



**TATA STEEL**

*transforming **vision** into **reality***

**97<sup>th</sup> Annual Report**  
2003-2004

# **Tata Steel Annual Report**

2003-2004



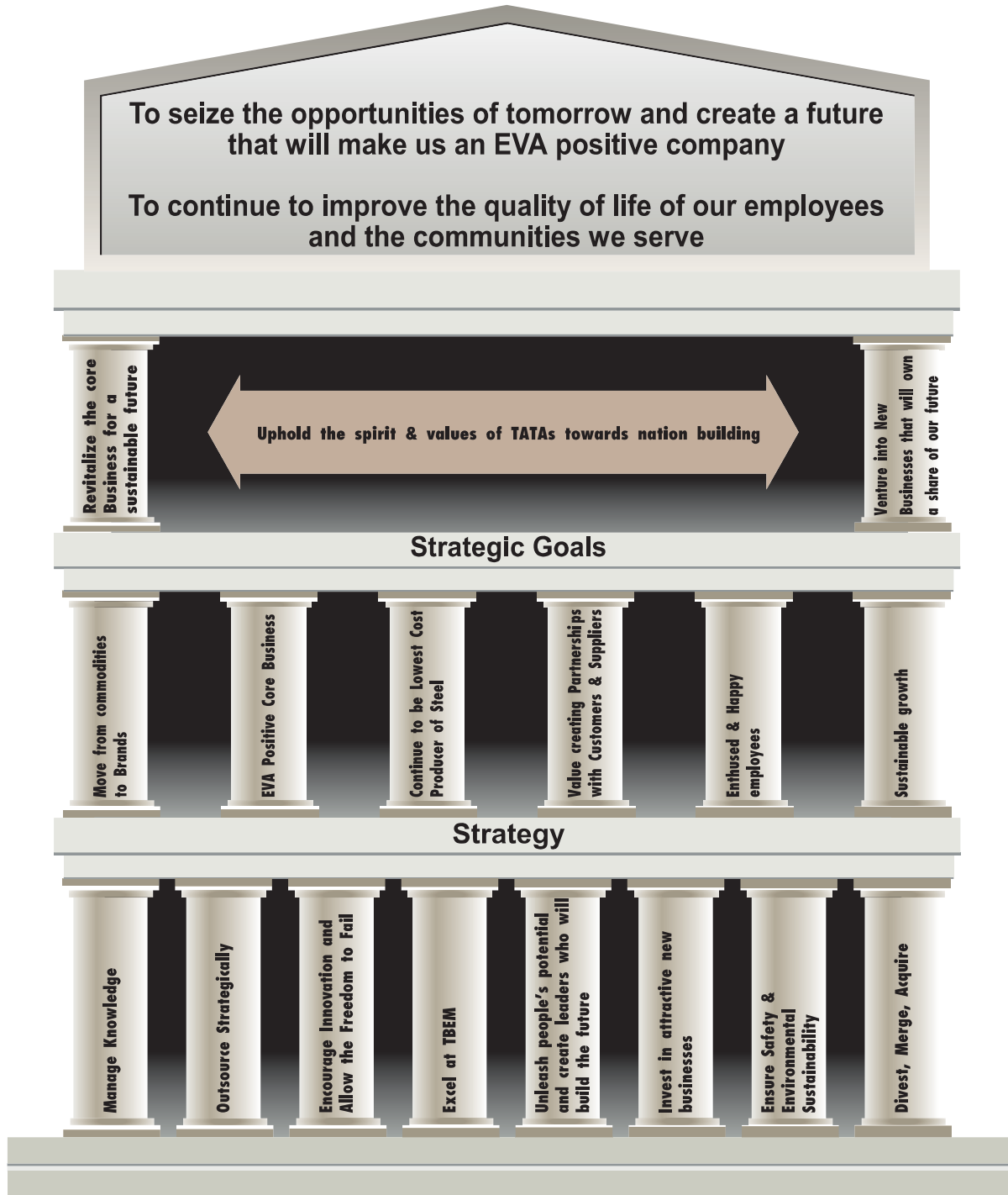
# TATA STEEL

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Annual General Meeting on Thursday 22nd July, 2004 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.

# Vision 2007





## transforming **vision** into **reality**

Tata Steel, India's first steel plant was set up almost a hundred years ago. This pioneering spirit endures. Today, Tata Steel is one of Asia's largest integrated steel plants.

Anticipating the trends of the future, we have charted a growth route to achieve our Vision 2007. To transform this Vision into reality we have, year after year, repositioned paradigms, redefined benchmarks and revisited our core competence. This has accelerated the continuous change and improvement that we are endeavouring to bring about in our operations, in our work culture and in our efficiencies.

This is our real achievement. One that will enable us to sustain what we have aspired for and build further upon it. So that we continue to be an EVA+ company and create greater stakeholder value.

# TATA STEEL : HIGHLIGHTS AT A GLANCE

EVA positive core business



Achieved an incremental EVA of Rs. 516 crores

Continue to be lowest cost producer of steel



Rated amongst top 3 best steel companies in the world by World Steel Dynamics

Value creating partnerships with customers & suppliers



Entered into a strategic alliance with Nippon Steel Corporation and Arcelor

Sustainable growth



One million tonnes per annum expansion plan on schedule

Move from commodities to brands



Turnover of branded products increased by 84%

Unleash peoples' potential and create leaders who will build the future



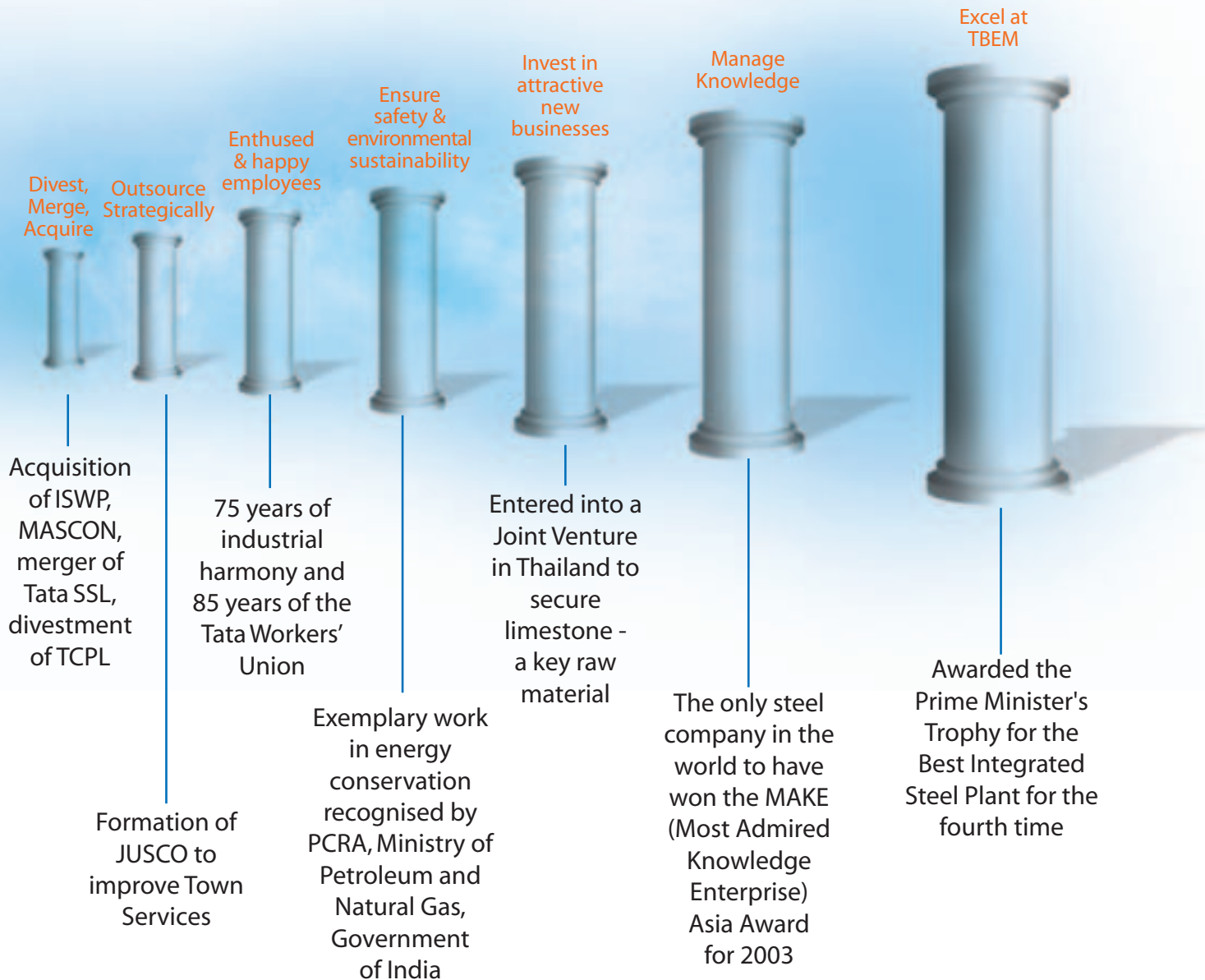
The TISCO Management Development Centre completed 50 years

Encourage innovation



Innovative applications of steel : steel intensive bungalows, bus shelters and garages

## 2003-2004



# TATA STEEL : FINANCIAL HIGHLIGHTS 2003-2004

Highest ever **production** : 4.06 million tonnes



Steel **sales** : 3.96 million tonnes  
(2002-03 : 3.90 million tonnes)



