

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	

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
(a) Securities Premium Account	2259.36	829.20
(b) Amalgamation Reserve	1.12	1.12
(c) Debenture Redemption Reserve	646.00	646.00
(d) Capital Redemption Reserve	20.78	20.78
(e) Capital Reserve	15.96	15.96
(f) Capital Reserve (arising on Consolidation)	15.91	11.03
(g) General Reserve	5931.62	4737.46
(h) Investment Allowance (Utilised) Reserve	0.23	0.23
(i) Export Profits Reserve	1.25	1.25
(j) Foreign Currency Translation Reserve	(3.76)	11.01
(k) Contributions for Capital Expenditure	42.65	37.06
(l) Contingency Reserve	100.00	100.00
(m) Debenture Forfeiture Account	0.04	0.04
(n) Special Reserve	23.59	19.64
(o) 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

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		

Mumbai, 17th May, 2007

JC BHAM
Company Secretary

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.