TATA

TATA STEEL

A Shared Vision

101st Annual Report
2007-2008

A Shared Vision

Managing a global workforce and setting global benchmarks is primarily about managing diversity. The ability to maximise business opportunities and meet challenges so that value can be created for stakeholders is something that can be achieved through a process of inclusive growth, one in which every person contributes to the blueprint for the future and is truly committed to the stated objectives. And one of the key requisites for successful diversity management is a shared vision.

The Vision 2012 for the Tata Steel Group was co-created by its people across its various locations – from Jamshedpur in India, to the United Kingdom, to South East Asia, to the Netherlands. Driven as much by its commitment to society as by its performance and profits, the Tata Steel Vision aspires to make the Group the global industry benchmark for both Value Creation and Corporate Citizenship.

The key drivers of the Group Vision will manifest themselves in the goals and objectives the Group sets for itself in the coming years.

This shared Vision is a call to action for Tata Steel's people, to work together to a future that holds a promise of tremendous growth for all its constituents and the world at large.

Vision

TATA STEEL GROUP

We aspire to be the global steel industry benchmark for
Value Creation and **Corporate Citizenship.**

We make the difference through:

Our **People**, by fostering team work, nurturing talent, enhancing leadership capability and acting with pace, pride and passion.

Our **Offer**, by becoming the supplier of choice, delivering premium products and services and creating value for our customers.

Our **Innovative approach**, by developing leading edge solutions in technology, processes and products.

Our **Conduct**, by providing a safe working place, respecting the environment, caring for our communities and demonstrating high ethical standards.

TATA STEEL GROUP

Vision

GOALS 2012

GOAL 1

Value Creation

Action

To increase earnings from current operations by optimising assets; differentiation in the marketplace; continuous improvement; and achieving synergies across all Business Units.

To achieve strategic growth through capacity expansion; mining projects; enhanced Research and Development and innovation; in the area of construction and automotive; and new territories.

GOAL 2

Safety

Action

- Focus on high hazard facilities
- Increase occupational safety
- Focus on overall health

GOAL 3

Environment

Action

- Continuous process improvements
- Technology breakthroughs
- Responsible product development
- Employee engagement
- Proactive role in global steel sector initiatives

GOAL 4

Employer of Choice

Action

- Embed a performance driven culture
- Build leadership capability
- Nurture talent
- A continuous quest for global talent
- Build and enhance technical capability

