

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	As at 31.3.2006 Rs. crores
(i) Excise	193.30	175.06
(ii) Customs	13.66	21.15
(iii) Sales Tax	321.71	293.10
(iv) State Levies	98.92	107.12
(v) Suppliers and Service Contract	89.38	109.72
(vi) Labour Related	31.95	31.22
(vii) Income Tax	52.41	68.74

(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.

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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

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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.

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- 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.

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- 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					
Less : Employee Separation Compensation (See Note 10(a), Page 144)					152.10 52.77
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
	—	—	—	—	—	—
	0.04	—	—	—	—	0.04
	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
		1.52	***	****	—	0.87 3.35
	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
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)	<u>1,728.15</u>	<u>(9.19)</u>	<u>1,718.96</u>
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)	<u>(926.70)</u>	<u>(43.32)</u>	<u>(970.02)</u>
Deferred Tax Liability (Net)	(A)+(B)	<u>801.45</u>	<u>748.94</u>

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 (4,808,000)	4,928,548 ⁽⁴⁾⁽⁸⁾ (4,552,136)
(ii) Cold Rolled Coils (Tarapur)	100,000 (100,000)	137,038 (128,157)
(iii) Wire Rods (Tarapur)	265,000 (265,000)	260,748 (278,647)
Wires (Borivali, Tarapur, Indore & Bangalore)	238,400 (205,700)	195,661 (184,349)
Cold Rolled Coils & Profiles (Sisodra)	46,000 (46,000)	27,958 (29,211)
(iv) Ferro Manganese & Silico Manganese (Joda)	30,500 (30,500)	51,014 (41,240)
(v) Charge Chrome (Bamnipal)	50,000 (50,000)	43,712 (50,030)
(vi) Welded Steel Tubes (Jamshedpur)	308,000 (212,000)	261,347 ⁽⁵⁾ (225,062)
(vii) Carbon and Alloy Steel Bearing Rings, Annular Forgings and Flanges (Jamshedpur)	5,250 (5,250)	2,612 (3,413)
(viii) Metallurgical Machinery (Jamshedpur)	— (—)	6,287 ⁽⁶⁾ (10,722)
	Numbers	Numbers
(ix) Alloy Steel Ball Bearing Rings (Jamshedpur)	20,500,000 (20,500,000)	12,167,121 ⁽⁷⁾ (12,430,223)
(x) Bearings (Kharagpur)	25,000,000 (25,000,000)	30,013,421 (28,000,044)

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 12,256,394	75.59	Numbers 1,751,468	11.34	Numbers 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 6,166	95.52	Tonnes —	—	Tonnes —	—
	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.