

TATA & CORUS: A Case of Acquisition

“There are not many opportunities for producers in emerging low-cost markets to gain access to the markets of Europe other than by acquiring a company like Corus,”

John Quigley (Editor, Industry Publication Steel week)

Thousands of Indians didn't offer prayers for Tata Steel to clinch the deal for the Anglo-Dutch steel maker Corus, as they have for the recovery of hospitalized Bollywood superstars. Nor did they erect 40-foot billboards of a smiling Ratan Tata, chairman of Tata Steel, after he won Corus. And the stock markets were clearly concerned about the Tata Steel's new debt load. But despite all this, euphoria gripped the nation. Finance minister P. Chidambaram offered unspecified help, if needed, to close the deal; fellow steel magnate Lakshmi Niwas Mittal cheered the acquisition, and excited TV newsreaders gushed. India's first Fortune 500 MNC was born.

Tata acquired Corus, which is four times larger than its size and the largest steel producer in the U.K. The deal, which creates the world's fifth-largest steelmaker, is India's largest ever foreign takeover and follows Mittal Steel's \$31 billion acquisition of rival Arcelor in the same year. Over the past five years, Indian companies had made global acquisitions for over \$10 billion. The Tata bid almost equals this amount. Most of them have averaged \$100 to 200 million.

"It is a two-way street now," Kamal Nath (Commerce Minister, India) said. "Not only India is seeking foreign investment, but Indian companies are emerging investors in other countries."

Ratan Tata has said he is confident the two companies have "a cultural fit and similar work practices." Nearly 30 years ago J.R.D Tata had lured away a young engineer from Corus's predecessor company, British Steel, to work at Tata Steel. That young Sheffield-educated engineer – Sir Jamshed J. Irani (knighted by the Queen 10 years ago) – was Tata Steel's managing director until six years ago.

Until the 1990s, not many Indian companies had contemplated spreading their wings abroad. An Indian corporate or group company acquiring a business in Europe or the U.K. seemed possible only in the realm of fantasy. Recent reports of United Nations Conference on Trade and Development (UNCTAD) and other organizations have recorded the fact that nowadays Foreign Direct Investment (FDI) is more likely to flow in through cross border mergers (and not through Greenfield Projects). Though Corus is four times bigger than Tata but in the year 2006 the operating profit for Tata was \$840 million, whereas in case of Corus it was \$860 million. There are some major inputs, which leads Tata towards this huge profit.

Tata acquired Corus on the 2nd of April 2007 for a price of \$12 billion making the Indian company the world's fifth largest steel producer. This acquisition process has started long back in the year 2005. However, Corus was involved in a considerable number of Merger & Acquisition (M&A) deals and joint ventures (JVs) before Tata. This process started in the year 2000 and with Tata it came to an end. In a period of seven years Corus was involved in 14 deals apart from Tata. (*Refer Exhibit – 1 for the details about M&A deals by Corus*). In 2005, when the deal was started the price per share was 455 pence. But during the time of acquisition held in 2007, the price per share was 608 pence, which is 33.6% higher than the first offer. For this deal Tata has financed only \$4 billion, although the total price of this deal was \$12billion. Here the important point is how Tata could manage to get such a huge amount for this deal? Did Tata Steel overheat in its zeal to win Corus?

However as stated by Muthuraman (the Managing Director of Tata Steel), the bid made to Corus was unanimously supported by the management of the company and recommended to its shareholders.

In an interview to CNBC India, B Muthuraman also said that they are acquiring Corus for synergy and not for tonnage. "There are synergies in operations, manufacturing, marketing etc."

Tata and Indian Steel Industry

Tata Steel has established by Indian Parsi Businessman Jamsetji Tata in 1907, exactly in the year when British American Tobacco (BAT) has started its first factory in India. But

it started operating in the year 1912. Tata Steel holds a very vital place in Indian business history, because it has introduced some of the unique concepts like 8-hour working days, leave with pay and pension system for the first time in India and the first player to start rapid industrialization process. In the later part the concepts invented and implemented by Tata became lawful and compulsory practice for the Indian employees. From Tata Steel, Tata has started investing in various other businesses like; Oil mills, Airlines, Publishing, Motors, Consultancy services etc in a short span of 30 years. In the year 1945 Tata entered into tea business by the name of Tata Tea, which was called as Tata Finlay earlier. Tata also entered into exports as Tata Exports, which is the most successful and the largest export house in India. During the entire business in India Tata has seen many ups and downs, in different fields of business. If we will look at the company's financial status/condition, it will give some idea about the condition and performance of the company across the years. (*Refer Exhibit – 2, 3 & 4 for the detail about the company's performance from 1997-2006*)

The Indian Steel industry is regarded as the most important component for the development of nation, because steel industry (heavy industry) is considered as a very important and influential parameter for the development of any modern economy. The finished steel production in India has grown from 1.1 million tones in 1951 to 31.63 million tones in 2001-02, which can be regarded as a remarkable example of India's development in economic activities. Tata played a vital role in the improvement of steel production also. For that reason in the development of India's economy, Tata played a significant role. As a result the consumption level of steel from 1990 to 2002 was continuously in an increasing order, but in 2003 it was not like earlier. In respect to the per capita income and consumption of steel it is very less in India with compare to other countries. (*Refer Exhibit – 5 for the details about steel consumption level*)