**Exports** turnover increased by 14% to Rs. 1,496.56 crores  
(2002-03 : Rs. 1,313.23 crores)



**Record turnover** of Rs. 12,069.62 crores



**Profit After Tax** increased by 72% to Rs. 1,746.22 crores  
(2002-03 : Rs. 1,012.31 crores)



**Net Working Capital** reduced to Rs. 84.22 crores  
( 2002-03 : Rs. 957.52 crores )

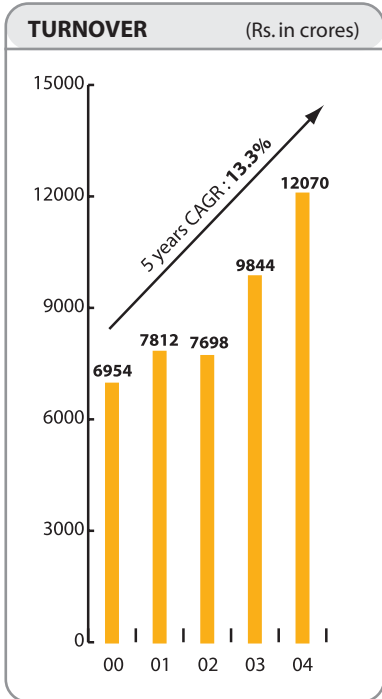


**Return on Equity** : 46.3%  
( 2002-03 : 35.9%)

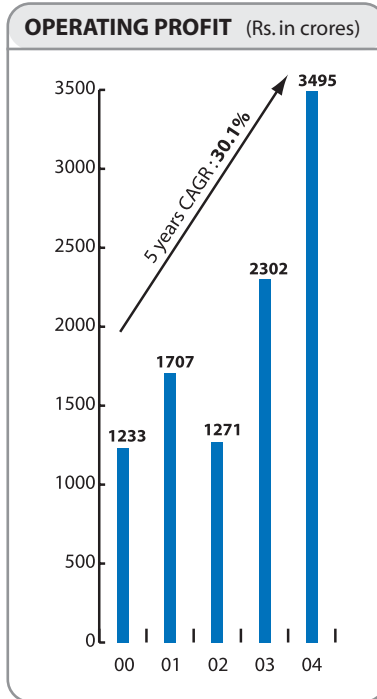


**EVA spread** of 8.98% at Rs. 847 crores  
( 2002-03 : Rs. 331 crores )

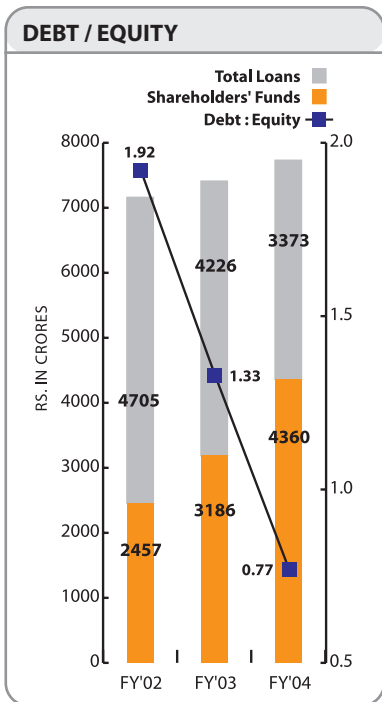
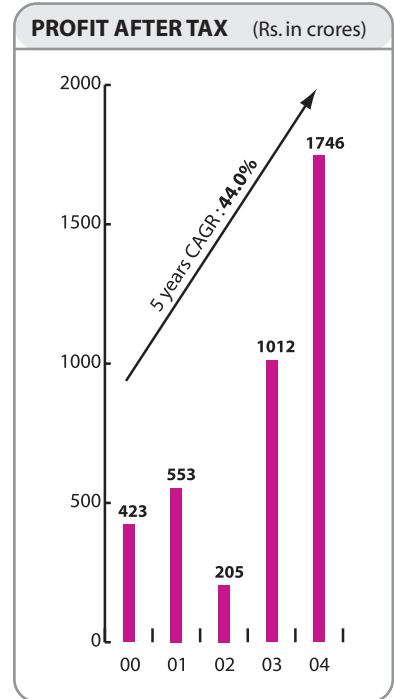




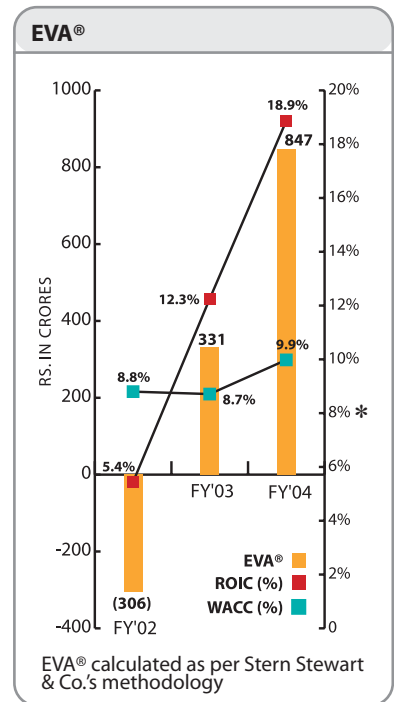
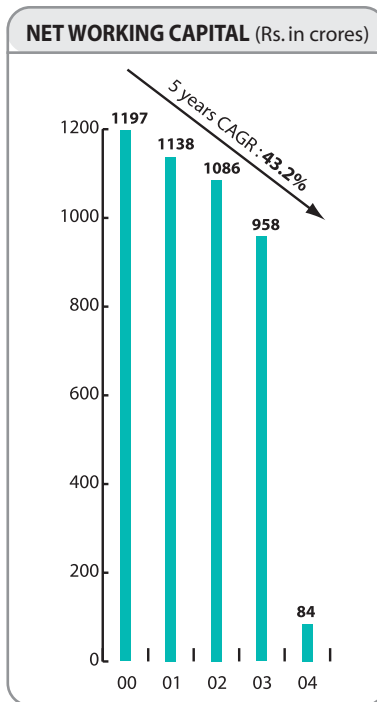
Turnover = Sales of Products & Services + Other Income



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



Debt = Secured loans + Unsecured loans  
 Equity = Share Capital + Reserves & Surplus – Expenditure (to the extent not w/o or adjusted)

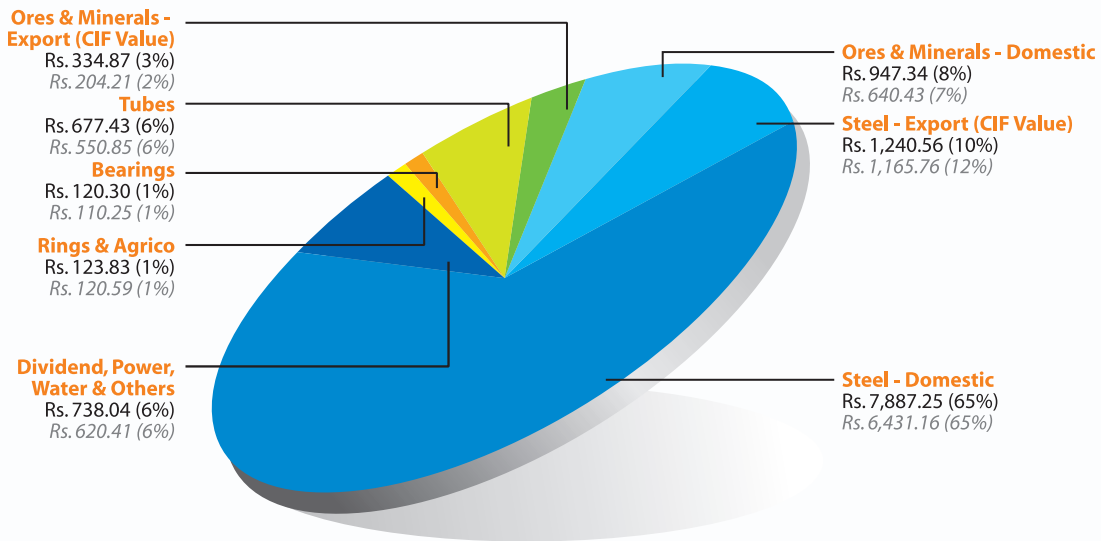


EVA® calculated as per Stern Stewart & Co.'s methodology

EVA® = ROIC - WACC  
 ROIC = Return On Invested Capital  
 WACC = Weighted Average Cost of Capital

