency Translation Reserve Account.

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued

Exchange differences (including arising out of forward exchange contracts) in respect of liabilities incurred to acquire fixed assets prior to 1st April, 2004, are adjusted to the carrying amount of such fixed assets.

(g) 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. Stock-in-Trade has been valued at cost or at available market quotation whichever is lower scripwise. 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.

(h) 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 cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

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.

(i) Relining Expenses

Relining expenses other than expenses on Blast Furnace relining are charged as an expense in the year in which they are incurred.

(j) 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.

(k) Deferred Tax

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

(l) In case of certain subsidiaries, Purchased Goodwill is amortised over a period of 60 months.
3. Contingent Liabilities
(a) Guarantees

The Company has given guarantees aggregating **Rs. 215.56 crores** (31.3.2006 : Rs. 219.56 crores) to banks and financial institutions on behalf of others. As at 31st March, 2007 the contingent liabilities under these guarantees amounted to **Rs. 215.56 crores** (31.3.2006 : Rs. 219.56 crores).

(b) Claims not acknowledged by the Company :

	As at 2006-07 Rs. crores	As at 2005-06 Rs. crores
(i) Excise	194.72	204.91
(ii) Customs	13.66	21.16
(iii) Sales Tax	328.40	299.56
(iv) State Levies	98.92	107.12
(v) Suppliers and Service Contract	92.60	110.59
(vi) Labour Related	32.73	32.01
(vii) Income Tax	65.55	75.49
(viii) Others	30.87	90.40
(c) Claim by a party arising out of conversion arrangement - Rs. 195.82 crores (31.3.2006 : Rs. 195.82 crores). The Company has not acknowledged this claim and has instead filed a claim of Rs. 139.65 crores (31.3.2006 : 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 (31.3.2006 : Rs. 235.48 crores) 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. The Company had 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. The State Government of Orissa moved to Supreme Court against the order of Orissa High Court and the case is pending with Supreme Court. The liability, if it materialises, as on 31.3.2007 would be Rs. 327.63 crores (31.3.2006 : 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 Industrial Tribunal, Ranchi by its award dated 31.3.2006 pronounced on 13.6.2006 held that the contract workers were not engaged by the management of the Company in the permanent and regular nature of work before 11.2.1981 and they are not entitled to permanent employment under the principal employer. The Tata Workers Union has filed SLP against this award in the Supreme Court. The liability, if it materialises, would be to the tune of Rs. 119.35 crores (31.3.2006 : Rs. 106.61 crores).		
(g) Uncalled liability on partly paid shares and debentures Rs. 0.01 crore (31.3.2006 : Rs. 0.01 crore).		
(h) Bills discounted Rs. 386.69 crores (31.3.2006 : Rs. 387.36 crores).		
(i) Cheques discounted : Amount indeterminate.		

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued

4. The Indian Steel and Wire Products Limited, a subsidiary, was declared a sick industrial company within the meaning of Section 3(i)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (hereinafter referred to as 'SICA'). The Board for Industrial and Financial Reconstruction (BIFR) sanctioned a scheme vide its Order dated 22nd October, 2003, 21st November, 2003 and 18th December, 2003 for rehabilitation of the Company by takeover of its management by Tata Steel Limited.

The significant notes appearing in the accounts of The Indian Steel and Wire Products Limited are given below :

As per clause 6.12 (xiii) of BIFR order dated 21st November, 2003, all liabilities not disclosed in the audited balance sheet for the year ended 31st March, 2002 including notes on accounts as then would be the personal responsibility of the erstwhile promoters to discharge. In view of the above, the following liabilities, which were not disclosed in the said balance sheet including the notes on accounts, have not been provided for or recognised in the accounts for financial year 2003-04, 2004-05, 2005-06 as well as accounts for financial year 2006-07.

Particulars	Rs. crores
Show cause notices/Demand raised by Central Excise Authorities (Under Appeal)	3.41
The Sales Tax Assessment is pending from the year 1998-99 onwards.	
Additional liability, if any, for pending assessment has not been ascertained (Under Appeal)	4.77
Employee State Insurance demand (Under Appeal)	1.49
Gratuity for ex-employees	0.73
Leave liability for ex-employees	0.33
Labour court cases	0.01
Income tax demand (Under Appeal)	3.05
Railway dues	0.04
Power dues	6.21
Liability for loan for Learjet Aircraft purchase	1.49
Wealth tax	3.90

The items indicated above are not exhaustive and any other liability, which may come to the notice of the present management also would be the personal liability of the erstwhile promoters.