India's major market for steel and steel items include USA, Canada, Indonesia, Italy, West Asia, Nepal, Taiwan, Thailand, Japan, Sri Lanka and Belgium. The major steel items of export include HR coils, plates, CR and galvanized products, pipes, stainless steel, wire rods and wires. With the fall in prices along with depressed domestic demand,

India has been increasing exports to overcome the excess supply situation. This has resulted in antidumping actions being taken by developed countries like USA, EU and Canada. The trade action by some countries against Indian steel industry has, to some extent, affected India's exports to these countries. The Government of India and the Indian steel producers are trying to combat such actions despite such efforts being very expensive and involving time-consuming procedures. (*Refer Exhibit – 6 for the detailed about steel production by Tata in India*)

Global Steel Industry

In global steel industry the consumption of steel has been decreased drastically in 2007, in comparison to 2006. According to International Iron and Steel Institute (IISI) till 2010 the average demand for steel would be 4.9 per cent per year. But during 2010 and 2015 the growth is expected to be 4.2 per cent. In fact IISI forecasts the global steel demand would be 1.32 billion tones by 2010 and 1.62 billion tones by 2015. Much of this demand growth is expected to be generated from countries like China and India. Among the major steel producing countries the production of steel has increased from 2005-2006 except Brazil. China is the highest steel producing country in the world with a production of 355.8 million tones in 2005 and 418.8 million tones in 2006. And for this increasing demand of steel market it is not possible for a single company to capture the market alone. (*Refer Exhibit – 7 for the details about the steel production by different companies of the world*) In that production process Tata may play a vital role. For that reason IISI is giving its opinion in favor of Tata.

For 2007, S&P projects GDP growth of 2.4%, versus GDP growth of 3.3% in 2006. Through April 2007, motor vehicle sales fell 3.0% while motor vehicle production declined 5.5%. In 2006, motor vehicle sales fell 2.6%, while production was down 2.8%. As predicted, lower sales for all of 2007 will lead to reduced demand from this key end market for steel. Presumably, car manufacturers will be working to reduce unsold car inventory and will be cutting production, which will reduce demand for steel. According to the numerical data, through May, 2007 the S&P Steel Index increased 35.1%, compared to a 6.6% increase for the S&P 1500 Index and a 14.9% rise in the S&P

Materials Index. In 2006, the S&P Steel Index increased 58.2%, versus a 13.3% increase for the 1500 and a 16.6% increase in the S&P Materials Index. In the long term, there is a strong possibility for the industry to benefit from greater pricing power resulting from further expected consolidation, a lower cost structure, and a continuation of the cyclical decline of the U.S. dollar. (*Refer Exhibit – 8 for the detailed about the production of steel by different countries of the world*)

Corus and Steel Production in the U.K

Corus Group plc was formed on 6th October 1999, through the merger of two companies, British Steel and Koninklijke Hoogovens, following the privatization of many steelworks companies by the U.K. government. The company consists of four divisions which include: Strip Products, Long Products, Aluminum and Distribution and Building Systems. With headquarters in London, Corus operates as an international company, satisfying the demand of many steel customers worldwide. Its core business comprises of manufacturing, development and allocation of steel and aluminum products and services. The company has a wide variety of products and services which comprise of the manufacturing of electrical steel, narrow strip, plates, packaging steel, plated steel strip, semi finished steel, tube products, wire rod and rail products and services. However, the company is also engaged in providing a variety of services including design, technology and consultancy services.

Corus' products and services are acquired by customers from diverse fields such as commercial and military aerospace ventures, the automotive, construction, engineering, defense and security, as well as the rail and shipbuilding industry. In terms of performance, the company is regarded as the largest steel producer in the UK with £10,142 million of annual revenue (for 2005) and a work force of 50 000 employees. In order to sustain and run its global steelmaking, processing and distribution operations the company makes annual investments of over £6 million for the purchase of various goods and services, such as iron ore and coal, alloys, refractory, rolls and paint. Looking at the financial status of the company from 1996-2005, a degree of fluctuation between the years can be seen. But irrespective of all these factors Corus continue the business as it

was continuing. (*Refer Exhibit – 9 & 10 for the details of financial performance of the company across the years*)

The Deal

The deal (between Tata & Corus) was officially announced on April 2nd, 2007 at a price of 608 pence per ordinary share in cash. This deal is a 100% acquisition and the new entity will be run by one of Tata's steel subsidiaries. As stated by Tata, the initial motive behind the completion of the deal was not Corus' revenue size, but rather its market value. Even though Corus is larger in size compared to Tata, the company was valued less than Tata (at approximately \$6 billion) at the time when the deal negotiations started. But from Corus' point of view, as the management has stated that the basic reason for supporting this deal were the expected synergies between the two entities. Corus has supported the Tata acquisition due to different motives. However, with the Tata acquisition Corus has gained a great and profitable opportunity to make an exit as the company has been looking out for a potential buyer for quite some time.

The total value of this acquisition amounted to £6.2 billion (US\$12 billion). Tata Steel the winner of the auction for Corus declares a bid of 608 pence per share surpassed the final bid from Brazilian Steel maker Companhia Siderurgica Nacional (CSN) of 603 pence per share. Prior to the beginning of the deal negotiations, both Tata Steel and Corus were interested in entering into an M&A deal due to several reasons. The official press release issued by both the company states that the combined entity will have a pro forma crude steel production of 27 million tones in 2007, with 84,000 employees across four continents and a joint presence in 45 countries, which makes it a serious rival to other steel giants.