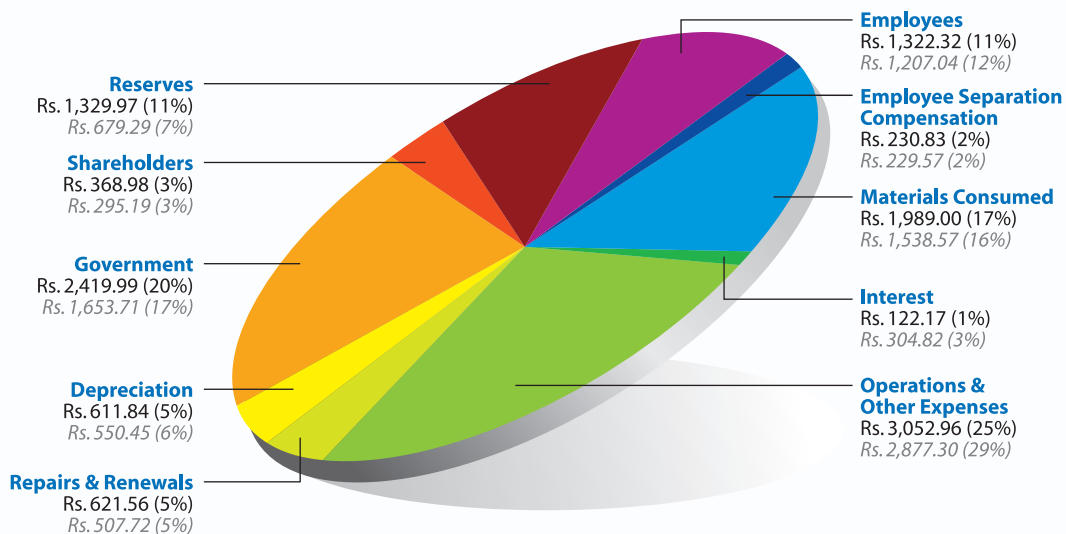
## Rupee Earned 2003-2004

Rs. in crores



## Distribution of Revenue 2003-2004

Rs. in crores



• Figures in italics represent Previous Year

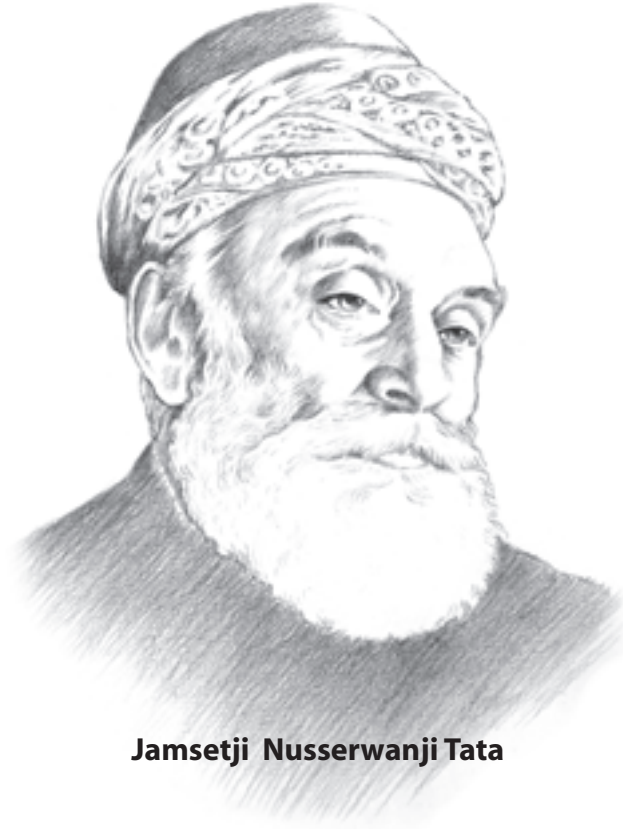


## 2004 - a commemorative year

*T*he year 2004 holds a special significance for the Tata Group. It marks the death centenary of our founder Jamsetji Tata and the 100th birth anniversary of JRD Tata and Naval Tata.

These are the pioneers and visionaries who have laid the foundation of India's industrialisation and have always upheld national interest above all else. They have accomplished deeds that enhanced and enriched not just the development of business but the country as well. The Tata Group of Companies has been firmly founded on the solid pillars of ethical business practices and corporate social responsibility.

The ethos of the Tata Group can be captured in Jamsetji Tata's words, "We think we started with sound and straightforward business principles, considering the interests of the shareholders our own and the health and welfare of the employees the sure foundation of our success."



**Jamsetji Nusserwanji Tata**

# a timeless vision

"The nation which gains control of iron soon acquires the control of gold." -- these were the words that inspired a young Jamsetji Nusserwanji Tata envisage a bold new dream for India.



Jamsetji persuaded Charles Perin - world renowned metallurgist and geologist - to come to India and work on a steel project. Charles Perin and his team discovered 3 billion tonnes of ore at Sakchi and Jamsetji Tata's dream of thirty years was cast into reality. Tata Steel came into being in 1907. On 16th February 1912, the first ingot of steel was rolled out of the Sakchi plant.

The Tata Iron and Steel Company was India's first and the largest steel company in the private sector. Today, Tata Steel ranks among the world's top steel companies and has emerged as one of the lowest cost producers of steel in the world.

Jamsetji Tata ranks among the greatest visionaries of industrial enterprise of all time. He was gifted with an open mind to absorb new ideas and a strong determination to make them happen. He was interested in everything he saw and was always looking for ways to put his knowledge to use, not just for himself but for India. He laid the foundations of Indian industry, contributed to its consolidation, and became a key figure in India's industrial renaissance.


Tata Steel is a solid manifestation of the iron grit, courage and determination of its founder, Jamsetji Tata.



**JRD Tata**

# a lineage of leadership

The roots of India's aviation industry can be traced back to a beach resort in France. During his holiday at the resort as a young boy, Jehangir Tata decided to become a pilot and if possible make a career in aviation.



And this he did. He was the first Indian to achieve a 'No.1' endorsement on his flying license in 1929. He had achieved his personal dream and went on to build an airline for his country, giving his nation wings.

This was the essence of JRD Tata, 'Jeh' to his friends. He has been one of the greatest builders and personalities of modern India. He carried forward the heritage of the principles of business ethics that Jamsetji Tata had laid down years before.

He worked in earnest and crusaded for issues that he felt were imperative for India's development—family planning, women's education, spread of literacy, etc. To JRD, 'national interest' meant advancing the country's scientific and economic capacities. The 100% successful family welfare schemes at Tata Steel and the various educational programmes for all, directly emanate from JRD Tata's insight. He firmly believed that whether in business or in life, it was people who mattered.

The Government of India conferred the highest civilian award of the land, Bharat Ratna on JRD Tata in 1992. Numerous national and international honours were also bestowed upon JRD Tata including the Knight Commander's Cross of the Order of Merit of the Federal Republic of Germany, Bessemer Medal of the Institute of Metals, London, and the United Nations Population Award.



# chairman's

Dear Shareholder,

There has been a revival in the global steel industry over the past two years. After being considered to be a “sunset industry” and a “value destroyer” for several years, the steel industry has re-emerged as one of the industries attracting investment in new capacity and for modernization.

China's enormous consumption of steel over the past few years has been one of the main engines of the global steel industry's revival. China today is the world's largest consumer of steel, catering to its large and continuing internal infrastructural investments and also to substantial new domestic steel capacity. China's domestic steel capacity today stands at 220 million tonnes of crude steel – the largest in the world – but its consumption exceeds this level, and China still imports large tonnages of steel from international sources. Improvements in the economies of various countries have also bolstered the demand for steel, and steel prices, which have been depressed over the past seven years have firmed up on the basis of increased consumption. Availability of raw material resources in the form of iron ore and coking coal are becoming scarce and are seeing price increases also, which may result in further increases in steel prices as also protracted deliveries.

Against this backdrop, Tata Steel has understandably performed well. The various initiatives undertaken in the Company to control costs and improve productivity as also the investments made in new plant facilities have made the Company more competitive to enable the Company to focus on high value hot and cold rolled strips for sophisticated applications. Also, increased steel prices and higher demand from a buoyant Indian industry have been additional contributors towards Tata






# statement

Steel registering a record performance during the year. The management team, along with employees at all levels and the union have shown a tremendous sense of teamwork and commitment in achieving this very commendable performance during the year. The challenge will undoubtedly be in sustaining, and, in fact, enhancing the level of performance of Tata Steel in the coming years, while at the same time acting responsibly by moderating the burden of price increases on its consumers. In the near future, new materials that are stronger, lighter and less expensive than steel will enter the market to compete with steel and the steel industry will need to find ways to meet these new challenges also.

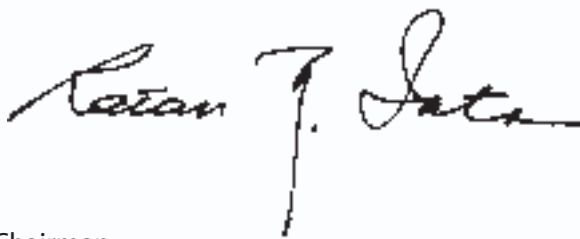
India presently is going through an economic up-turn and at this particular time in the nation's development, considerable attention is being paid to the creation of adequate infrastructure to meet the country's development needs. Industry is also experiencing robust growth in several sectors and India's agricultural sector has continued to show growth with improved productivity and product quality. It can therefore be assumed that if these trends continue, India will continue to enjoy healthy economic growth for some years to come. The demand for steel in India therefore, should continue to rise, both in construction steel and in flat products used in the automotive and consumer product sectors. India also has a specific advantage in that its iron ore and related mineral resources are plentiful, which will provide the Indian steel industry with a particular global advantage.

In this changed steel scenario, Tata Steel cannot stand still. It must explore ways of enhancing its capacity domestically as also establishing finishing facilities in strategic locations internationally,



leveraging its low cost Indian base and the availability of domestic iron ore. The Company needs to evaluate and invest in new emerging steel-making technologies, so as to enable it to be a state-of-the-art steel-making facility. Tata Steel is in the process of developing such longer-term strategies so that it can play a meaningful role in the steel industry in the coming years.

In conclusion therefore, Tata Steel is well poised to face the future. The industry has revived, and Tata Steel is reaping the benefits of the investments and hard decisions it has taken in the difficult years just past. The tremendous support, innovativeness and enormous dedication of everyone in the Company will continue to be Tata Steel's greatest asset in the coming years, and will enable it to continue its tradition of playing a leading role in the industrial development of the country.



Chairman

Mumbai, June 9, 2004

## Board of Directors

(As on 20th May, 2004)

**Mr. R. N. Tata** (Chairman)  
**Mr. Keshub Mahindra**  
**Mr. Nusli N. Wadia**  
**Mr. S. M. Palia**  
**Mr. P. K. Kaul** (Financial Institutions' Nominee)  
**Mr. Suresh Krishna**  
**Mr. Kumar Mangalam Birla**  
**Mr. Ishaat Hussain**  
**Dr. Jamshed J. Irani**  
**Mr. B. Jitender** (Financial Institutions' Nominee)  
**Mr. B. Muthuraman** (Managing Director)  
**Dr. T. Mukherjee** (Whole-time Director)  
**Mr. A. N. Singh** (Whole-time Director)

## Management

(As on 20th May, 2004)

**Mr. B. Muthuraman** ..... Managing Director  
**Dr. T. Mukherjee** ..... Dy. Managing Director (Steel)  
**Mr. A. N. Singh** ..... Dy. Managing Director (Corporate Services)  
**Mr. R. C. Nandrajog** ..... VP (Finance)  
**Mr. H. M. Nerurkar** ..... VP (Flat Products)  
**Mr. D. Sengupta** ..... VP (Shared Services)  
**Mr. A. D. Baijal** ..... VP (Raw Materials & Iron Making)  
**Mr. Niroop Mahanty** ..... VP (Human Resources Management)  
**Mr. U. K. Chaturvedi** ..... VP (Long Products)  
**Mr. R. P. Singh** ..... VP (Engineering Services & Products)  
**Mr. J. C. Bham** ..... Company Secretary

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<b>REGISTERED OFFICE</b>	Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001. Tel : (022) 5665 8282, Fax : (022) 5665 8113 / 5665 8118 E-mail : <a href="mailto:tatasteelho@tata.com">tatasteelho@tata.com</a> Website : <a href="http://www.tatasteel.com">www.tatasteel.com</a>
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<b>BANKERS</b>	State Bank of India
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<b>LEGAL ADVISORS</b>	Messrs Mulla & Mulla and Craigie Blunt & Caroe
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<b>AUDITORS</b>	Messrs A. F. Ferguson & Company Chartered Accountants Messrs S. B. Billimoria & Company Chartered Accountants
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<b>SHARE REGISTRARS</b>	Tata Share Registry Limited, Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai 400 001. Tel : (022) 5656 8484 Fax : (022) 5656 8494 / 5656 8496 E-mail : <a href="mailto:csg-unit@tatashare.com">csg-unit@tatashare.com</a> website : <a href="http://www.tatashare.com">www.tatashare.com</a>
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## Corporate Sustainability Initiatives

### PUTTING PRINCIPLES INTO PRACTICE

*“Every Company has a special continuing responsibility towards the people of the area in which it is located. The Company should spare its engineers, doctors, managers to advise the people of the villages and supervise new development undertaken by cooperative effort between them and the Company.”*

– JRD Tata (1969)

Tata Steel's Vision 2007 states that the Company will continue to improve the quality of life of our employees and the communities we serve. This past year we addressed strategic and policy issues which lie at the heart of the changing face of our business and sustainable development. Our emphasis was on reviewing subjects of ethics and values; governance and mentorship that stood alongside leadership issues and social entrepreneurship. Placing corporate citizenship in the context of our commitment to our stakeholders we addressed sustainability and equality issues; networked with like-minded international and national non-profit organisations and allied with government to be a co-partner in the task of nation building.