5. Hoogly Met Coke and Power Company Ltd., a subsidiary has entered into an agreement with Tata Power Company Ltd. (TPCL) for the sale on "as is where is" basis of its undertaking earmarked for the creation of the Power Plant facility at Haldia. Pending fulfillment and completion of all formality relating to the transfer and assignment, amounts received from TPCL for transfer of assets aggregating to **Rs. 64.38** crores has been included in Current Liabilities.
6. (i) The Company and its subsidiaries has given undertakings to (a) IDBI, IFCI, IIBI and State Bank of Patiala 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 and Bank of America 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 Met Coke and Power Co. Ltd., (g) IL&FS Trust Company Ltd. not to transfer, dispose off, assign, charge or lien or in any way encumber its holding in Taj Air 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 seven 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. (ii) The Promoters' (i.e. L & T Infrastructure Development Projects Ltd. and Tata Steel Ltd.) combined investments in The Dhamra Port Company Ltd., (DPCL) representing 51% of DPCL's paid-up equity share capital are pledged with IDBI Trusteeship Services Ltd. (iii) In respect of loans taken by Tata Steel Asia Holdings Pte. Limited and Tulip UK Holdings (No. 1) Limited, the conditions of the loan agreements entered into by the respective companies with the consortium of lenders require that Tata Steel Limited continues to own legally and beneficially (directly or indirectly) all issued shares of the respective companies.
7. 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, 2007.
8. 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 was proposed to be incurred during the financial years 2006-07 and 2007-08 and the expenses to be recognised in the books of the Company based on the periodical expenditure statements received from the State Government. As per the confirmation received from the State Government of Jharkhand no expenditure in this regard has been incurred till 31st March, 2007.
9. 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.
10. NatSteel Asia Pte. Ltd. and its subsidiaries (The NSA Group) has a quoted equity investment, including Irredeemable Convertible Unsecured Loan Stocks in an associated company, Southern Steel Berhad ("SSB") which is stated in the financial statements at a carrying value of S\$44,825,000. The carrying value is arrived at after accounting for its share of results in SSB's profit after tax and minority interest and translation gain of S\$12,673,000 and S\$138,000 respectively for the financial year ended 31st March, 2007. The figures used for equity accounting of SSB's results for the financial year from 1st April, 2006 to 31st March, 2007 used for the purpose of consolidation are unaudited and are prepared under the Financial Reporting Standards in Malaysia.
11. The notes to the accounts of Tata Korf Engineering Services Limited (TKES), a subsidiary, state that : The accumulated losses of the Company as at 31st March, 2007 exceed its paid up Share Capital. The Company has practically closed its operations. Pending the preparation of a scheme, the financial statements have been prepared on a "going concern" basis. The report of the auditors to the members of TKES contains an audit qualification on this account.

Tata Korf Engineering Services Ltd. has a negative net worth as on 31.3.2007 of **Rs. 7.85** crores (31.3.2006 : Rs. 7.75 crores).

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued
12. Fixed Assets

- a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for : **Rs. 3,495.19** crores (31.3.2006 : Rs. 2,616.49 crores).
- b) The Company has taken certain Plant and Machinery on finance lease, having an aggregate cost of **Rs. 3.79** crores (31.3.2006 : Rs. 4.51 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. 0.62** crore (2005-06 : Rs. 1.19 crores). The break up of total minimal lease payments due as on 31st March, 2007 and their corresponding present value are as follows :

Period	2006-07		2005-06	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Not later than one year	0.62	0.59	0.61	0.57
Later than one year but not later than five years	1.31	1.04	2.09	1.54
Later than five years	—	—	—	—
Total	1.93	1.63	2.70	2.11

In NatSteel Asia Pte. Ltd. and Tata Steel (Thailand) Public Company Ltd., being subsidiaries, the future minimum lease payments under non-cancellable operating lease are (i) Not later than one year **Rs. 26.12** crores (31.3.2006 : Rs. 19.70 crores); (ii) Later than one year but not later than five years **Rs. 87.17** crores (31.3.2006 : Rs. 48.58 crores); (iii) Later than five years **Rs. 196.52** crores (31.3.2006 : Rs. 174.53 crores). The total charge to the profit and loss account for the period is **Rs. 20.00** crores (2005-06 : Rs. 17.10 crores). The future minimum lease payments under finance lease for later than one year but not later than five years is **Rs. 4.42** crores (31.3.2006 : Rs. 0.66 crore).

13. Profit and Loss Account

- a) i) 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. 46.86** crores (31.3.2006 : Rs. 144.15 crores) in respect of schemes introduced during the year.
- ii) The amounts payable within one year under the ESS aggregate to **Rs. 225.97** crores (31.3.2006 : Rs. 245.97 crores).
- iii) The amount shown under Miscellaneous Expenditure on ESS account, represents the balance amount to be amortised over five years or upto the financial year ending 31st March, 2010, whichever is earlier.
- b) The manufacturing and other expenses and depreciation shown in the profit and loss account include **Rs. 25.74** crores (2005-06 : Rs. 20.00 crores) and **Rs. 1.11** crores (2005-06 : Rs. 0.84 crore) respectively in respect of Research and Development activities undertaken during the year.

14. Tata Steel (Thailand) Public Company Limited and its subsidiaries, Tata Steel Asia Holdings Pte. Limited and its subsidiaries, Tata Steel (KZN) (Pty) Limited, TS Asia (Hong Kong) Pte. Limited, TS Resources Australia Pty. Limited, NatSteel Middle East FZE, Gopalpur Special Economic Zone Limited, Adityapur Toll Bridge Company Limited, Rawmet Ferrous Industries Private Limited and Wuxi NatSteel Metal Products Company Limited became subsidiaries of the Company during the year. The financial position and results of these subsidiaries are given below:

	Tata Steel (Thailand) Public Company Ltd. and its Subsidiaries	Tata Steel Asia Holdings Pte. Ltd. and its Subsidiaries	Tata Steel (KZN) (Pty.) Ltd.	Gopalpur Special Economic Zone Ltd.	Rawmet Ferrous Industries Pvt. Ltd.	TS Asia (Hong Kong) Pte. Ltd. *	TS Resources Australia Pty. Ltd. *	NatSteel Middle East FZE *	Adityapur Toll Bridge Company Ltd.	Wuxi NatSteel Metal Products Company Ltd. *
FUNDS EMPLOYED										
Share Capital	1,129.59	0.72	85.69	1.00	30.60	—	—	1.27	0.84	2.56
Warrants	17.46	—	—	—	—	—	—	—	—	—
Reserves & Surplus	275.38	(234.30)	(1.92)	—	0.15	7.75	0.03	—	—	(0.02)
Secured Loans	661.93	—	48.04	—	56.15	—	—	—	—	—
Unsecured Loans	62.65	13,160.88	15.96	—	—	—	—	—	—	—
Deferred Tax Liability	(3.23)	—	—	—	—	—	—	—	—	—
Minority Interest	1.16	—	—	—	—	—	—	—	—	—
Current Liabilities	138.03	2,249.65	33.38	0.04	6.36	107.87	21.26	0.29	0.33	—
Provisions	16.79	—	—	—	0.09	1.64	—	—	—	—
APPLICATION OF FUNDS										
Fixed Assets	1,291.72	—	158.02	—	75.91	0.03	—	0.15	1.04	—
Investments	—	11,522.97	2.64	—	—	—	—	—	—	—
Purchased Goodwill	100.99	—	—	—	—	—	—	—	—	—
Current Assets	870.85	3,032.71	0.80	1.00	3.59	95.63	21.29	1.05	0.09	2.54
Loans & Advances	36.20	621.27	19.69	—	13.68	21.60	—	—	—	—
Miscellaneous Expenditure (to the extent not written off)	—	—	—	0.04	0.17	—	—	—	0.04	—
Profit & Loss Account	—	—	—	—	—	—	—	0.36	—	—
INCOME										
Sale of products and other services	2,586.98	—	—	—	—	199.62	99.33	0.45	—	—
Other Income	—	0.90	0.35	—	—	—	—	—	—	—
EXPENSES										
Manufacturing and other expenses	2,297.52	110.51	8.93	—	—	189.39	99.34	—	—	—
Depreciation	87.64	—	0.28	—	—	—	—	—	—	—
Interest	43.74	124.31	(0.02)	—	—	(0.03)	(0.04)	(0.01)	—	—
Exp. trfd. to capital & other accounts	—	—	(6.69)	—	—	—	—	—	—	—
PROFIT / (LOSS) FOR THE YEAR	158.08	(233.92)	(2.15)	—	—	10.26	0.03	0.46	—	—

* Subsidiary of NatSteel Asia Pte. Ltd.

15. a) Tata Steel UK Limited (Tata Steel UK), a wholly owned subsidiary of the Company, through open market purchased 20.66% shares of Corus Group plc (Corus) on 31st January, 2007 and additional 2.18% during February 2007.
- b) The Company, through Tata Steel UK, acquired Corus through a Scheme of Arrangement approved by the shareholders of Corus and sanctioned by the Honorable Court of Justice, England and Wales on 2nd April, 2007.
- c) The financial statements of Corus for the period from 31st January, 2007 to 31st March, 2007 have not been considered for consolidation as Tata Steel Limited did not have "significant influence" or "control" having regard to the provisions of the UK Takeover Code and the Scheme.

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued

16. For the following companies unaudited Financial Statements have been considered for consolidation:
PT Materials Recycling Pte. Ltd., Eastern Steel Fabricators Philippines, Inc., Wuxi NatSteel Metal Products Co. Ltd., NatSteel Trade International (Shanghai) Company Ltd., Easteel Services (M) Sdn. Bhd., Tata Steel Netherlands B.V, Tulip Netherlands (No. 1) B.V and Tulip Netherlands (No. 2) B.V.
17. In one subsidiary, in terms of the Licence Agreement dated 29.1.2002 with Board of Trustees for the Port of Kolkata, the subsidiary is required to invest in equipment and infrastructure as follows :

Sl. No.	Purpose of Investment	Phasing of Investment (Rs. crores)			
		Within 18 months	Within 24 months	Within 36 months	Total
1.	For Procurement of Equipment for ship to shore handling & vice versa and horizontal transfer of cargo	23.06	2.85	—	25.91
2.	Storage of cargo	—	1.74	1.20	2.94
3.	Office building, workshop etc.	—	0.75	0.25	1.00
4.	Utility Services	—	0.22	—	0.22
	Total	23.06	5.56	1.45	30.07

As at 31st March, 2007 the subsidiary's investments in equipments and infrastructure aggregate to **Rs. 25.80** crores. The management of the subsidiary company has requested the Port Trust Authorities for suitable modification to the investment obligation in view of the changes in the business and economic scenario. The Port Trust Authorities have, subject to sanction of Central Government approved the changes proposed by the subsidiary in the specifications of the equipments and other required infrastructure.