The official declaration of the completed transaction between the two companies was announced to be effective by Court of Justice in England and Wales and consistent with the Scheme of Arrangement of the Tata Steel Scheme on April 2, 2007. According the Scheme regulations, Tata Steel is required to deliver a consideration not later than 2 weeks following the official date of the completion of the transaction.

The process has started on September 20, 2006 and completed on July 2, 2007. In the process both the companies have faced many ups and downs. The details of this process has described below.

- September 20, 2006*** : Corus Steel has decided to acquire a strategic partnership with a Company that is a low cost producer
- October 5, 2006*** : The Indian steel giant, Tata Steel wants to fulfill its ambition to Expand its business further.
- October 6, 2006*** : The initial offer from Tata Steel is considered to be too low both by Corus and analysts.
- October 17, 2006*** : Tata Steel has kept its offer to 455p per share.
- October 18, 2006*** : Tata still doesn't react to Corus and its bid price remains the same.
- October 20, 2006*** : Corus accepts terms of £ 4.3 billion takeover bid from Tata Steel
- October 23, 2006*** : The Brazilian Steel Group CSN recruits a leading investment bank to offer advice on possible counter-offer to Tata Steel's bid.
- October 27, 2006*** : Corus is criticized by the chairman of JCB, Sir Anthony Bamford, for its decision to accept an offer from Tata.
- November 3, 2006*** : The Russian steel giant Severstal announces officially that it will not make a bid for Corus
- November 18, 2006*** : The battle over Corus intensifies when Brazilian group CSN approached the board of the company with a bid of 475p per share
- November 27, 2006*** : The board of Corus decides that it is in the best interest of its will shareholders to give more time to CSN to satisfy the pre-conditions and decide whether it issue forward a formal offer
- December 18, 2006*** : Within hours of Tata Steel increasing its original bid for Corus to 500 pence per share, Brazil's CSN made its formal counter bid for Corus at 515 pence per share in cash, 3% more than Tata Steel's Offer.

- January 31, 2007** : Britain's Takeover Panel announces in an e-mailed statement that after an auction Tata Steel had agreed to offer Corus investors 608 pence per share in cash
- April 2, 2007** : Tata Steel manages to win the acquisition to CSN and has the full voting support from Corus' shareholders

Post Acquisition Tata

Tata Steel has formed a seven-member integration committee to spearhead its union with Corus group. While Ratan Tata, chairman of the Tata group, heads the committee, three of the members are from Tata Steel and the other three are from Corus group. Members of the integration committee from Tata Steel include managing director B Muthuraman, deputy managing director (steel) T Mukherjee, and chief financial officer Kaushik Chatterjee. The Corus group is represented in the committee by CEO Phillippe Varin, executive director (finance) David Lloyd, and division director (strip products) Rauke Henstra.

The acquisition by Tata amounted to a total of 608 pence per ordinary share or £6.2 billion (US \$12 billion) which was paid in cash. First of all, the general assumption is that the acquisition was not cheap for Tata. The price that they paid represents a very high 49% premium over the closing mid market share price of Corus on 4 October, 2006 and a premium of over 68% over the average closing market share price over the twelve month period. Moreover, since the deal was paid for in cash automatically makes it more expensive, implying a cash outflow from Tata Steel in the amount of £1.84 billion.

Tata has reportedly financed only \$4 billion of the Corus purchase from internal company resources, meaning that more than two-thirds of the deal has had to be financed through loans from major banks. The day after the acquisition was officially announced, Tata Steel's share fell by 10.7 percent on the Bombay stock market. Despite its four times smaller size and smaller capacity, Tata Steel's operating profit for 2006, earning \$840 million on sales of 5.3 million tones, were very close in amount to those generated by Corus (\$860 million in profits on sales of 18.6 million tons).

Tata's new debt amounting to \$8 billion due to the acquisition, financed with Corus' cash flows, is expected to generate up to \$640 million in annual interest charges (8% annual interest cost). This amount combined with Corus' existing interest debt charges of \$400 million on an annual basis implies that the combined entity's interest obligation will amount to approximately \$725 million after the acquisition.

The debate whether Tata Steel has overpaid for acquiring Corus is most likely to be certain, since just based on the numbers alone it turns out that at the end of the bidding conflict with CSN Tata ended up paying approximately 68% above the average price of Corus' shares. Another pressing issue resulting for this deal that has created a dilemma between experts and analysts opinions is whether this acquisition for the right move for Tata Steel in the first place. The fact that Tata has managed to acquire a British steel maker that has been a symbol of Britain's industrial power and at the same time its dominion over India has been perceived as quite ironic. Only time will show whether Tata will be able to truly benefit from the many expected synergies for the deal and not make the typical mistakes made in many large M&A deal during this beginning period.

"I believe this will be the first step in showing that Indian industry can in fact step outside the shores of India in an international marketplace and acquit itself as a global player."

Ratan Tata

Questions:

1. Why Corus went in for this deal?
2. Was Tata wise in this decision?
3. Who worked out the financial deal?
4. How could the finances be organized in?
5. How should be assets be evaluated before an acquisition?