### RELIEF DURING NATURAL CALAMITIES

“Employee volunteerism” was arguably the most identifiable trait that came to the fore, last year. A devastating fire ravaged the houses and belongings of the families of Agasiya village in Jharkhand. The employees of Tata Steel rushed with aid and contributions from their personal incomes. This act illustrated the spirit of employee volunteerism that is taking deep roots in our ethos.

Tata Steel in the year under review, through the Tata Relief Committee (TRC) continued to provide rescue, relief, rehabilitation and reconstruction services in locations across the country, affected by natural calamities.

The TRC along with the Government of Orissa jointly undertook the construction of 11 schools in the year. In Gujarat, it constructed 21 schools and 50 housing units. On the request of the Gujarat government, Tata Steel has also undertaken the construction of 50 additional housing units that will be completed shortly.

The TRC operating from Mumbai constructed 721 houses in Gujarat in coordination with the United Nations Development Programme (UNDP) and designated NGO - Centre for Environment Education.

### COMMUNITY INITIATIVES

**Health for all** : Improving the quality of existing services and expanding reach were focal interventions during the last year. Health check-ups and awareness programmes were conducted as per our ongoing commitment. Specific collaborative projects undertaken were :

- Child Survival, a project catering to mother and childcare, in collaboration with the American non-profit CARE.
- Population Stabilization, a routine family planning project with Government of India
- Operation *Muskan* – in collaboration with NGO - The Smile Train- treating of cleft lip cases in the state of Jharkhand is responsible for reintegrating marginalised people into society.
- “YARS” - Youth and Adolescent Reproductive Services, in collaboration with Planned Parenthood of USA caters to enhance knowledge and provides services for Reproductive Health issues.
- Specifically targeted programmes on HIV & AIDS in collaboration with Jharkhand State Aids Awareness Society.
- Project “Watsan” was to lift the sanitation and hygiene levels of the area, in collaboration with UNICEF and Jharkhand state government.

**Stimulating Economic Growth through Income Generation (IG)** : Assisting families in breaking out of the vicious cycle of illness, wage loss, indebtedness and poverty was the driving force for these programmes. Among the more significant projects were :

- Mission “Haryali” a project catering to provide irrigation for multi-cropping.
- Institutionalising activities for the promotion of indigenous tribal handicraft and generating income for families, served a dual purpose.
- Providing Technical Training programmes to Self Help Groups, linking them with Financial Institutions and assisting them in setting up Micro-enterprises.

**Empowerment** : Tata Steel supported and nurtured the formation of Self Help Groups, youth groups and village level advocacy groups creating a cadre of people who can take on leadership roles in their areas and promote sustainable development.

**Education** : Tata Steel uses education as a tool for empowerment and so addressed both child and adult education. Specific programmes run simultaneously throughout last year were :

- *Balwadi* classes for toddlers.
- Project *Sahyog* for school children.
- Project *Bloom* a bridge course for dropouts.
- *Sakhshar Samaj* - a computer aided Adult Literacy Programme.
- Tata Steel supported the setting up of the Xaviers Institute for Tribal Education at Adityapur, Jharkhand.

## ENVIRONMENT MANAGEMENT

Tata Steel is fully aware of the impact of its activities, products and services on the environment at a local and global scale. The Company's endeavour is not limited to compliance with applicable legislations but to go beyond compliance with minimisation of process waste; optimisation of recovery and recycling waste materials; phasing out of pollution prone old units and installation of state-of-the-art technology for preservation and protection of the environment.

Tata Steel Main Works has been re-certified to ISO-14001 standard in May 2003. Other facilities like Ferro Alloys Plant, Tubes Division, Sukinda Chromite Mines, Noamundi Iron Mines, West Bokaro Collieries and Joda East Iron Mines, Jamshedpur Town Division, Bearings Division and Jharia Collieries have also been re-certified for compliance to the requirement of International Standard ISO-14001:1996.

Tata Steel also, commissioned a facility for the recovery of waste gas from the Blast Furnace in collaboration with Project NEDO of the Government of Japan - the first of its kind in India.

## SPORTS & ADVENTURE

From excellent performance at sporting meets, to building of world-class facilities, Tata Steel was involved in multi-dimensional programmes including events, infrastructure development and national representation.

The Tata Football Academy cadets were a dominant force in the Indian Junior teams; the Archery cadets qualified for the Athens Olympics and several hundred children from various training centres, supported or run by Tata Steel, won medals at the state and national level championships.

In the continuing spirit of building world-class facilities for sports, a new eight lane polyurethane synthetic track was laid at JRD sports complex. Some major national events that the Company hosted were Tata Open Golf, Tata Steel International Chess Championship, 43rd Senior National Athletic Championship and JRD Tata International Invitational Football Championships.

Tata Steel Adventure Foundation (TSAF) offered a wide gamut of avenues to interact with nature and test one's spirit. In its ongoing role, TSAF organised and supported several expeditions this year for Company employees and community. It provided them with opportunities for activities such as mountaineering, parasailing, rock climbing, caving, environmental learning, obstacle courses, rafting, kayaking, field cooking and trekking.

## ART & CULTURE

For preservation and promotion of tribal cultures and their heritage, numerous festivals and events were conducted.

The aim is to create awareness and understanding, promote and preserve indigenous culture and beliefs, both among the various tribal communities and between tribals and non-tribals. "Jhunoor - a music and dance festival" and "Chou" dance lecture demonstrations were some of the initiatives started last year.

The facilities at the Tata Steel Tribal Cultural Centre - a one of a kind centre for the promotion of the life and times of the Tribals of Jharkhand were upgraded.

Tata Steel has been fortunate to be instituted by a visionary such as JN Tata, who inculcated the value of community and social service in the very fabric of the Company's existence. At Tata Steel, the principles of corporate social responsibility are firmly embedded not only as corporate policy but also as an important aspect of sustainable development.

Our current and future business decisions are, and will continue to be, greatly influenced by the values that strengthen our communities in which we operate.

## Management of Business Ethics

Tata Steel values are embedded in the Company's belief system and demonstrated in the behaviour of our entire leadership across the organisation. Senior leaders reinforce these values by personally demonstrating the desired behaviour, walking the talk, institutionalising reward and recognition for demonstrating desired behaviour and communicating to all stakeholders. Integrity, a core value, is reinforced through the implementation of the Code of Conduct in the Company. Tata Steel's values viz. "respect for the individual", "integrity", "credibility" and "excellence" are demonstrated in everything that the Company does.

The values and ethical norms enunciated in the Tata Code of Conduct are binding on the Company and its employees. Constant endeavour is made to make all stakeholders aware of the expected ethical behaviour. Family members of the employees are also made aware

of the ethical environment so as to bring better alignment between individual and organisational ethics.

The effectiveness of communication and deployment of values is measured through employee satisfaction surveys and Management of Business Ethics (MBE) Survey conducted annually, administered by TQMS. The recent MBE survey - 2004 has revealed that the MBE system is fully in place in the Company.

Tata Steel website also provides access to various stakeholders to voice concerns with the Ethics Counsellor. Punishments are effected for violations in the Code of Conduct. Employees and other stakeholders are recognised by senior leaders at various recognition forums for exemplary display of ethical conduct and for creating a climate that encourages ethical conduct. Such cases are given on the Company's internal website.

## Directors' Report

**TO THE MEMBERS,**

The Directors hereby present their Ninety-seventh annual report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2004.

	<b>Rupees Crores</b>	<i>Previous Year Rupees Crores</i>
1. (a) Net Sales/Income .....	<b>11920.96</b>	9793.27
(b) Total Expenditure .....	<b>8425.55</b>	7491.29
(c) Operating Profit .....	<b>3495.41</b>	2301.98
(d) <i>Add</i> : Dividend and Other Income .....	<b>140.51</b>	50.39
(e) Profit before Interest, Depreciation, Exceptional items and Taxes .....	<b>3635.92</b>	2352.37
(f) <i>Less</i> : Interest.....	<b>122.17</b>	304.82
(g) Profit before Depreciation, Exceptional items and Taxes .....	<b>3513.75</b>	2047.55
(h) <i>Less</i> : Depreciation .....	<b>625.11</b>	555.48
(i) Profit before Exceptional items and Taxes .....	<b>2888.64</b>	1492.07
(j) <i>Less</i> : Exceptional items .....	<b>222.68</b>	229.57
(k) Profit before Taxes .....	<b>2665.96</b>	1262.50
(l) <i>Less</i> : Provision for Current Taxation .....	<b>920.00</b>	261.88
(m) <i>Less</i> : Provision for Deferred Taxation .....	<b>(0.26)</b>	(11.69)
(n) Profit after Taxes .....	<b>1746.22</b>	1012.31
(o) <i>Add</i> : Balance brought forward from the previous year .....	<b>307.45</b>	215.82
(p) <i>Add</i> : Balance brought forward on Amalgamation of erstwhile Tata SSL Limited .....	<b>—</b>	2.33
(q) Balance .....	<b>2053.67</b>	1230.46
Which the Directors have appropriated as under, to :		
(i) Proposed Dividend .....	<b>368.98</b>	295.19
(ii) Tax on Dividend .....	<b>47.27</b>	37.82
(iii) General Reserve .....	<b>1000.00</b>	590.00
TOTAL .....	<b>1416.25</b>	923.01
Leaving a balance of .....	<b>637.42</b>	307.45
to be carried forward		

## **BUSINESS RESULTS**

The global consumption of finished steel increased by about 50 million tonnes for the second consecutive year in 2003-04. Much of this growth has been in china, which recorded a growth rate of over 20% in steel consumption in 2002 and 2003. The emergence of China as a powerhouse and world leader in steel, the scrapping of safeguard tariffs under Section 201 by the U.S., rapid increase of raw material and steel prices world over, characterised the steel industry in 2003-04. Countries in Western Europe, North America and Japan have passed through their era of infrastructure creation and much of their current steel consumption goes towards meeting replacement demand, especially in consumer durables. China is currently executing a major program of infrastructure development, which has resulted in a surge in steel demand. Other countries in the CIS, Eastern Europe, Middle East, South East Asia, and South America are beginning to grow at a faster pace. Growth of steel consumption in the world is expected to continue over the next few years, though the geographical mix could change.