18. The Company has the following joint ventures as on 31st March, 2007 and its percentage holding is given below :

Name of the Joint Venture	% holding
Tata Ryerson Limited	50.00
mjunction Services Limited	50.00
The Dhamra Port Company Limited	50.00
Tata BlueScope Steel Limited	50.00

The proportionate share of assets, liabilities, income and expenditure of the above joint venture companies included in these consolidated financial statements are given below :

	2006-07 Rs. crores	2005-06* Rs. crores
ASSETS		
Net Block (including Capital WIP)	239.90	111.33
Investments	34.94	24.08
Current Assets	201.39	197.01
Loans & Advances	103.76	28.58
Miscellaneous Expenditure	0.08	0.08
	580.07	361.08
LIABILITIES		
Reserves & Surplus	39.72	38.19
Secured Loans	43.94	55.15
Unsecured Loans	20.00	13.35
Deferred Tax Liability	3.16	4.34
Current Liabilities	93.24	90.11
Provisions	17.33	3.99
	217.39	205.13
INCOME		
Sale of products and services	582.75	660.72
Other Income	1.61	0.82
	584.36	661.54
EXPENSES		
Manufacturing and Other expenses	548.47	626.52
Depreciation	10.22	5.52
Expenditure transferred to capital and other accounts	(2.41)	(0.56)
Interest	3.72	4.00
Taxes – Current Tax	13.46	9.61
– Deferred Tax	(0.97)	(0.23)
– Fringe Benefits Tax	0.41	0.28
	572.90	645.14

Name of the Joint Venture Company	Contingent Liabilities Rs. crores	Capital Commitment Rs. crores
Tata Ryerson Limited (incorporated in India)	7.90	4.06
mjunction Services Limited (incorporated in India)	33.09	2.71
	0.37	—
	—	0.11
The Dhamra Port Company Limited (incorporated in India)	—	534.72
	—	—
Tata BlueScope Steel Limited (incorporated in India)	—	5.78
	—	—

* Includes NatSteel (Xiamen) Limited and NatSteel Vina Company Limited which were joint ventures in the previous year and became subsidiaries during the year.

**SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR 2006-07 :- continued**
19. Employee Benefits

- a) The Institute of Chartered Accountants of India has deferred the date of applicability of Accounting Standard (AS) 15, Employee Benefits (revised 2005). As early application of the Standard was encouraged, the Group adopted Accounting Standard (AS) 15 (revised 2005) on Employee Benefits effective 1st April, 2006. Consequent to the adoption, an amount of **Rs. 329.00** crores (net of deferred tax, **Rs. 162.29** crores) has been adjusted against General Reserves as at 1st April, 2006, in accordance with the transitional provision in the Standard.

Benefit	Rs. crores	
	Reserves	Deferred Tax
	Debit / (Credit)	Debit / (Credit)
Short Term Benefits:		
Leave (other than furlough leave)	110.78	(54.81)
Post Employment Benefits – Funded Defined Benefit Plans:		
Retiring Gratuity	(4.42)	2.01
Post Employment Benefits – Unfunded Defined Benefit Plans:		
Post Retirement Medical Benefits	311.67	(157.61)
Severance Payment	5.79	—
Pensions to Directors	8.49	(4.32)
Farewell Gifts on Retirement	2.48	(1.27)
Packing and Transportation Costs on Retirement	3.38	(1.71)
Long Term Benefits:		
Furlough (Long service) Leave	(2.57)	1.34
Long Service Awards	3.79	(1.93)
Loyalty Bonus	2.63	(1.31)
Termination Benefits:		
Employees Separation Compensation	(104.95)	53.23
Employees Family Benefit Scheme	(8.07)	4.09
Total	329.00	(162.29)

- b) An amount of Rs. 147.00 crores has been recognised in the profit and loss account under the following defined contribution plans:

Defined Contribution Plan	Rs. crores
Provident Fund	93.64
Superannuation Fund	25.97
Employees Pension Scheme / Coal Mines Pension Scheme	19.35
TISCO Employees Pension Scheme	8.02
ESI	0.02
Total	147.00

- c) Post retirement defined benefit plans operated are as follows:

- a. Funded
i. Post Retirement Gratuity
- b. Unfunded
i. Post Retirement Medical Benefits
ii. Pensions to Directors
iii. Farewell Gifts
iv. Packing and Transportation Cost on Retirement

- d) Details of the post retirement gratuity plan are as follows:

Description	Rs. crores
1. Reconciliation of opening and closing balances of obligation	
a. Obligation as at 1.4.2006	661.15
b. Current Service Cost	26.74
c. Interest Cost	49.54
d. Actuarial (Gain)/Loss	57.82
e. Exchange rate variation	1.94
f. Benefits Paid	(57.50)
g. Obligation as at 31.3.2007	739.69
The defined benefit obligation as at 31.3.2007 is funded except in the case of Hooghly Met Coke and Power Company Ltd., Tata BlueScope Steel Ltd., mjunction Services Ltd. and NatSteel Asia Pte. Ltd.	
2. Change in Plan Assets (Reconciliation of opening & closing balances)	
a. Fair Value of Plan Assets as at 1.4.2006	646.42
b. Expected return on Plan Assets	50.04
c. Actuarial Gain/(Loss)	(18.90)
d. Contributions	43.07
e. Benefits Paid	(57.50)
f. Fair Value of Plan Assets as at 31.3.2007	663.13
3. Reconciliation of fair value of assets and obligations	
a. Fair Value of Plan Assets as at 31.3.2007	663.13
b. Present Value of Obligation as at 31.3.2007	(739.69)
c. Amount recognised in the Balance Sheet :	(76.56)
Provisions	Rs. 72.31 crores
Current Liabilities	Rs. 5.00 crores
Current Assets	Rs. (0.75) crore