Exhibit – 1

Date of the Deal	Company Name	Description
November 1, 2000	Cogifer Ltd.	50/50 joint venture with the French manufacturer of switches and crossings, Cogifer Ltd, a world leader in its field of business. The venture was expected to combine the strong market presence of Corus in the UK and the industrial competence of Cogifer.
September 27, 2000	Corus' subsidiary companies, Avesta Sheffield AB and Outokumpu Steel	the newly formed company, Avesta Polarit, was then the second largest stainless steel producer in the world.
January 2000	Corus Group Plc and Danieli & Co. Officine Meccaniche SpA	50/50 joint venture with Danieli & Co. Officine Meccaniche SpA, an Italian equipment producer. The newly formed entity was called Danieli Corus technical Services BV.
Year 2000	Corus Aluminum Extrusions and Tjanjin Non Ferrous Metal Group (TNMG)	joint venture agreement with a Chinese municipality owned company Tjanjin Non Ferrous Metal Group (TNMG). The designing and manufacture of the products, large extruded aluminum sections is completed in facilities located in China and is aimed for sale to the transport, mechanical and electrical engineering industries.
Year 2001	Savera Group	joint venture with a global supplier of elevator guide rails and other various components. The new entity is called Savera UK Ltd and is expected to be a major competitor in the elevator industry.

Year 2001	Corus Building Systems and Redrow Plc.	50/50 joint venture with British suburban and commercial property developer, Redrow Plc. The new company is called Framing Solutions and is set to provide steel frames for the British small scale residential industry.
17 July 2002	Brazilian steel producer CSN	agreement for a potential merger between the two companies. Under the terms of the proposed merger current Corus shareholders will obtain 62.4 per cent of the enlarged group. The transaction will be structured in such a way that the existing CSN shareholders will receive shares in a new Brazilian listed holding company (“TopCo”) which will, in turn, hold 37.6 per cent of the share capital of the enlarged Corus.
Year 2002	Corus Building Systems (CBS) and a Swedish based metal producer	an acquisition of a Swedish based metal producer, which will allow the company to expand and strengthen its presence in the Swedish market.
Year 2002	Precoat	100% acquisition of the equity of one of the principal independent precoated steel service centers in Britain, Precoat.
Year 2003	Arcelor S.A. Sollac Méditerranée ('Sollac')	purchase of Sollac’s 50% share in a Portuguese base company called Lusosider Projectos Siderugicos S.A. which is also a joint venture between Corus and Arcelor. The total cost of this purchase amounted to EUR10.84 million that Corus paid in cash.
Year 2003	Clayton Metals Inc	Clayton Metals Inc. completed an acquisition of Corus Aluminum Service Centers Inc. which positioned the new enlarged entity as the

		leading national distributor of non-ferrous metal products in the whole U.S.market.
Year 2004	Corus Staal B.V. and Segal S.A	acquisition of a Belgian hot dipped galvanizing line, Segal S.A for 50 per cent of the shares. The purchase amounted to EUR25 million.
Year 2004	Corus Staal B.V. and Segal S.A	Corus made an announcement that it will purchase the remaining 50 per cent of shares in Segal S.A. The purchase was completed by the end of 2004 and was carried out from an investment fund called Metallinvest Investment Fund and was paid in cash by Corus for a total of EUR25 million.
April 2004	Arcelor	Corus' UK hot-rolled steel sheet piling business was acquired by Arcelor. Even though the Arcelor acquired the assets for Corus, they did not include the company's manufacturing facilities where Corus decided to terminate the production due to the implementation of its UK Restructuring Programme initiative.

Exhibit – 2

Thomson Financial 10 Yr. Balance Sheet Report

Tata Steel Limited

Symbol: (C000009156)

<http://www.tatasteel.com>

		CUSIP:	Price 3/22/2007	Shrs Out (th)	Mkt Cap (th)
Exchange:	BOM	DCN: T080399284	442.00	580,000	249,690
Country:	IND	ISIN: INE081A01012			

DJ Sector:		PE Ratio	Tot Ret 1Yr	Beta
DJ Industry:	IRON AND STEEL FORGINGS	6.54	6.01	#N/A

Company Status: Active

Source: ThomsonFinancial

Scaling Factor : 1000000 INR

Currency: INR

BALANCE SHEET 3/31/2006 - 3/31/2002

ASSETS	03/31/06	03/31/05	03/31/04	03/31/03	03/31/02
Cash And ST Investments	7,767.50	4,657.30	2,778.70	4,103.00	2,473.10
Receivables (Net)	21,983.80	20,209.30	13,873.80	16,510.10	17,538.20
Total Inventories	27,733.10	24,899.00	13,740.40	12,134.70	11,809.80
Other Current Assets	11	6.6	2.9	1698	1801.9
Current Assets - Total	59,080.60	50,719.70	43,701.60	38,781.50	35,623.30
Property Plant & Equipment - Net	107340.8	96807.1	80172.3	76600.8	77722.6
Total Investments	#N/A	#N/A	#N/A	#N/A	#N/A
Other Assets	4,240.30	3,564.50	1,565.10	106.60	10,134.40
Total Assets	205,450.70	177,033.10	147,988.70	127,600.80	131,372.60