The buoyancy in the Indian economy as a whole, and the steel industry in particular, gained momentum during the year under review. India's GDP is estimated to have doubled to 8.1%, as compared to 4.0% in the previous year. The strong domestic economy, a resurgent capital market and

the improved foreign exchange reserves have instilled a new found confidence in the Indian corporate sector. In the Manufacturing sector, the steel industry has shown the highest growth in sales and profits in the first two quarters of the year. Steel consumption in India has grown at a steady rate of about 5-6% over the last decade, to a level of about 28 million tonnes per annum in 2003-04. This growth rate is likely to accelerate, with consistent and rapid growth in the Indian economy.

The general economic well-being, the strong steel demand and the continuing efforts of the Company in improving its product-mix, contain cost, initiatives in adding value to its customers, resulted in another year of record performance. The shareholders may recall that the Company became EVA positive in the previous year. During the year, the financial position improved significantly with an incremental EVA of Rs. 516 crores.

The Company's operational and financial performance continued on a growth path. Steel sales increased by 1% to 3.958 million tonnes (2002-03 : 3.905 mil. tonnes) over the previous year. Though the Company's steel exports was lower by 7% at 0.609 million tonnes (2002-03 : 0.653 mil. tonnes), it was more than made up by higher exports of ferro alloys. Export turnover increased by 14% to Rs. 1,496.56 crores (2002-03 : Rs. 1,313.23 crores). The firm trend in steel prices, higher volumes, better product mix



and several improvement initiatives by the Company resulted in total revenues increasing by 22.5% from Rs. 9,843.66 crores to Rs. 12,061.47 crores. All other businesses turned in record performances.

Gross profit increased by 54.6% to Rs. 3,635.92 crores as against Rs. 2,352.37 crores in the previous year. Operating profit improved from Rs. 2,301.98 crores in the previous year to Rs. 3,495.41 crores. Lower levels of debt and lower average interest rates contributed to a reduction in gross interest charges at Rs. 230.56 crores (2002-03 : Rs. 352.17 crores). Net interest charges were also correspondingly lower at Rs. 122.17 crores (2002-03 : Rs. 304.82 crores). Provision for depreciation was Rs. 625.11 crores (2002-2003 : Rs. 555.48 crores). After providing Rs. 230.83 crores towards expenses for employee separation compensation (2002-2003 : Rs. 229.57 crores), profit before taxes increased to Rs. 2,665.96 crores (2002-2003 : Rs. 1,262.50 crores). Profit after taxes increased by 72.5% to Rs. 1,746.22 crores from Rs. 1,012.31 crores in the previous year.

Pursuant to the Accounting Standard AS – 21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company includes financial information of its subsidiaries. The Company has made an application to the Government of India seeking exemption under Section 212(8) of the

Companies Act, 1956 from attaching the Balance sheet, Profit and Loss Account and other documents of the subsidiary companies to the Balance Sheet of the Company. In case the exemption is granted by the Government of India, the aforesaid documents relating to the subsidiaries of the Company will not be included in the Annual Report. The Company will make available these documents/details upon request by any member of the Company.

#### **DIVIDEND**

The Board has declared a dividend on Ordinary Shares @ 100% (Rs. 10 per share) for the year ended 31st March, 2004, subject to approval by the Shareholders. The dividend will be paid on 368,981,904 Ordinary Shares at Rs. 10 per share (2002-03 : On 368,981,904 Ordinary Shares at Rs. 8.00 per share).

#### **ISSUE OF BONUS SHARES**

Your Directors recommend an issue of bonus shares in the ratio of one Ordinary share for every two existing Ordinary Shares of the Company held by the members on a date to be fixed by the Board, by capitalising a part of the Securities Premium Account to the extent of Rs. 184.49 crores. The proposed issue of bonus shares is subject to the consent of the shareholders at the forthcoming Annual General Meeting. The bonus shares shall rank pari passu in all respects with the existing fully paid up Ordinary Shares of the Company, including any dividend that may be declared for

the financial year in which the bonus shares are allotted.

### **INCREASE IN AUTHORISED SHARE CAPITAL**

In order to facilitate the capitalisation of Securities Premium Account to the extent of issue of bonus shares, the authorised share capital of the Company is being increased from Rs. 690 crores to Rs. 850 crores by creation of 160,000,000 Ordinary Shares of Rs. 10 each.

### **FINANCE**

The Company's strong operational performance during the past two years has significantly improved its liquidity position. Better credit management has resulted in sundry debtors being brought down from an average of 48 days in the previous year to 31 days in the current year, despite a substantial increase in total sales as well as sales to value added segments. Average inventory holding period has been better at 39 days as compared to 46 days in the previous year. Total working capital requirement has reduced from 94 days in the previous year to 70 days.

During the year, interest rates continued the previous year's declining trend and dropped to historic lows. Considering the current level of inflation rate, further reduction in interest rates would seem difficult. The Company has progressively reduced its debt exposure and interest burden during the year, and has repaid debt aggregating Rs. 1,036 crores. Consequently, the debt:equity ratio has come down from 1.33:1 at the beginning of the year under review to 0.77:1.

Lower debt and reduction in the average interest rate contributed to lower gross interest charges at Rs. 230.56 crores, as compared to Rs. 352.17 crores in the previous year.

There has been a substantial net reduction in the long-term outstanding borrowings by Rs. 826 crores. Short-term borrowings have gone down by Rs. 27 crores over the previous year. Overall borrowings have, therefore, decreased by Rs. 853 crores to Rs. 3,373 crores as compared to Rs. 4,226 crores at the end of the previous fiscal year.

Surplus funds generated out of operations have been invested in liquid assets. Such investments have increased to Rs. 1,539 crores as on 31st March, 2004 from Rs. 434 crores at the beginning of the year. These temporary investments will be liquidated to meet the capital expenditure and other requirements, as and when required.

### **CAPITAL PROJECTS**

The expansion programme, to increase the crude steel making capacity of the Company to 5 million tonnes, is well under way. All the facilities are expected to be completed by September 2005. The financial year 2005-06 will be the first year of operation of the new facilities.

The Company has received three Prospecting Licences covering 80 sq. kms of mineral sands in Tamil Nadu for the Titania Project. Environment clearance for the project has also been received. A consortium comprising Outokumpu, PAH and L&T has been appointed to conduct Phase I of

the Feasibility Study, upto mining, mineral separation and preliminary study for Ilmenite upgradation.

The Company incurred capital expenditure of Rs. 960 crores during the year. The electrolytic cleaning line in the Cold Rolling Mill, Jamshedpur, to improve the surface quality of the cold rolled coils supplied to the Automobile and Appliance sectors, was one major facility commissioned during the year.

## **SUBSIDIARIES**

During the year under review, a 100% subsidiary, Jamshedpur Utilities and Services Co. Ltd. (JUSCO) was incorporated with the objective to provide services in the area of housekeeping & hospitality, town planning & engineering, civil construction and maintenance, public health, education, horticulture, fleet management, water and waste water management, power distribution and many other similar activities. The Town Division of the Company hitherto, carried out much of these activities. It is expected that JUSCO, as a separate organisation, will bring a sharper focus and improvement in the quality of these services, thus permitting the Company to focus on its core businesses.

The Company has invested an amount of Sri Lankan Rupees 2.5 crores in the equity capital of a new company, Lanka Special Steels Ltd., registered in Sri Lanka, which has been formed as a 100% Subsidiary of the Company, to take over the assets of Mascons Wire Industries Ltd.

(Mascons). Mascons has wire drawing and galvanising plants with annual capacities of 8,400 tonnes and 12,000 tonnes respectively. The Company believes that there is a strong synergy between its Wire Division (acquired earlier through merger of the erstwhile Tata SSL Ltd.) and the new unit, which can harness the growing market in Sri Lanka.

A new company, M/s Tata Steel KZN (PTY) Ltd., registered in South Africa, has been formed as a subsidiary of Tata Africa, to implement the 120,000 tonne ferro chrome project at Richards Bay, South Africa. The Company expects to become a majority shareholder in the new company. Detailed trials on alternative technologies are being conducted. Substantial progress has been made in the Environment Impact Assessment.

Pursuant to an Order by the Bureau for Industrial Finance and Reconstruction (BIFR) in December 2003, the Company has become the beneficial owner of 91.36% of the equity in the Jamshedpur based company, Indian Steel and Wire Products Ltd. (ISWP). The shares were acquired through purchase of the stake held by the erstwhile promoters and conversion of a part of the unsecured loans outstanding. ISWP has, therefore, become a subsidiary of the Company. ISWP has a Wire Rod Mill, Wire Drawing Unit, Rolling Mill Roll Manufacturing Plant and a Fastener Plant.