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued

Description	Rs. crores	
4. Expense recognised during the year		
a. Current Service Cost		26.74
b. Interest Cost		49.54
c. Expected return on Plan Assets		(50.04)
d. Actuarial (Gain)/Loss		76.72
e. Exchange rate variation		1.94
f. Expense recognised during the year		104.90
The expense is disclosed in the line item – Payments to & Provisions for Employees (Company's contribution to provident & other funds)		
5. Investment Details	% invested 31.3.2007	% invested 1.4.2006
a. GOI Securities	18.28	16.36
b. Public Sector Unit Bonds	35.90	37.33
c. State / Central Guaranteed Securities	7.38	8.25
d. Special Deposit Schemes	29.22	31.18
e. Private Sector Bonds	2.52	2.74
f. Others (including bank balances)	6.70	4.14
	100.00	100.00
6. Assumptions	31.3.2007	1.4.2006
a. Discount Rate (per annum)	8.25%	7.50%
b. Estimated Rate of return on Plan Assets (per annum)	8.00%	7.50%
c. Rate of Escalation in Salary (per annum)	5-10%	5.00%

The basis used to determine overall expected rate of return on assets and the effect on major categories of plan assets is as follows:
The major portions of the assets are invested in PSU bonds and Special Deposits. Based on the asset allocation and prevailing yield rates on these asset classes, the long term estimate of the expected rate of return on the fund assets have been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

e) Details of unfunded post retirement defined benefit obligations are as follows:

Description	Rs. crores	
	Medical	Others
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at 1.4.2006	469.38	30.90
b. Current Service Cost	5.96	1.21
c. Interest Cost	36.63	0.62
d. Actuarial (Gain)/Loss	(20.62)	1.46
e. Currency re-alignment	—	—
f. Exchange rate variation	—	—
g. Benefits Paid	(29.63)	(0.01)
h. Obligation as at 31.3.2007	461.72	34.18
2. Expense recognised during the year		
a. Current Service Cost	5.96	1.21
b. Interest Cost	36.63	0.62
c. Exchange rate variation	—	—
d. Actuarial (Gain)/Loss	(20.62)	1.46
e. Expense recognised during the year	21.97	3.29
The net charge is disclosed under the line item — Other Expenses.		
3. Assumptions		
a. Discount rate (per annum) on 1.4.2006	7.50%	7.50%
b. Discount rate (per annum) on 31.3.2007	8.25%	8.25%
c. Medical Costs Inflation Rate	5.00%	—
d. Average Medical Cost (Rs. / person) on 1.4.2006	1800.00	—
e. Average Medical Cost (Rs. / person) on 31.3.2007	1970.00	—
f. Effect of 1% change in health care cost, on		
– aggregate current service and interest cost	Increase (6% p.a.) 0.26	Decrease (4% p.a.) (0.20)
– closing balance of obligation	60.01	(53.11)

f) The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.

g) The charge to the profit and loss account for the year ended 31st March, 2007 would have been higher / lower by the following amounts had the basis been the same as that in the year ended 31st March, 2006.

Benefit	Rs. crores	
	Higher	Lower
Short Term Benefits:		
Leave (other than furlough leave)	4.63	—
Post Employment Benefits – Funded Defined Benefit Plans:		
Retiring Gratuity	—	2.06
Post Employment Benefits – Unfunded Defined Benefit Plans:		
Retirement Benefit/Severance Payment	10.24	—
Post Retirement Medical Benefits	11.08	—
Pensions to Directors	—	0.54
Farewell Gifts on Retirement	—	0.14
Packing and Transportation Costs on Retirement	—	3.64
Long Term Benefits:		
Furlough (Long service) Leave	0.06	—
Long Service Awards	0.36	—
Loyalty Bonus	0.62	—
Termination Benefits:		
Employees Separation Compensation	0.01	—
Total	27.00	6.38

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued
20. Information about Primary Business Segments

Particulars	Business Segments			Unallocable Rs. crores	Eliminations Rs. crores	Total Rs. crores
	Steel Rs. crores	Ferro Alloys and Minerals Rs. crores	Others Rs. crores			
Revenue :						
Total External Sales	21,340.93	1,317.63	2,554.75	—	—	25,213.31
	17,112.87	1,310.06	1,899.21	—	—	20,322.14
Add : Inter segment sales	1,297.24	254.83	500.65	—	—	2,052.72
	644.49	113.71	395.83	—	—	1,154.03
Total Revenue	22,638.17	1,572.46	3,055.40	—	—	27,266.03
	17,757.36	1,423.77	2,295.04	—	—	21,476.17
Less : Inter segment sales	1,297.24	254.83	500.65	—	—	2,052.72
	644.49	113.71	395.83	—	—	1,154.03
Total Sales	21,340.93	1,317.63	2,554.75	—	—	25,213.31
	17,112.87	1,310.06	1,899.21	—	—	20,322.14
Segment result before interest, exceptional items and tax	5,991.69	571.15	76.35	327.52	(89.47)	6,877.24
	4,828.54	572.52	193.58	174.21	(38.07)	5,730.78
Less : Interest (See Schedule 3, Page 192)						411.19
						161.60
Profit before Exceptional items and tax						6,466.05
						5,569.18
Exceptional items						
Less : Employee Separation Compensation (See Note 13(a), Page 206)						153.03
						54.20
Profit before Tax						6,313.02
						5,514.98
Taxes						2,147.41
						1,793.91
Profit after Taxes						4,165.61
						3,721.07
Segment Assets	18,925.49	610.30	6,037.09	9,866.20	(2,521.93)	32,917.15
	14,860.95	328.88	1,510.96	673.01	(460.16)	16,913.64
Segment Liabilities	4,419.59	235.09	3,019.31	1,620.07	(1,770.30)	7,523.76
	2,798.97	139.53	363.01	1,186.34	(120.36)	4,367.49
Total Cost incurred during the year to acquire segment assets	2,533.65	271.42	632.96	—	(30.09)	3,407.94
	1,635.07	11.84	285.77	—	5.93	1,938.61
Segment Depreciation	961.78	15.65	33.55	—	—	1,010.98
	823.71	14.07	22.59	—	—	860.37
Non-Cash Expenses other than depreciation	191.58	3.42	2.78	65.20	—	262.98
	42.74	(0.61)	2.83	4.98	—	49.94

**SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR 2006-07 :- continued**

Information about Secondary Segments : Geographical	2006-07	<i>2005-06</i>
	Rs. crores	<i>Rs. crores</i>
Revenue by Geographical Market		
India	16,085.80	<i>13,715.09</i>
Outside India	9,127.51	<i>6,607.05</i>
	25,213.31	<i>20,322.14</i>
Additions to Fixed Assets and Intangible Assets		
India	2,692.98	<i>1,817.77</i>
Outside India	714.96	<i>120.84</i>
	3,407.94	<i>1,938.61</i>
	As at	<i>As at</i>
	31.3.2007	<i>31.3.2006</i>
	Rs. crores	<i>Rs. crores</i>
Carrying Amount of Segment Assets		
India	22,636.43	<i>14,686.26</i>
Outside India	10,280.72	<i>2,227.38</i>
	32,917.15	<i>16,913.64</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 Business. Other business segments comprises of Tubes, Bearings, Refractories, Pigments, Port operations, Municipal services and Investment activities.
- (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 :	As at	<i>As at</i>
	31.3.2007	<i>31.3.2006</i>
	Rs. crores	<i>Rs. crores</i>
Investments	16,245.01	<i>3,261.43</i>
Miscellaneous Expenditure	209.77	<i>256.01</i>
Goodwill on consolidation	40.37	<i>12.24</i>
Purchased Goodwill	179.29	<i>101.76</i>
	16,674.44	<i>3,631.44</i>
Total Unallocable Liabilities exclude :		
Secured Loans	4,961.23	<i>2,503.39</i>
Unsecured Loans	19,964.31	<i>874.04</i>
Provision for Employee Separation Compensation	1,118.30	<i>1,402.56</i>
Deferred Tax Liability (Net)	785.94	<i>992.18</i>
Minority Interest	598.39	<i>123.57</i>
	27,428.17	<i>5,895.74</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 N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR 2006-07 :- continued**
21. Related Party Disclosures
(a) List of Related Parties and Relationships

Party	Relationship
A. Almora Magnesite Ltd. Indian Steel Rolling Mills Ltd. Industrial Energy Ltd. * Jamsshedpur Injection Powder Ltd. Kalinga Aquatics Ltd. Kumardhubi Fireclay & Silica Works Ltd. Kumardhubi Metal Casting & Engineering Ltd. Metal Corporation of India Ltd. Nicco Jubilee Park Ltd. Rujvalika 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. The Tinplate Company of India Ltd. TKM Overseas Ltd. TRF Ltd.	Associate — Where the Company exercises significant influence
B. mjunction Services Ltd. (formerly known as Metaljunction Services Limited) Tata BlueScope Steel Ltd. * Tata Ryerson Ltd. The Dhamra Port Company Ltd.	Joint Venture
C. Tata Sons Ltd.	Promoters' holding together with its Subsidiaries is more than 20%
D. Key Management Personnel Mr. B. Muthuraman Dr. T. Mukherjee Mr. A.N. Singh	Whole Time Director
E. Relatives of Key Management Personnel Ms. Sumathi Muthuraman Ms. Shuvra Mukherjee Ms. Ipshita Kamra	Relative of Whole Time Director

* Part of the year.

**SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR 2006-07 :- continued**
21. (b) Related Party Transactions

Rs. crores

Transactions	Associates & JVs #	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
Purchase of Goods					
Jamshedpur Injection Powder Ltd.	43.65	—	—	—	43.65
	37.92	—	—	—	37.92
Tayo Rolls Ltd.	38.47	—	—	—	38.47
	22.36	—	—	—	22.36
TRF Ltd.	12.71	—	—	—	12.71
	42.96	—	—	—	42.96
Others	0.69	—	—	—	0.69
	86.84	—	—	—	86.84
	95.52	—	—	—	95.52
	190.08	—	—	—	190.08
Sale of Goods					
Southern Steel, Berhard	962.29	—	—	—	962.29
	584.64	—	—	—	584.64
Tata Ryerson Ltd.	655.35	—	—	—	655.35
	475.38	—	—	—	475.38
Others	235.31	—	—	—	235.31
	274.80	—	—	—	274.80
	1,852.95	—	—	—	1,852.95
	1,334.82	—	—	—	1,334.82
Receiving of Services					
Tata Ryerson Ltd.	83.72	—	—	—	83.72
	75.95	—	—	—	75.95
The Tinplate Company of India Ltd.	222.72	—	—	—	222.72
	166.15	—	—	—	166.15
Others	17.02	0.02	0.02	1.00	18.06
	9.60	0.02	0.02	0.28	9.92
	323.46	0.02	0.02	1.00	324.50
	251.70	0.02	0.02	0.28	252.02
Rendering of Services					
The Tinplate Company of India Ltd.	34.24	—	—	—	34.24
	34.58	—	—	—	34.58
Others	15.55	—	—	0.14	15.69
	13.00	—	—	0.06	13.06
	49.79	—	—	0.14	49.93
	47.58	—	—	0.06	47.64
Purchase of Fixed Assets					
TRF Ltd.	27.61	—	—	—	27.61
	2.33	—	—	—	2.33
	27.61	—	—	—	27.61
	2.33	—	—	—	2.33
Leasing or Hire Purchase Agreements					
Tata Ryerson Ltd.	—	—	—	—	—
	0.08	—	—	—	0.08
	—	—	—	—	—
	0.08	—	—	—	0.08
Dividend and Fraction Bonus amount paid to Shareholders					
Tata Sons Ltd.	—	—	—	144.64	144.64
	—	—	—	142.44	142.44
Others	—	*	**	—	—
	1.52	***	****	—	1.52
	—	*	**	144.64	144.64
	1.52	***	****	142.44	143.96
Dividend Income					
mjunction Services Ltd.	4.00	—	—	—	4.00
	2.20	—	—	—	2.20
Tata Metaliks Ltd.	7.08	—	—	—	7.08
	7.08	—	—	—	7.08
The Tinplate Company of India Ltd.	13.01	—	—	—	13.01
	—	—	—	—	—
Others	6.43	—	—	—	6.43
	8.90	—	—	—	8.90
	30.52	—	—	—	30.52
	18.18	—	—	—	18.18
Interest Expense					
Southern Steel, Berhard	0.04	—	—	—	0.04
	—	—	—	—	—
	0.04	—	—	—	0.04
	—	—	—	—	—