LIABILITIES & SHAREHOLDERS' EQUITY	03/31/06	03/31/05	03/31/04	03/31/03	03/31/02
Accounts Payable	30,278.20	32,051.30	21,513.50	18,364.20	4,917.40
ST Debt & Current Portion of LT Debt	3,752.60	3,362.90	2,433.30	4,325.30	5,617.60
Income Taxes Payable	3369.3	3434.9	14252.3	4855.6	1803.6
Other Current Liabilities	4,771.00	4,824.80	3,976.10	1,531.40	8,848.20
Current Liabilities - Total	49,573.00	51,006.00	45,998.80	32,147.60	27,254.90
Long Term Debt	27,876.20	27,902.60	30,598.80	38,953.20	44,338.10
Other Liabilities	0.00	0.00	0.00	0.00	0.00
Total Liabilities	101,396.60	102,726.30	100,935.30	94,347.10	95,950.80

Shareholders' Equity

Minority Interest	1,235.70	935.20	486.60	309.70	236.30
Preferred Stock	0.00	0.00	0.00	0.00	0.00
Common Equity	102,818.40	73,371.60	46,566.80	32,944.00	35,185.50
Retained Earnings	11.20	11.20	#N/A	#N/A	#N/A
Total Liabilities & Shareholders' Equity	205,450.70	177,033.10	147,988.70	127,600.80	131,372.60

<i>Rate Used to Translate From INR to INR</i>	1.00	1.00	1.00	1.00	1.00
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BALANCE SHEET 3/31/2001 - 3/31/1997

ASSETS	03/31/01	03/31/00	03/31/99	03/31/98	03/31/97
Cash And ST Investments	2,392.30	4,089.00	3,361.90	4,294.10	2,513.80
Receivables (Net)	19,186.50	12,727.13	13,449.78	14,244.30	17,566.42
Total Inventories	8,955.70	9,226.60	9,936.50	10,397.00	10,211.10
Other Current Assets	262.90	4,990.87	3,929.72	3,921.20	3,336.68
Current Assets - Total	32,256.10	32,406.30	32,302.80	34,201.40	34,512.50
Property Plant & Equipment - Net	75380.9	74240.6	70585.8	63000.4	55264
Total Investments	#N/A	#N/A	#N/A	#N/A	#N/A
Other Assets	9,202.90	8,281.20	5,540.00	2,970.70	2,783.20
Total Assets	125,309.10	120,803.90	114,283.00	106,407.00	99,208.70
LIABILITIES & SHAREHOLDERS' EQUITY	03/31/01	03/31/00	03/31/99	03/31/98	03/31/97
Accounts Payable	3,100.40	3,155.30	3,874.00	3,405.40	3,529.00
ST Debt & Current Portion of LT Debt	787.40	6,997.20	9,404.40	6,120.10	782.80
Income Taxes Payable	1,802.00	1,670.40	1,855.30	1,505.80	1,114.00
Other Current Liabilities	9,803.00	7,843.40	6,827.60	7,084.30	7,414.30
Current Liabilities - Total	49,573.00	25,195.20	27,364.30	23,245.00	17,407.10
Long Term Debt	45,932.70	42,073.10	39,982.90	39,669.70	40,043.10
Other Liabilities	0.00	0.00	0.00	0.00	0.00
Total Liabilities	76,424.80	75,219.90	72,638.80	65,758.20	59,468.50
Shareholders' Equity					
Minority Interest	0.00	0.00	0.00	0.00	0.00
Preferred Stock	1,400.00	1,500.00	0.00	0.00	0.00
Common Equity	47,484.30	44,084.00	41,644.20	40,648.80	39,740.20
Retained Earnings	#N/A	#N/A	#N/A	#N/A	#N/A
Total Liabilities & Shareholders' Equity	125,309.10	120,803.90	114,283.00	106,407.00	99,208.70

<i>Rate Used to Translate From INR to INR</i>	1.00	1.00	1.00	1.00	1.00
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Exhibit –3

Thomson Financial 10 Yr. Income Statement

Industrial Template

Tata Steel Limited

Symbol: (C00009156)

http://www.tatasteel.com		CUSIP:	<u>Price 3/22/2007</u>	<u>Shrs Out (th)</u>	<u>Mkt Cap (th)</u>
Exchange:	BOM	DCN: T080399284	442.00	580,000	249,690
Country:	IND	ISIN: INE081A01012			
DJ Sector:			<u>PE Ratio</u>	<u>Tot Ret 1Yr</u>	<u>Beta</u>
DJ Industry:	IRON AND STEEL FORGINGS		6.54	6.01	#N/A
Company Status:	Active				