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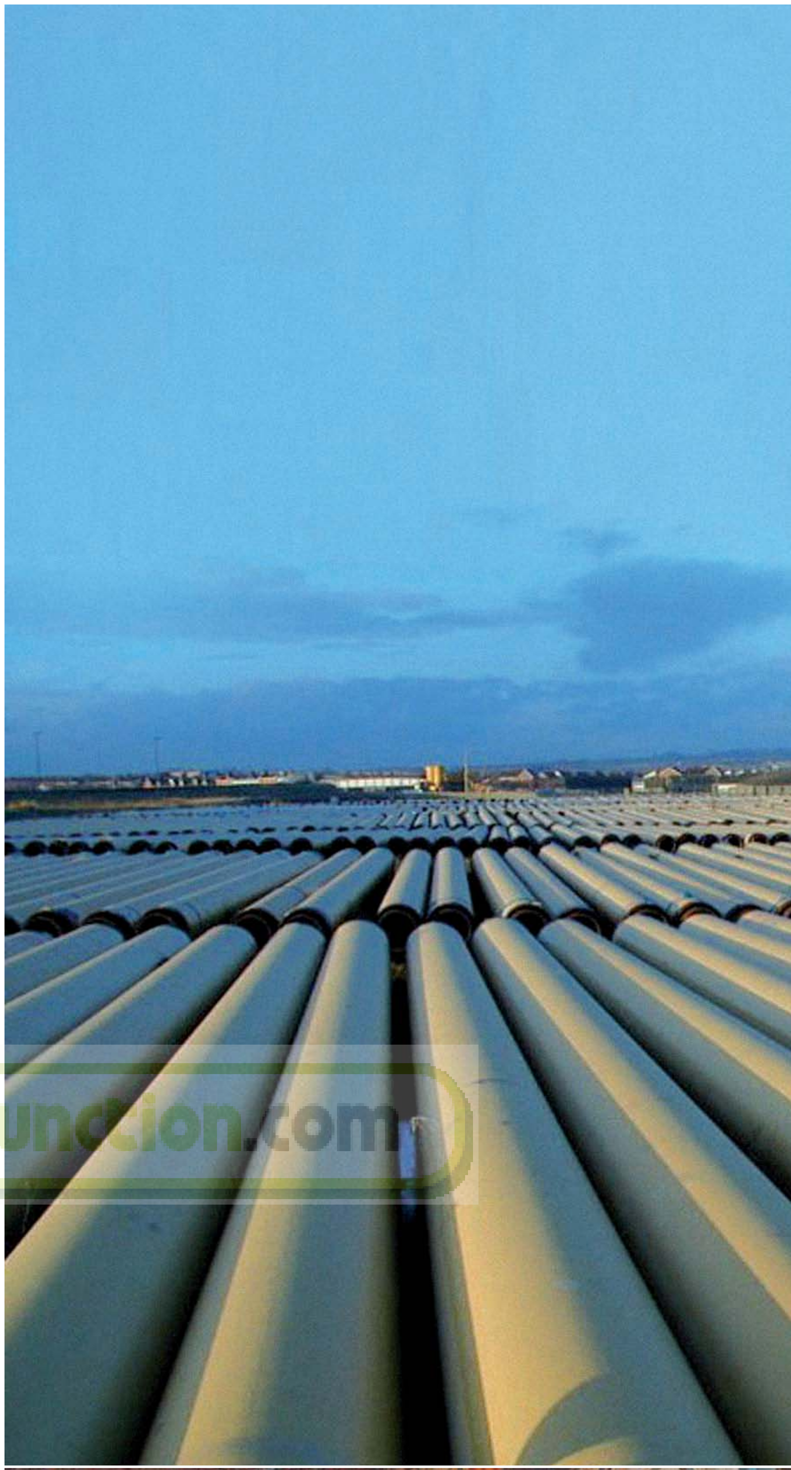
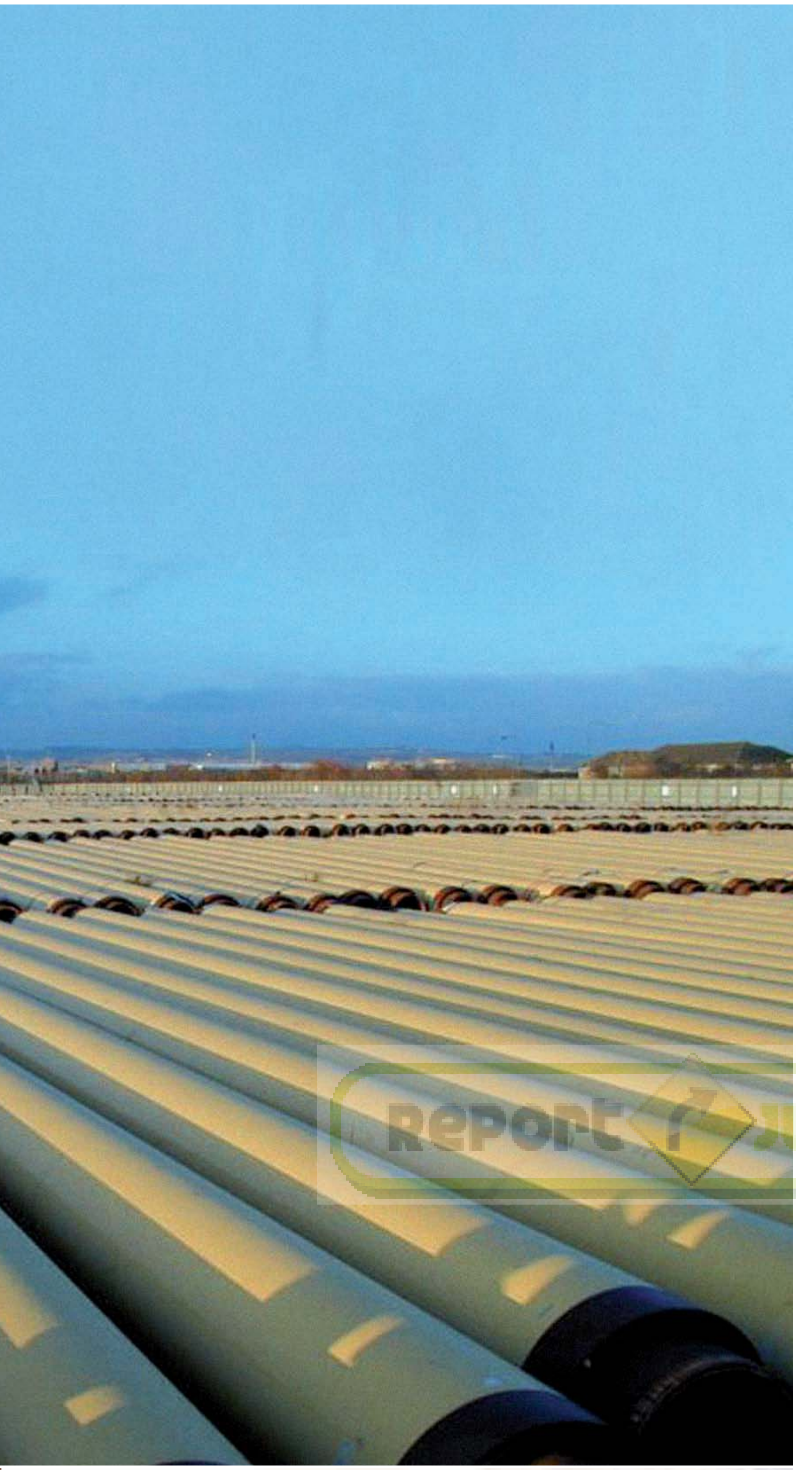