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued
21. (b) Related Party Transactions

Transactions	Associates & JVs #	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Rs. crores
					Total
Interest Income					
Southern Steel, Berhard	1.70	—	—	—	1.70
Others	—	—	—	—	—
	1.02	—	—	—	1.02
	1.70	—	—	—	1.70
	1.02	—	—	—	1.02
Management Contracts including deputation of employees					
Tata Sons Ltd.	—	—	—	37.85	37.85
	—	—	—	32.62	32.62
	—	—	—	37.85	37.85
	—	—	—	32.62	32.62
Finance Provided (including loans and equity contributions in cash or in kind)					
Tata BlueScope Steel Ltd.	231.00	—	—	—	231.00
	—	—	—	—	—
The Dhamra Port Company Ltd.	40.25	—	—	—	40.25
	53.74	—	—	—	53.74
Others	0.64	—	—	—	0.64
	4.88	—	—	0.65	5.53
	271.89	—	—	—	271.89
	58.62	—	—	0.65	59.27
Unsecured Advances / Deposits accepted					
Tata Ryerson Ltd.	0.06	—	—	—	0.06
	—	—	—	—	—
Others	—	—	—	—	—
	0.09	—	—	1.03	1.12
	0.06	—	—	—	0.06
	0.09	—	—	1.03	1.12
Remuneration Paid					
Mr. B. Muthuraman	—	2.48	—	—	2.48
	—	2.20	—	—	2.20
Dr. T. Mukherjee	—	1.98	—	—	1.98
	—	1.75	—	—	1.75
Mr. A.N. Singh	—	1.41	—	—	1.41
	—	1.34	—	—	1.34
	—	5.87	—	—	5.87
	—	5.29	—	—	5.29
Provision for Receivables made during the year					
The Tinsplate Company of India Ltd.	0.52	—	—	—	0.52
	—	—	—	—	—
TRF Ltd.	0.08	—	—	—	0.08
	0.01	—	—	—	0.01
Others	0.01	—	—	—	0.01
	0.04	—	—	—	0.04
	0.61	—	—	—	0.61
	0.05	—	—	—	0.05
Bad Debts written off during the year					
TRF Ltd.	****	—	—	—	—
	0.02	—	—	—	0.02
Others	—	—	—	—	—
	0.16	—	—	—	0.16
	****	—	—	—	—
	0.18	—	—	—	0.18
Guarantees Outstanding					
The Tinsplate 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

**SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR 2006-07 :- continued**

21. (b) Related Party Transactions

Rs. crores

Transactions	Associates & JVs #	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
Outstanding Receivables					
Southern Steel, Berhard	49.77 <i>0.37</i>	—	—	—	49.77 <i>0.37</i>
Tata Ryerson Ltd.	39.38 <i>18.28</i>	—	—	—	39.38 <i>18.28</i>
The Tinplate Company of India Ltd.	25.62 <i>16.32</i>	—	—	—	25.62 <i>16.32</i>
Others	25.93 <i>45.44</i>	0.01 <i>0.01</i>	0.01 <i>0.01</i>	2.60 <i>2.60</i>	28.55 <i>48.06</i>
	140.70 <i>80.41</i>	0.01 <i>0.01</i>	0.01 <i>0.01</i>	2.60 <i>2.60</i>	143.32 <i>83.03</i>
Provision for Outstanding Receivables					
Almora Magnesite Ltd.	0.37 <i>0.36</i>	—	—	—	0.37 <i>0.36</i>
Tata Metaliks Ltd.	0.33 <i>0.04</i>	—	—	—	0.33 <i>0.04</i>
Tayo Rolls Ltd.	0.43 <i>0.58</i>	—	—	—	0.43 <i>0.58</i>
The Tinplate Company of India Ltd.	0.52 <i>—</i>	—	—	—	0.52 <i>—</i>
TRF Ltd.	0.64 <i>1.10</i>	—	—	—	0.64 <i>1.10</i>
Others	0.16 <i>0.18</i>	—	—	—	0.16 <i>0.18</i>
	2.45 <i>2.26</i>	—	—	—	2.45 <i>2.26</i>
Outstanding Payables					
Tata Ryerson Ltd.	12.96 <i>16.76</i>	—	—	—	12.96 <i>16.76</i>
Tata Sons Ltd.	— <i>—</i>	—	—	41.97 <i>36.70</i>	41.97 <i>36.70</i>
Others	23.27 <i>16.96</i>	—	—	—	23.27 <i>16.96</i>
	36.23 <i>33.72</i>	—	—	41.97 <i>36.70</i>	78.20 <i>70.42</i>