The other Subsidiary Companies, as on 31st March, 2004, were Tata Refractories Ltd., The Tata Pigments Ltd., Kalimati Investment

Company Limited, Tata Korf Engineering Services Ltd., Tata Incorporated, U.S.A., Stewarts and Lloyds of India Ltd., TM International Logistics Ltd. and its 100% subsidiary, International Shipping Logistics FZE.

### **FORMATION OF A NEW ASSOCIATE COMPANY**

Limestone, which is an important raw material in steel manufacturing, is sourced from the market. However, since the supply from the existing sources has become somewhat uncertain, the Company has identified Thailand as a reliable source having good reserves of high quality limestone. The Company has, therefore, entered into a shareholders' agreement with M/s Unistrech Ltd., a Thai company, as a long-term solution to procuring limestone. The project is being implemented through a new company called Sila Eastern Company Limited, in which the Company has a 49% share holding, the balance being held by M/s Unistrech Ltd. The Company will, however, have management control over M/s Sila Eastern Company Ltd.

### **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors)

Rules, 1988, are given in Annexure 'A' to the Directors' Report.

### **DIRECTORS**

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

### **PARTICULARS OF EMPLOYEES**

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

### **CORPORATE GOVERNANCE**

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

### **VOLUNTARY DELISTING OF THE COMPANY'S ORDINARY SHARES FROM CERTAIN STOCK EXCHANGES**

The Ordinary Shares of the Company have been delisted from the Stock Exchanges of Pune, Cochin, New Delhi, Kanpur, Patna and

Ahmedabad. The shares of the Company are now compulsorily traded in dematerialised form only in the Mumbai Stock Exchange, the National Stock Exchange and the Kolkata Stock Exchange. The Company's application for delisting is pending with the Kolkata Stock Exchange.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

RATAN N. TATA

*Mumbai, 7th June, 2004*

*Chairman*

## Annexure 'A' to Directors' Report

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

### A. CONSERVATION OF ENERGY

a) ENERGY CONSERVATION MEASURES TAKEN :

- i) Installation of waste heat recovery system at 'G' blast furnace hot stoves for pre-heating the combustion air and BF gas. This has helped in reducing specific BF gas consumption in the hot stoves and this gas was diverted to steam and power generation resulting in saving of 4,570 tonnes of coal for steam and power generation.
- ii) Installation of V/F drive in the ID fan motors at PH # 4 resulting in saving of electrical power for steam and power generation.
- iii) Replacement of industrial unit shade by transparent sheet helped in harnessing natural light resulting in saving of electrical energy.
- iv) Efficient utilisation of by-product gases in the west Plant boilers to reduce middling coal and LDO consumption.
- v) Improved insulation of steam lines, maintenance practices and re-engineering of process steam line to reduce losses on account of condensation and leakages.
- vi) Reduction in process steam consumption at turbo blowers of blast furnaces, coke plants and various canteens of the steel works, by improving the efficiency of turbo blowers, utilisation of waste steam at by-product plant of coke plant and installation of pressure reducing station at canteens.
- vii) Modification in oxygen supply network between A-F blast furnaces and 'G' blast furnace to reduce vent loss of oxygen and improved oxygen supply in blast furnaces leading to higher productivity.

b) ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY :

- i) Recovery of sensible heat of coke by installing coke dry quenching system at Coke Plant.
- ii) Modification of stoker fired boilers for by-product gases firing at BH no. 1 and PH no. 3 to reduce middling coal consumption and enhance by-product gases.
- iii) Enhance LD gas recovery by installing new Gas Holder and evacuation system.
- iv) Installation of 30 MW back pressure turbine.

c) IMPACT OF THE ABOVE MEASURES :

- i) Energy conservation measures during 2003-2004 have resulted in achieving :
- ii) Plant specific energy consumption of 7.065 Gcal/tcs.
- iii) Lower coal (middlings) consumption of 0.734 million tonnes for steam and power generation – a reduction of 10.49%.
- iv) Lower condensate and other losses of 24.51 t/h in the process steam supply network – a reduction of 7.30%.
- v) Lowest ever oxygen vent loss of 9.60 t/day – a reduction of 14.13%.

d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION :

Form - A enclosed.

### B. TECHNOLOGY ABSORPTION

- e) Efforts made in technology absorption as per Form B: Form B enclosed.

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |   |                                     |
|---|---|-------------------------------------|
| f) Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans | } | Mentioned in the Directors' Report. |
| g) Total foreign exchange used and earned (2003-04).  |   |                                     |

	Rs. in Crores
i) CIF value of imports	806.06
ii) Expenditure in foreign currency	163.41
iii) Foreign exchange earned (includes deemed exports)	1501.31

## Form - A

### Form for disclosure of particulars with respect to Conservation of Energy : 2003-2004

Particulars	2003-2004	2002-2003
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased		
Units (M. KWH)	1,497.06	1,540.92
Total Amount (Rs.Lakhs) #	42,605.00	44,075.26
Average Rate/Unit (Rs./KWH)	2.85	2.86
b) Own Generation		
i) Through Diesel Generator		
Units (M. KWH)	5.32	8.18
Units per litre of Diesel Oil (KWH)	3.65	3.76
Average Cost/Unit (Rs./KWH)	12.23	9.27
ii) Through Steam Turbine/Generator		
Units (M. KWH)	1,033.66	992.73
Units per tonne of Coal (KWH)	1,170	1,029
Average Cost/Unit (Rs./KWH)	1.58	1.64
(*This includes generation of PH #4 in MKwh which is operated on by-product gases upto 95%)	345.38	309.47
2. COAL		
i) Coking Coal		
Quantity (Million Tonnes)	3.50	3.36
Total Cost (Rs.Lakhs)	73,578.09	69,243.06
Average rate (Rs./Tonne)	2,100.12	2,057.90
ii) Blast Furnace Injection Coal		
Quantity (Million Tonnes)	0.24	0.20
Total Cost (Rs.Lakhs)	3,622.10	3,919.16
Average rate (Rs./Tonne)	1,491.49	1,999.35
iii) Middling Coal and ROM		
Quantity (Million Tonnes)	0.73	0.83
Total Cost (Rs.Lakhs)	6,144.95	6,059.01
Average rate (Rs./Tonne)	840.71	732.56
3. FURNACE OIL		
Quantity (Kilo Litres)	13,491.51	13,415.62
Total Amount (Rs.Lakhs)	1,593.06	1,553.75
Average rate (Rs./KL)	11,807.83	11,581.64
4. OTHERS		
L.D.O.		
Quantity (Kilo Litres)	2,682.11	3,533.54
Total Cost (Rs.Lakhs)	420.22	522.93
Average rate (Rs./KL)	15,667.59	14,799.12
L.P.G.		
Quantity (Tonnes)	2,785.52	2,445.56
Total Cost (Rs. Lakhs)	541.15	410.70
Average Rate (Rs./Tonne)	19,427.25	16,793.70
NG		
Quantity (Tonnes)	3,821.00	4,811.00
Total Cost (Rs. Lakhs)	332.35	444.42
Average Rate (Rs./ Tonne)	8,697.98	9,237.58

# Excludes electricity duty paid on purchases

### Form for disclosure of particulars with respect to conservation of energy : 2003-2004

#### B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Steel (per tonne)	Tubes (per tonne)	Bearings (per no.)	Ferro Alloys (per tonne)	Rings & Agrico (per no.)	Growth Shop (per tonne)	CRC West (per tonne)	SSL West (per tonne)
Electricity (KWH)	418.00 (437.00)	116.00 (116.00)	0.87 (1.08)	3767.40 (3726.44)	0.82 (0.85)	831.41 (996.70)	179.29 (178.93)	213.21 (269.22)
Furnace Oil (Litres)					0.11 (0.23)	20.24 (11.36)		27.23 (24.87)
Coking Coal (Tonnes)	0.88 (0.89)							
Others :								
Light Diesel Oil (Litres)	0.32 (0.55)	0.01 (0.05)					12.06 (12.50)	
L.P.G.(Kgs.)							13.67 (12.80)	6.82 (6.29)
N.G. (Kgs.)								30.96 (42.63)

(Previous year's figures have been given in brackets and modified wherever necessary)

## Form - B

## Form for disclosure of particulars with respect to Technology Absorption : 2003-2004.

## RESEARCH AND DEVELOPMENT

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

Research was carried out in the areas of raw materials including coal, coke, energy utilisation, energy conservation, waste utilisation, sintering, blast furnace productivity, product development and improvement in life of plant and machinery.

## 2. BENEFITS DERIVED

Identified enablers for increase in clean coal yield in coarse and fine circuit at West Bokaro washeries; Coke strength and coke microstructure and texture correlated; Developed an enhanced insight in understanding the quality of mineral sand, Ilmenite, Sillimanite and their metallurgical performance; identified chemical grade chromite concentrates production possibility from Sukinda; Identified organic reductant to reduce Cr<sup>6+</sup> to Cr<sup>3+</sup> from Chromite mines from Sukinda; Noamundi, Joda and Khandbond ore fines were characterised for sinter making; Effect of ore size and effect of different combinations of iron ore fines on sintering were investigated. Use of -8mm ore size was found to improve strength; Effect of FeO on sinter properties was analysed in order to find an optimum FeO; High temperature properties of sinter were investigated esp. with varying MgO levels in sinter; Plant scale trial with 1.2% MgO in sinter is recommended; Use of anthracite as a replacement of coke breeze was evaluated. Less than 30% anthracite usage in sintering is suggested; Use of ferro-nickel slag and Vietnam anthracite in sinter making were investigated. Plant trial is recommended; Low temperature sintering of chromite ore was investigated; Effect of casting parameters on lower part permeability of 'G' blast furnace was analysed; To improve efficiency of cored wire injection at LD#1, reduction in injection speed and modification in wire dimensions were suggested based on mathematical modelling. It was possible to improve the process efficiency and reduction in wire consumption by 335 in case of EWNR heats in actual plant trials; Water model study carried out for LD#2 vessel showed it was possible to improve mixing in the vessel by 30 – 35% by changing the existing practice of bottom purging of uniform flow through each tuyere to new practice of differential flow. Trials are being planned at LD#2; ERW tubes with properties comparable to existing FM tubes have been developed; BH-180/210 GI produced through CGL#2 on trial basis; BH-210 with 40 Mpa bake hardening value has been press formed at customer end; Semi-processed electrical steel conforming to 65-SP-520-E5 developed for M/s GE, Faridabad; Off line model for reducing shape defects of CR coils developed; wire Rod Rolling Simulation system implemented in WRM developed to predict mechanical properties of TMT wire rod; Off line model developed to optimise flatness error of TMBP grade HR coil; A high chromated coating developed for fuel tank applications; Spot welding behaviour of GA sheet evaluated for auto application; A poly phosphated coating on CRCA sheet developed for improved corrosion resistance.