Source: ThomsonFinancial

Scaling Factor : 1000000 INR

Currency: INR

10 YR INCOME STATEMENT

	03/31/06	03/31/05	03/31/04	03/31/03	03/31/02
Net Sales or Revenues	202,444.30	159,986.10	111,294.40	91,368.20	74,279.10
Cost of Goods Sold	128,736.00	90,227.60	70,419.40	63,572.20	56,950.00
Depreciation, Depletion & Amortization	8,603.70	6,454.60	6,405.50	5,696.90	5,473.20
Gross Income	65,104.60	63,303.90	34,469.50	22,099.10	11,855.90
Selling, General & Admin Expenses	#N/A	#N/A	#N/A	#N/A	#N/A
Operating Expenses - Total	147,701.00	104,427.80	82,010.60	74,016.30	66,473.10
Operating Income	54,743.30	55,558.30	29,283.80	17,351.90	7,806.00
Non-Operating Interest Income	459.60	404.70	191.30	381.80	307.50
Earnings Before Interest And Taxes (EBIT)	56,874.80	56,810.40	28,633.00	16,325.30	6,761.70
Interest Expense On Debt	2,064.10	2,386.00	1,519.20	3,633.30	4,499.10
Pretax Income	54,859.90	54,424.40	27,148.70	12,789.60	2,422.70
Income Taxes	17,649.20	18,712.40	9,362.50	2,566.80	487.00
Minority Interest	186.40	259.60	192.80	67.60	11.50
Equity In Earnings	321.90	580.20	294.40	151.30	0.00
Net Income Before Extra Items/Preferred Div	37,346.20	36,032.60	17,887.80	10,306.50	1,924.20
Extr Items & Gain(Loss) Sale of Assets	0.00	0.00	0.00	0.00	0.00
Net Income Before Preferred Dividends	37,346.20	36,032.60	17,887.80	10,306.50	1,924.20
Preferred Dividend Requirements	0.00	0.00	0.00	0.00	22.80
Net Income Available to Common	37,346.20	36,032.60	17,887.80	10,306.50	1,901.40

Rate Used to Translate From INR to INR 1.00 1.00 1.00 1.00 1.00

10 YR INCOME STATEMENT

	03/31/01	03/31/00	03/31/99	03/31/98	03/31/97
Net Sales or Revenues	61,019.60	55,737.60	51,067.60	51,992.30	51,206.20
Cost of Goods Sold	38,372.70	38,584.68	37,517.45	38,090.89	35,994.73
Depreciation, Depletion & Amortization	6,937.70	5,840.40	4,971.50	4,551.00	4,108.20

Gross Income	15,709.20	11,312.52	8,578.65	9,350.41	11,103.27
Selling, General & Admin Expenses	#N/A	#N/A	#N/A	#N/A	#N/A
Operating Expenses - Total	48,984.50	47,694.20	45,501.90	45,467.20	42,747.60
Operating Income	12,035.10	8,043.40	5,565.70	6,525.10	8,458.60
Non-Operating Interest Income	357.80	390.10	967.30	1,188.80	1,614.90
Earnings Before Interest And Taxes (EBIT)	10,148.30	8,654.40	6,760.80	6,871.50	9,320.40
Interest Expense On Debt	4,819.00	5,290.00	5,229.40	4,651.40	4,639.50
Pretax Income	6,024.40	4,770.90	3,157.30	3,637.30	5,429.60
Income Taxes	490.00	540.00	330.00	412.50	730.00
Minority Interest	0.00	0.00	0.00	0.00	0.00
Equity In Earnings	0.00	0.00	0.00	0.00	0.00
Net Income Before Extra Items/Preferred Div	5,534.40	4,225.90	2,822.30	3,220.80	4,692.10
Extr Items & Gain(Loss) Sale of Assets	0.00	0.00	0.00	0.00	0.00
Net Income Before Preferred Dividends	5,534.40	4,225.90	2,822.30	3,220.80	4,692.10
Preferred Dividend Requirements	122.00	86.10	0.00	0.00	0.00
Net Income Available to Common	5,412.40	4,139.80	2,822.30	3,220.80	4,692.10
<i>Rate Used to Translate From INR to INR</i>	1.00	1.00	1.00	1.00	1.00

Exhibit – 4

Thomson Financial Trend & Growth Rate Report

Tata Steel Limited			Symbol: (C000009156)			
http://www.tatasteel.com			CUSIP:	Price 3/22/2007	Shrs Out (th)	Mkt Cap (th)
Exchange:	BOM	DCN: T080399284	442.00	580,000	249,690,000	
Country:	IND	ISIN: INE081A01012				
DJ Sector:	Basic Materials		PE Ratio	Tot Ret 1Yr	Beta	
DJ Industry:	Steel		6.05	6.01	#N/A	
Company Status:	Active					

Scaling Factor : 1000000 INR Source: ThomsonFinancial
Currency: INR

TREND	03/31/06	03/31/05	03/31/04	03/31/03	03/31/02	03/31/01
Sales	202,444.30	159,986.10	111,294.40	91,368.20	74,279.10	61,019.60
Operating Income After Depreciation	54,743.30	55,558.30	29,283.80	17,351.90	7,806.00	12,035.10
NetIncome	37,346.20	36,032.60	17,887.80	10,306.50	1,901.40	5,412.40
Net Cash Flow From Operating Activities	36,996.20	30,751.90	29,713.60	18,416.90	#N/A	11,223.30
Net Cash Flow From Investing Activities	27,285.90	21,191.30	20,825.90	8,689.00	#N/A	6,763.60
Net Cash Flow From Financing Activities	-6,808.60	-8,906.80	-10,215.80	-8,131.30	#N/A	-4,001.20
TotalAssets	205,450.70	177,033.10	147,988.70	127,600.80	131,372.60	125,309.10
TotalLiabilities	101,396.60	102,726.30	100,935.30	94,347.10	95,950.80	76,424.80

5 Yr GROWTH RATES	03/31/06	03/31/05	03/31/04	03/31/03	03/31/02	03/31/01
Sales	231.77%	187.03%	117.94%	75.73%	45.06%	27.97%
NetIncome	590.01%	770.39%	533.80%	220.00%	-59.48%	-4.34%
Net Cash Flow From Operating Activities	381.05%	259.59%	223.04%	132.41%	#N/A	92.02%
TotalAssets	63.96%	46.55%	29.49%	19.92%	32.42%	36.06%
Rate Used to Translate From INR to INR	1.00	1.00	1.00	1.00	1.00	1.00

Financials are not restated.