The Annual General Meeting will be held on Thursday, 28th August, 2008 at Birla Matushri Sabhagar at 3.30 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

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



Consolidated Financial Statements

Chairman's Statement

Dear Shareholder,

This has been a turbulent year. The sub-prime crisis that erupted in the US and western Europe impacted the global financial system, resulting in a significant cut-back in investment flows and the availability of funds. The developing world continued to enjoy growth in its demand for goods and services, contributing to the global inflationary trends in oil, coal, minerals and other commodities. The cost of food similarly rose in several countries during the latter part of the year, leading to unrest and hardship amongst the poorer nations. Some governments have lately begun to impose anti-inflationary measures on their over-heated economies to curb runaway price increases and consumption.

The global steel industry predictably also faced pressure on their margins arising from cost increases in iron ore and coking coal, but for the most part these increases were absorbed by the market through steel price increases. The full impact of these cost increases on steel producers and the consequential higher steel prices to user industries will, however, only be felt in the current year, at which time one might expect some slow-down in economic activity and consumer demand.

It appears clear that in the immediate future, steel prices will be dictated by the level of iron ore and coking coal prices, which have been rising at mind-boggling rates, (85% and 300% increases respectively), and continue to rise unabatedly. Unfortunately, most of the iron ore resources are controlled by three powerful international mining companies which control about 70% of global iron ore and other mineral resources, whereas the ten largest steel producers combined would only account for about 28% of the total global steel output.

Tata Steel, thankfully, is self-sufficient in its current requirement of iron ore for its Jamshedpur operations. The Company has however sought mining leases to support its greenfield projects in Orissa, Chhattisgarh and Jharkhand, and will need to invest in, or enter into contracts with mining companies to secure the availability of iron ore and coking coal for the Corus operations in the UK and the Netherlands.