## 3. FUTURE PLAN OF ACTION

Estimation of theoretical clean coal ash and yield from captive coals; Improvement of dense media cyclone and feed coal distributor performance through CFD technique; Development of efficient gravity separation process for treating fine coals (-6 +0.25 or -3 +0.25 mm); Development of improved flotation process (Column/Jameson/Microcell etc) for treating ultra fines (-0.5/-0.25 mm); Improvement of dewatering techniques for reducing moisture in the fine clean coal; understanding ferro alloy processes; Dephosphorisation in the BOF vessel; Design of top lance and studies on jet characteristics; Hydrodynamics of bottom gas stirring: a numerical modelling approach; Enhancing phosphorous partition ratio in BOF – Thermodynamic assessment of existing slag systems; Optimisation of annealing, reheating to improve furnace efficiency; optimisation of galvanising processes to produce ExtraGal; Data and process modelling.

## 4. EXPENDITURE ON R &amp; D

(Rs. Crores)

(a) Capital	1.04
(b) Recurring	23.22
(c) Total	24.26
(d) Total R&D expenditure as a percentage of total turnover (%)	0.20

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

## 1. Efforts made :

## Process:

**Infrared Camera for slag detection at LD#2:** IR cameras have been installed at LD#2 to reduce slag carry over and improve product quality.

**Tube change device:** At slab caster, tube change device has been put in place. This has resulted in significant improvement in tundish life from 6-7 to 11-12 heats.

**Scarfig Manipulator:** Scarfig manipulator has been commissioned at LD#2 and SC for scarfig of slabs meant for surface critical automotive grades.

**Electrolytic Cleaning Line :** Electrolytic cleaning line with 0.5 mtpa capacity has been commissioned at CRM for guaranteed surface cleanliness of cold rolled products for auto and white goods.

**NSC Technical Assistance Programme:** The programme has stepped into third year. The scope of the technical assistance includes a) improvement in strike rate of automotive steel, b) approval from auto majors, c) development of high strength auto grades.



**Technology agreement with Arcelor:** An agreement with arcelor has been signed. The scope includes a) transfer of knowhow for manufacturing of extragal and Galvannealed, b) to help adapt Extragal in the processes of three automotive customers, c) assistance in operational and customer related problems.

**Modification of anchoring arrangement of ID bead trimmer in 6” HFIW Mill:** With the existing anchoring arrangement, ID bead trimming was not as per standard. Trimming tools used to break very frequently. To overcome this problem, anchoring arrangement was modified to incorporate two point support for the trimmer body. With the modified arrangement, ID trimming is now as per standard and tool breakage is eliminated.

**Inhouse design and manufacturing of grab arrangement for drossing of galvy baths:** A bucket was used for drossing. This bucket was dragged with the help of EOT crane. This resulted in agitation of the galvy pot resulting in more formation of dross. Moreover, this process was very unsafe. Grab operated with pneumatic cylinders has been designed and manufactured in house and is being successfully used. Application for patent of this design has been processed.

**Inhouse design and manufacturing of rolls for 100.6 mm pipes for cold draw application:** Marketing wanted 90 mm OD cold drawn pipes. In the existing PT mills, mother hollow for this size was not possible as mill can roll up to 76.2 mm OD pipes. It was decided to roll these hollows in 6” HFIW mill. Rolls for mother hollow of 100.6 mm was designed and manufactured in house.

**Installation of dot matrix printers in ST Finishing for on line printing of Tata Logo on all galvanised pipes:** Customers wanted some different visual identity for our pipes. Four dot matrix printers were installed on line in the existing K & A machines.

**Installation of thermal printers in ST and PT finishing:** Tube bundles are manually searched and located during stock taking. Many times, bundles could not be located due to lack of information. This search resulted in multiple handling also. Quarterly stock taking details are noted and fed into Avalon manually. To overcome these problems, thermal printers have been installed. Using bar coded labels from thermal printer will enable bar code scanning for stock taking.

## 2. Benefits :

Efforts have led to improved efficiencies, cost competitiveness and enhanced product range.

## 3. Particulars of technology imported during the last five years :

Innovation/Technology	<u>Year of Import/ Absorption</u>	<u>Status of Implementation</u>
a) Stamp Charge Battery No. 9 (Saarberg Interplan, Germany)	2000	Commissioned
b) Ladle Furnace at LD 1 (GHH,MDH, Germany)	2000	Commissioned
c) Capacity increase at WRM (Morgan, USA)	2000	Commissioned
d) Continuous galvanising line no. 2 at CRM (CMI, Belgium)	2001	Commissioned
e) Utilisation of sensible heat from blast furnace hot stove waste gas at ‘G’ blast furnace in association with NEDO, Japan	2002	Commissioned
f) Installation of electromagnetic stirrer and submerged entry nozzle in the billet caster of LD #1 (Concast, Switzerland)	2002	Commissioned
g) Installation of probes in ‘G’ blast furnace to monitor various parameters to carry out intensive R & D activities and thereby acquiring in-depth knowledge of in-furnace phenomena (Paul Wurth, Luxembourg)	2002	Commissioned
h) Electrolytic cleaning line (SMS Demag, Germany)	2003	Under implementation
i) Upgradation of ‘G’ blast furnace (SMS Demag, Germany)	2004	Under implementation
j) Upgradation of HSM	2004	Under implementation
k) Upgradation of billet caster-1 at LD1 (Concast, Zurich)	2004	Under implementation
l) Ladle furnace-2 at LD1 (SMS Demag, Germany)	2004	Under implementation
m) New Rebar Mill (Morgan, USA)	2004	Under implementation
n) Upgradation of caster at LD2 (Voest Alpine, Austria)	2004	Under implementation

## Annexure 'B' to Directors' Report

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

Sr. No.	Name	Age (Years)	Designation/ Nature of Duties	Gross Remuneration	Net Remuneration	Qualifications	Total Experience (Years)	Date of Commencement of Employment	Last employment held Designation – Period for which post held
				Rs.	Rs.				
1.	Baijal A.D.	56	Vice President (Raw Material & Iron Making)	34,35,526	16,85,205	B.Sc. Engg. (Met.), P.G.D.B.M.	34	13-12-69	—
2.	Chaturvedi U.K.	54	Vice President (Long Products)	32,55,687	16,78,754	B.Sc.	34	25-10-69	—
3.	Mahanty Niroop Kumar	54	Vice President (Human Resources Management)	32,68,608	16,56,190	B.A. (Hons.), M. B. A.	28	18-12-75	—
4.	Mukherjee Dr. T.	61	Deputy Managing Director (Steel)	74,27,413	38,22,726	B.E. (Met.), M. Met. (Sheffield), Ph. D. (Sheffield)	36	17-05-71	British Steel Corpn., Asst. Manager, New Products Dev., — 1 year – 6 months
5.	Muthuraman B.	60	Managing Director	82,16,759	41,54,778	B. Tech. (Met.), P.G.D.B.M.	37	14-11-66	—
6.	Nandrajog R.C.	59	Vice President (Finance)	37,44,000	21,56,745	B.Sc. Engg. (Mech.), A.I.C.W.A M.B.A.	37	12-11-66	—
7.	Nerurkar H.M.	55	Vice President (Flat Products)	38,49,477	19,84,172	B. Tech. (Met.)	32	01-02-82	Tata Steel, Asst. Research Engg., — 5 years U.M.I. Ltd. Manager (QC) — 5 years
8.	Sengupta D.	58	Vice President (Shared Services)	34,25,697	16,86,615	B.E. (Electrical)	36	30-12-67	—
9.	Singh A.N.	57	Deputy Managing Director (Corporate Services)	65,14,047	32,73,672	B.A. (Hons) Pol. Science	33	05-10-90	Deputy Inspector General of Police, Bihar — 6 years
10.	Singh R.P.	59	Vice President (Engg. Services & Products)	34,38,564	16,47,686	B.Sc. Engg. (Mech.)	38	01-03-96	SAIL & RINL, General Manager (Projects) — 30 years

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

On behalf of the Board of Directors

RATAN N. TATA  
Chairman

Mumbai, 20th May, 2004.

## Management Discussion and Analysis

### BUSINESS REVIEW

Business confidence continuously increased through 2003-04, as projections of growth of the Indian economy were progressively scaled up, from 6% at the start of the year to over 8%. India's GDP growth of 8.1% in 2003-04 was the highest achieved in over a decade, and amongst the strongest in the world this year. This growth was spread across all sectors, and is an indicator of the robustness of the Indian economy. The foreign exchange reserves of the country swelled to US\$ 112 billion at the end of the fiscal year and are still continuing to rise. The Indian Rupee appreciated by about 8% to the U.S. Dollar in this one year. While this was a matter of concern for exporters, exports in 2003-04 were, nevertheless, higher by 17%. Imports grew by about 25%, and though the trade deficit increased, the year ended with a surplus current account. Inflation in 2003-04 stood at 5.4 % compared to 3.4% in the previous year. Investor confidence in the capital markets revived significantly, with the BSE Sensex remaining over 5,500 at the end of the year. India's economy continues to rely on growth in domestic demand compared to exports, and is a pointer to its resilience to external shocks. This has been a year of overall progress. India will need several years of such robust performance to mature into a developed economy.

The Management's views on the Company's performance and outlook are discussed below.