Exhibit – 5

Year (In million tones)	Consumption Levels
1990-91	14.37
1991-92	14.83 (3.2%)
1992-93	15.00 (1.2%)
1993-94	15.32 (2.0%)
1994-95	18.66 (21.8%)
1995-96	21.65 (16.0%)
1996-97	22.13 (2.2%)
1997-98	22.63 (2.6%)
1998-99	23.54(4.02%)
1999-2000	25.01(6.24%)
2000-2001	26.53(6.08%)
2001-2002	27.44(3.39%)
2002-2003	20.65 (5.0%)

Source: The Indian Ministry of Steel (the number in brackets indicate the percentage increase from the previous year).

Note: The consumption of steel is arrived at by subtracting export of steel from the total of domestic production and adding the import of steel in the country

Exhibit – 6

Tata Steel - Corus : Projected capacity (in million tones per annum)	
Corus Group (in UK and The Netherlands)	19
Tata Steel - Jamshedpur	10
Tata Steel - Jharkhand	12
Tata Steel - Orissa	6
Tata Steel - Chattisgarh	5
NatSteel – Singapore	2
Millennium Steel – Thailand	1.7
Aggregate projected capacity	55.7

Source: International Iron and Steel Institute

Exhibit – 7

Global steel ranking	
Company	Capacity (in million tonnes)
Arcelor - Mittal	110.0
Nippon Steel	32.0
Posco	30.5
JEF Steel	30.0
Tata Steel – Corus	27.7
Bao Steel China	23.0
US Steel	19.0
Nucor	18.5
Riva	17.5
Thyssen Krupp	16.5

Exhibit – 8

Global Steel output (in million tonnes)			
Country	2005	2006	% change
China	355.8	418.8	17.7
Japan	112.5	116.2	3.3
US	94.9	98.5	3.8
Russia	66.1	70.6	6.8
South Korea	47.8	48.4	1.3
Germany	44.5	47.2	6.1
India	40.9	44.0	7.6
Ukraine	38.6	40.8	5.7
Italy	29.4	31.6	7.5
Brazil	31.6	30.9	(2.2)
World production	1,028.8	1,120.7	

Source: International Iron and Steel Institute

Exhibit – 9

Corus Group PLC

Balance Sheet (1996- 2005)

ASSETS	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Cash And ST Investments	956.00	600.00	380.00	270.00	184.00
Receivables (Net)	1,533.00	1,393.00	1,133.00	1,241.00	1,396.00
Total Inventories	1,954.00	1,732.00	1,404.00	1,337.00	1,320.00
Other Current Assets	3	0	0	0	0
Current Assets - Total	4,446.00	3,725.00	2,917.00	2,848.00	2,900.00
Property Plant & Equipment - Net	2820	2811	2729	2871	3064
Total Investments	#N/A	#N/A	#N/A	#N/A	#N/A
Other Assets	296.00	408.00	432.00	425.00	426.00
Total Assets	7,770.00	7,119.00	6,237.00	6,294.00	6,941.00

LIABILITIES & SHAREHOLDERS' EQUITY	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Accounts Payable	1,271.00	1,188.00	986.00	1,047.00	1,052.00
ST Debt & Current Portion of LT Debt	384.00	47.00	113.00	78.00	132.00
Income Taxes Payable	79	117	94	121	108
Other Current Liabilities	733.00	531.00	390.00	390.00	437.00
Current Liabilities - Total	2,467.00	1,883.00	1,583.00	1,636.00	1,729.00
Long Term Debt	1,308.00	1,407.00	1,280.00	1,428.00	1,612.00
Other Liabilities	46.00	26.00	28.00	36.00	34.00
Total Liabilities	4,392.00	3,786.00	3,353.00	3,485.00	3,774.00

Shareholders' Equity

Minority Interest	26.00	42.00	47.00	47.00	60.00
Preferred Stock	0.00	0.00	0.00	0.00	0.00
Common Equity	3,352.00	3,258.00	2,797.00	2,722.00	3,061.00
Retained Earnings	1,199.00	-1,145.00	-1,605.00	-1,389.00	-1,047.00
Total Liabilities & Shareholders' Equity	7,770.00	7,119.00	6,237.00	6,294.00	6,941.00

ASSETS	12/31/00	03/31/99	03/31/98	03/31/97	03/31/96
Cash And ST Investments	273.00	1,369.00	1,206.00	1,477.00	1,350.00
Receivables (Net)	1,794.00	1,231.00	1,526.00	1,494.00	1,717.00
Total Inventories	1,719.00	1,007.00	1,222.00	1,224.00	1,391.00
Other Current Assets	0.00	0.00	0.00	0.00	0.00
Current Assets - Total	3,877.00	3,607.00	3,954.00	4,195.00	4,458.00
Property Plant & Equipment - Net	3763	3240	3335	3259	3265
Total Investments	#N/A	#N/A	#N/A	#N/A	#N/A
Other Assets	375.00	84.00	117.00	116.00	107.00