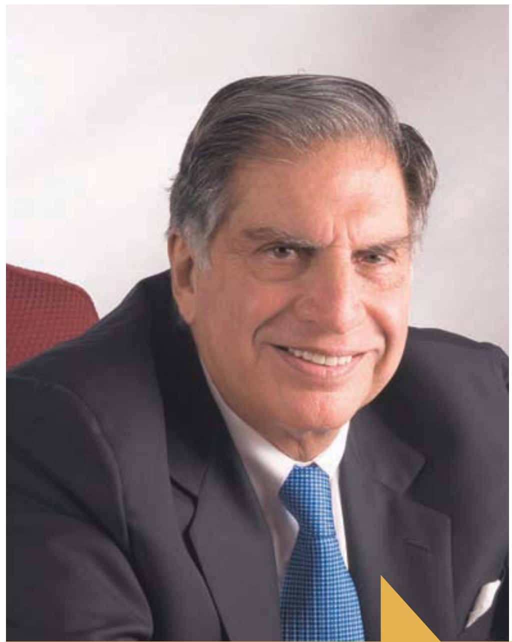
Integration of Corus

The Tata Steel and Corus operations are being run as one virtual company with performance improvement tasks being undertaken in each location. These initiatives are expected to result in substantial improvements in operating efficiencies and reduction in cost. These measures, combined with the moves underway to secure dedicated sources of iron ore and coking coal are expected to greatly enhance the operating margins of the UK and the Netherlands operations.

This year, Tata Steel has included Corus' financials in its consolidated accounts for the first time. On a consolidated basis, the Company's capacity now stands at 28.1 million tonnes, positioning it as the 6th largest steel company in the world. Consolidated net sales revenues stand at Rs. 131,536 crores (USD 33 billion), up 422% from that of last year of Rs. 25,212 crores (excluding Corus). The consolidated profit after tax (after minority interest and share of profit of associates) stands at Rs. 12,350 crores and has grown by 196% compared to the previous year. The Company has truly taken its place in the global steel industry.

Looking Ahead

The demand for steel in the developing world will continue to be an important engine of growth. It will be the anchor material for construction, infrastructure, automobiles and consumer durables. China, India and Brazil, will



The demand for steel in the developing world will continue to be an important engine of growth.

Ratan N. Tata
Chairman

be countries where internal demand to meet infrastructure and construction needs will continue to grow substantially in the years ahead.

India is uniquely positioned to become a major self-sufficient, low-cost steel manufacturing nation. Today, India annually produces only 53 million tonnes of steel, (4% of global steel production), and consumes 59 million tonnes. This works out to a per capita consumption of steel of 49 kgs. China, by contrast, currently produces 489 million tonnes of steel (36% of global steel production), and consumes 420 million tonnes to meet its development and urbanisation plans. The per capita consumption of steel in China therefore works out to be 318 kgs. – approximately 6.5 times that of India.

It is broadly recognised that over the years India has fallen behind its Asian neighbours in keeping pace with investments in infrastructure. The availability of steel would be one of the important factors in such an essential development plan. Large public works schemes and infrastructure projects would provide tens of thousands of jobs through the construction of roadways, power plants, water projects and agriculture-related schemes. Evidence seems to indicate a direct correlation between the level of domestic steel production in a country and its investment level.

India is still a net importer of steel. It would not seem out of the realm of reality that India could support a domestic steel capacity of 100 million tonnes per year, with domestic consumption being, say, 85-90% of that output. If this capacity were based on maximising the use of domestic iron ore and coking coal, such self-sufficiency could help insulate the country from the runaway price spiral and currency fluctuations that impact investment in infrastructure and industrial capacity.

Tata Steel recognises that it no longer is a steel company located and operating in India alone, and that it has to sustain itself in the global arena. Its long-term goals would be to continue to play a meaningful role in the economic development in India and in the overseas markets it serves. Its future growth in India and overseas will be both in steel-producing facilities as also in natural resource assets. While the Company may grow and spread its geographical footprint, embracing different cultures, it will not lose sight of its great heritage of social and community responsibility.

I am sure Tata Steel will continue to display the same vigour and the same sense of spirit as it has in the past, to face challenges, excel and lead by example in the years ahead.

Ratan N. Tata

Chairman

Mumbai, 31st May, 2008

Board of Directors
as on 26th June, 2008

Mr. Ratan N. Tata
Chairman

Mr. James Leng
Deputy Chairman

Mr. Nusli N. Wadia

Mr. S. M. Palia

Dr. Anthony Hayward

Mr. Jacobus Schraven

Mr. Andrew Robb

COMPANY SECRETARY — Mr. J.C. Bham

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

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