Notes:

- * Rs. 28,418
- ** Rs. 16,770
- *** Rs. 28,418
- **** Rs. 16,770
- ***** Rs. 1,781

Transactions with Joint Ventures have been disclosed at full value.

SCHEDULE N : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2006-07 :- continued
22. Managerial Remuneration

	2006-07 Rs. crores	2005-06 Rs. crores
Salaries (including Company's Contribution to Provident and Superannuation Fund)	1.83	1.55
Commission	5.75	4.25
Perquisites	0.29	0.99
Sitting Fees	0.10	0.10
Total	<u>7.97</u>	<u>6.89</u>

Note : In addition, the Managing Director and other Whole-time Directors are entitled to free supply of water and use of medical facilities at the Company's hospital at Jamshedpur. The above figures do not include certain retirement benefits for the Managing Director and other Whole-time Directors as separate figures are not available and retirement benefits of **Rs. 0.19 crore** (2005-06 : *Rs. 0.15 crore*) paid to three former directors and retirement benefits of **Rs. 0.31 crore** (2005-06 : *Rs. 0.31 crore*) paid to a former Managing Director.

23. Earnings per Share (EPS)

	2006-07 Rs. crores	2005-06 Rs. crores
(i) Profit after Tax and Minority Interest	<u>4,177.27</u>	<u>3,734.62</u>
Profit attributable to ordinary shareholders	<u>4,177.27</u>	<u>3,734.62</u>
	Nos.	Nos.
(ii) Weighted Average No. of Ordinary Shares for Basic EPS	57,17,38,387	55,22,91,844
<i>Add : Adjustment for Options relating to 12,446 (2005-06 : 12,446)</i>		
<i>Detachable Warrants (See Note 9, Page 205)</i>	10,231	10,590
Weighted Average No. of Ordinary Shares for Diluted EPS (See Note 26(b), Page 216)	<u>57,17,48,618</u>	<u>55,23,02,434</u>
(iii) Nominal Value of Ordinary Shares	Rs. 10.00	Rs. 10.00
(iv) Basic/Diluted Earnings per Ordinary Share	Rs. 73.06	Rs. 67.62

24. Deferred Tax Liability (Net)

	Deferred Tax (Asset)/Liability as at 31-3-2007 Rs. crores	31-3-2006 Rs. crores
Deferred Tax Liabilities		
(i) Difference between book and tax depreciation	1,717.69	1,735.09
(ii) Prepaid expenses	36.81	20.60
(iii) Others	20.63	15.80
(A)	<u>1,775.13</u>	<u>1,771.49</u>
Deferred Tax Assets		
(i) Employee Separation Compensation	(507.67)	(534.92)
(ii) Wage Provision	(10.43)	(10.41)
(iii) Provision for doubtful debts and advances	(32.65)	(30.24)
(iv) Disallowance under Section 43B	(102.26)	(67.51)
(v) Provision for Leave Salary	(131.50)	(112.75)
(vi) Provision for Employee Benefits (See Note 19(a), Page 208)	(162.29)	—
(vii) Differences in written down value of development of property	(20.97)	(11.75)
(viii) Other Provisions	(0.57)	(0.63)
(ix) Provision for Retiring Gratuity	(16.77)	(0.28)
(x) Other Deferred Tax Assets	(4.08)	(10.82)
(B)	<u>(989.19)</u>	<u>(779.31)</u>
Deferred Tax Liability (Net) (A+B)	<u>785.94</u>	<u>992.18</u>

25. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the Company's financial statements.

26. In accordance with the shareholders' approval in the annual general meeting held on 5th July, 2006, the Company has, on a preferential basis, issued the following securities to Tata Sons Limited, in accordance with the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 :

- 2,70,00,000 Ordinary Shares of Rs. 10 each at a price of Rs. 516 per share involving an amount of Rs. 1,393.20 crores.
- 2,85,00,000 Warrants, where each Warrant would entitle Tata Sons Limited to subscribe to one Ordinary Share of the Company against payment in cash. As per the SEBI Guidelines, an amount equivalent to 10% of the price i.e. Rs. 51.60 per Warrant has been received from Tata Sons Limited on allotment of the Warrants. The price at which the Warrants will be exercised will be determined in accordance with the SEBI prescribed pricing formula applicable at the time of exercise. Accordingly the outstanding warrants have not been considered for computation of diluted earnings per share.
- Out of the total amount of Rs. 1,540.26 crores received from the preferential issue, Rs. 738.51 crores have been invested in Tata Steel Asia Holdings Pte. Ltd. as advance against application money. The balance amount is included in Investment in Mutual Funds.

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

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



The Dimna reservoir near Jamshedpur provides water to over a million Jamshedpur residents

TATA STEEL LIMITED

Bombay House 24 Homi Mody Street Mumbai 400 001