Total Assets	8,243.00	7,171.00	7,700.00	7,876.00	8,143.00
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LIABILITIES & SHAREHOLDERS' EQUITY	12/31/00	03/31/99	03/31/98	03/31/97	03/31/96
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Accounts Payable	1,086.00	733.00	853.00	836.00	928.00
ST Debt & Current Portion of LT Debt	183.00	81.00	73.00	74.00	126.00
Income Taxes Payable	1.00	18.00	83.00	155.00	305.00
Other Current Liabilities	564.00	387.00	526.00	496.00	523.00
Current Liabilities - Total	2,467.00	1,359.00	1,672.00	1,705.00	2,025.00
Long Term Debt	1,766.00	825.00	687.00	618.00	534.00
Other Liabilities	71.00	27.00	36.00	19.00	17.00
Total Liabilities	4,344.00	2,464.00	2,687.00	2,683.00	2,898.00

Shareholders' Equity

Minority Interest	402.00	311.00	351.00	367.00	442.00
Preferred Stock	0.00	0.00	0.00	0.00	0.00
Common Equity	3,440.00	4,346.00	4,604.00	4,757.00	4,723.00
Retained Earnings	-665.00	919.00	1,195.00	1,383.00	1,350.00
Total Liabilities & Shareholders' Equity	8,243.00	7,171.00	7,700.00	7,876.00	8,143.00

Currency: GBP; Source: Thomson Financial

Exhibit – 10

Thomson Financial 10 Yr. Income Statement

Industrial Template

Corus Group PLC			Symbol: (C000087290)			
http://www.corusgroup.com			CUSIP:	Price 3/22/2007	Shrs Out (th)	Mkt Cap (th)
Exchange:	LON	DCN: C793773750	605.00	946,200	5,729	
Country:	GBR	ISIN: GB00B127GF29				
DJ Sector:			PE Ratio	Tot Ret 1Yr	Beta	
DJ Industry:	STEEL WORKS & BLAST FURNACES		11.90	70.98	2.17	
Company Status:	Active					

Source: ThomsonFinancial

10 YR INCOME STATEMENT	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Net Sales or Revenues	10,140.00	9,332.00	7,953.00	7,188.00	7,699.00
Cost of Goods Sold	8,343.00	7,658.00	7,124.00	6,575.00	6,941.00
Depreciation, Depletion & Amortization	312.00	294.00	323.00	350.00	386.00
Gross Income	1,485.00	1,380.00	506.00	263.00	372.00
Selling, General & Admin Expenses	765.00	759.00	565.00	649.00	749.00
Operating Expenses - Total	9,420.00	8,711.00	8,012.00	7,574.00	8,076.00
Operating Income	720.00	621.00	-59.00	-386.00	-377.00
Non-Operating Interest Income	31.00	13.00	13.00	17.00	15.00
Earnings Before Interest And Taxes (EBIT)	707.00	663.00	-150.00	-314.00	-351.00
Interest Expense On Debt	128.00	131.00	111.00	109.00	118.00
Pretax Income	579.00	532.00	-261.00	-423.00	-469.00
Income Taxes	129.00	113.00	52.00	55.00	-48.00
Minority Interest	-1.00	-6.00	-3.00	-7.00	0.00
Equity In Earnings	1.00	21.00	5.00	13.00	2.00
Net Income Before Extra Items/Preferred Div	452.00	446.00	-305.00	-458.00	-419.00
Extr Items & Gain(Loss) Sale of Assets	0.00	0.00	0.00	0.00	0.00
Net Income Before Preferred Dividends	452.00	446.00	-305.00	-458.00	-419.00
Preferred Dividend Requirements	0.00	0.00	0.00	0.00	0.00
Net Income Available to Common	452.00	446.00	-305.00	-458.00	-419.00

Currency: GBP; Source: Thomson Financial

10 YR INCOME STATEMENT	12/31/00	03/31/99	03/31/98	03/31/97	03/31/96
Net Sales or Revenues	9,358.40	6,259.00	6,947.00	7,224.00	7,048.00
Cost of Goods Sold	7,711.20	5,280.00	5,443.00	5,606.00	4,999.00
Depreciation, Depletion & Amortization	939.20	313.00	306.00	298.00	281.00

Gross Income	708.00	666.00	1,198.00	1,320.00	1,768.00
Selling, General & Admin Expenses	803.20	408.00	457.00	424.00	508.00
Operating Expenses - Total	9,453.60	6,377.00	6,640.00	6,787.00	6,107.00
Operating Income	-95.20	-118.00	307.00	437.00	941.00
Non-Operating Interest Income	31.20	92.00	91.00	90.00	67.00
Earnings Before Interest And Taxes (EBIT)	-885.60	-70.00	369.00	486.00	1,019.00
Interest Expense On Debt	126.40	66.00	52.00	48.00	45.00
Pretax Income	-1,012.00	-136.00	317.00	438.00	974.00
Income Taxes	4.80	-23.00	77.00	140.00	243.00
Minority Interest	56.00	-42.00	7.00	-3.00	49.00
Equity In Earnings	-6.40	-10.00	-7.00	9.00	95.00
Net Income Before Extra Items/Preferred Div	-1,079.20	-81.00	226.00	310.00	777.00
Extr Items & Gain(Loss) Sale of Assets	#N/A	0.00	0.00	0.00	0.00
Net Income Before Preferred Dividends	-1,079.20	-81.00	226.00	310.00	777.00
Preferred Dividend Requirements	0.00	0.00	0.00	0.00	0.00
Net Income Available to Common	-1,079.20	-81.00	226.00	310.00	777.00