### I. Steel Business Unit

#### Global Industry Overview

The year 2003 was characterised by several important events across the world. Global crude steel production has grown by 6.8% in 2003. This was also the second consecutive year in which steel consumption increased by over 50 million tonnes. China emerged as the new world leader in steel. Global demand and supply are now strongly influenced by China's actions. The dominance of China is evident from the fact that it's crude steel output grew by 21% in 2003 and this contributed nearly a quarter of the global steel production. Apart from China, steel consumption grew at a rapid pace in several countries in the Middle East, South and South East Asia, Eastern Europe and the CIS. The developed economies of USA, West Europe, and Japan witnessed stable demand, with marginal growth. Though capacity utilisation was high, steel demand exceeded availability. Given the long gestation period of new investments, substantial increase in production is not possible in the short run. The year also saw a steep increase in the prices of important raw materials such as iron ore, steel scrap, sponge iron and coking coal, primarily due to supply

shortage. The steep hike in ocean freight rates brought the margins of steel producers under further pressure. Tight supply conditions are expected to continue in the calendar year 2004, though prices may, to some extent, witness correction, depending on the level of steel consumption globally.

Under increasing pressure from its major trading partners, the U.S. has withdrawn the safeguard tariffs under Section 201 in December 2003, after being in force for twenty months. However, the quotas announced earlier have been retained to check excessive imports. While India, which was exempted from its purview, is not directly affected, this will re-open the doors for free exports of steel to the U.S. In the long run, free trade across countries will ensure survival of the efficient and adequate availability of goods and services at optimal prices.

### **Domestic Industry Overview**

Growth in industrial production in 2003-04, at 6.8%, was higher than in the previous year, and this growth was on a larger base. The quarterly growth figures of 2003-04 are higher than the corresponding figures of the previous year, indicating an industrial revival. In a developing economy like India, demand for steel is strongly correlated with growth in industrial production. During the year under review, domestic finished steel production increased by 8%, and apparent

consumption of steel increased by about 6.5% over the previous year. Despite the strengthening of the Rupee vis-à-vis the U.S. Dollar, exports of steel witnessed another year of top performance. In the first two quarters of the year under review, the steel industry recorded the highest growth in the manufacturing sector, in terms of sales and profits. Major steel users such as automobiles, capital goods, consumer durables and construction achieved significant growth during the year.

In an environment of increasing global integration, domestic prices of globally traded commodities track global price movements. Firming up of steel prices has been a global phenomenon this year. The domestic steel prices have moved in line with this trend. Yet, the landed prices of imported commercial grade hot rolled coils (HRC), for instance, continue to be above the ruling domestic price. To bring stability to domestic steel prices, the Government reduced import tariff on steel imports. This was effected in two stages, by 5% each in quick succession, from 25% to 20%, and then to 15%. Special additional duty of 4% was also withdrawn. More recently, excise duty on steel products was halved from 16% to 8%. At the same time, DEPB benefits on steel exports have been suspended from 27th March, 2004.

Raw material prices, too, have risen rapidly across the world, with scrap and coke availability reducing

significantly. Prices of other inputs, including energy and metallics have also increased continuously. For instance, spot FOB prices of iron ore, scrap and coking coal have more than doubled during the year. Sharp increase in ocean freight rates have increased the landed cost of imported raw materials like coal. This has brought the margins of the domestic steel industry under pressure. The import duty on coking coal with ash content of less than 12% was totally withdrawn. Sustained availability and stability of raw material prices are pre-requisites for smooth operations and stable output prices, for a capital-intensive industry like steel.

### **Future Outlook**

The upbeat outlook for the global economy is indicative of another year of strong steel demand. While China has shown exceptional growth in the recent past, sustaining this momentum may be difficult in the long run. The growth in other developing countries, and stable demand from the large consumers of the developed economy, provide a balance to the expected slowdown in China. In this scenario, global demand and domestic demand for steel are expected to grow at about 6% in the current year. The continuing revival in industrial production, together with the Indian Government's focus on infrastructure improvement would, in our opinion, sustain the

steel prices during the current year. Some intermediate correction, however, is possible.

During the current year, Tata Steel proposes to increase the gross saleable steel output to 4.15 million tonnes, despite a planned shut down of 'G' blast furnace for 100 days for upgradation. The proportion of semi finished steel is expected to come down from the current year's level of 5% to 2%. The product mix will be further enriched, with higher volumes of CRCA sheets, CR galvanised sheets and speciality long products.

With the expansion plan already under way, the Company's saleable steel capacity will increase to about 5 million tonnes in 2005-06. Plans are being drawn to further enhance the capacity by another 2.5 million tonnes in Jamshedpur. It is the Company's vision to be a 15 million tonne company by the year 2010. This would be achieved through organic growth and through acquisition of steel capacities, both within and outside the country.

### **Review of Company's Operations**

The Company is currently operating at a level of 4 million tonnes of crude steel per annum. It meets all iron ore requirements, and the bulk of coal requirements internally. This has enabled it to insulate itself from the adverse impact of increase in input costs, in comparison with other global steel makers. It has a dominant domestic market share

in its areas of focus. Through continuous modernization and expansion of its production facilities and innovative work in the market place, Tata Steel has focused its product mix to meet the high standards of customers in the automobile, appliance, construction, and engineering segments. The expansion project, to increase steel making capacity by 1 million tonnes per annum at Jamshedpur, is currently underway. This is expected to be completed progressively by 2005-06. With this, the Company will be in a position to manufacture about 5 million tonnes of saleable steel annually. In 2002-03, the Company established a significant position in the wire industry, and in 2003-04, it acquired management control of the Indian Steel & Wire Products Ltd. in Jamshedpur, through the BIFR process. It also acquired the business of Mascons, a wire making company in Sri Lanka, through its 100% subsidiary, Lanka Special Steels Ltd.

To meet the high demand, innovative solutions were deployed to overcome capacity constraints in iron making. These included using oxygen-enriched air blast, higher input of metallics, lower ash coke, and lower alumina sinter in the blast furnaces. These changes enabled the Company overcome operational problems at three of its blast furnaces, and achieve a highest ever hot metal output of 4.47 mil. tonnes. A breakthrough initiative resulted in reduction of ash in clean coal from 17%

to 16% at West Bokaro and Jharia. The iron ore production was at a record 8.8 mil. tonnes during the year.

At 4.09 million tonnes, for the first time in the history of the Company, gross production of saleable steel surpassed 4 million tonnes. Gross production of hot rolled coils was higher by 6% at 2.87 mil. tonnes (*2002-03 : 2.71 mil. tonnes*). Output of CRCA and CR Galvanised improved by 8% and 19% to 0.914 mil. tonnes and 0.439 mil. tonnes respectively (*2002-03: 0.846 mil. tonnes and 0.369 mil. tonnes*). Among the Long Products, Wire Rod Mill and Merchant Mill had their best years, with production increasing by 8% to 0.401 mil. tonnes (*2002-03 : 0.372 mil. tonnes*) and 10% to 0.294 mil. tonnes (*2002-03 : 0.268 mil. tonnes*) respectively.

### **Marketing & Sales**

Steel sales, at 3.958 mil. tonnes (*2002-03 : 3.905 mil. tonnes*), recorded an increase of 1%. While export volumes were lower by 7% at 0.609 mil. tonnes, total export revenues moved up further to a new record of Rs. 1,497 crores (*2002-03: Rs. 1313 crores*), aided by buoyant international steel prices. In equivalent US\$, exports were higher by 20% at US\$ 328 mil. (*2002-03 : US\$ 272 mil.*). About a third of the steel exports went to India's neighbouring countries and about 30% to China and the Far East. Domestic sales increased by

3% to 3.349 mil. tonnes (2002-2003 : 3.251 mil. tonnes). Out of the total sales of 3.958 mil. tonnes, Flat Products accounted for 70% of the product-mix, the balance being Long Products.

Marketing initiatives, such as customer value management (CVM) and retail value management (RVM), were undertaken to increase the market share in focus segments. The Company generated value-creating ideas, by working jointly through CVM projects, creating significant benefits for customers. RVM has brought about significant retail capability improvement in a majority of channel partners and has enhanced the reach for key branded products. The Company's share has increased significantly in the Original Equipment Manufacturer (OEM) markets like 'auto-direct', 'auto-ancillaries' and 'appliances', and has emerged as the preferred supplier to major companies in the automobile and appliances segment. In the domestic steel market, characterised by commodity behaviour, the company has successfully established brands for steel products – TISCON rebars, TATA SHAKTEE galvanized corrugated sheets, and the recently launched STEELIUM cold rolled sheets. TISCON and TATA SHAKTEE have been positioned as premium products. Turnover of branded products increased by 82% over the

previous year and moved up from 14% to 21% of total sales in this period.

In collaboration with Arcelor, the largest steel manufacturer in the world, the Company has started promoting use of galvanized cold rolled steel to automobile and appliance manufacturers in the country. Some of the domestic automobile manufacturers have started using galvanized steel for certain components. In addition, trial orders are in hand for galvanized sheets, for use in export markets. In another development, crash barriers are being made with the Company's steel for the Baroda-Ahmedabad Expressway project.

The Company has followed a philosophy of building strong relationships with its customers in its focus market segments. In line with this, its pricing strategy has focused on long-term contracts with relationship customers. In 2003-04, the Company was amongst the few global steel companies, which entered into long-term contracts and honoured them to the fullest, despite tremendous market upheavals and input cost increases. In an effort to nurture long-term relationships, the Company has assisted its key customers with additional volumes at contracted prices, as far as possible. Approximately 75% of the Company's flat product sales are covered by contracts and the balance 25% sold in the spot market.

## II Other Business Units

Production at all other major business units reached record levels during the year. The Ferro Alloys & Minerals Division's operations improved, with an 8% increase in output of both ferro chrome and chrome ore/chrome concentrate. Production of ferro chrome and chrome ore/concentrate increased to 103,514 tonnes (2002-03 : 95,480 tonnes) and 1,650,009 tonnes (2002-03 : 1,522,228) respectively. The Tubes Division's output increased by 3% to 0.185 mil.tonnes (2002-03 : 0.179 mil.tonnes). The Bearings Division's production was higher by 10% at 22.0 mil. nos. (2002-03 : 20.0 mil. nos.).

### Ferro-Alloys & Minerals

Global production of stainless steel increased by 10.4 % to 23 million tonnes in the year 2003. This increase, coupled with a scarcity of stainless steel scrap, fuelled an increase in ferro chrome consumption from 5.0 to 5.5 million tonnes. South African producers raised ferro chrome prices on the back of steep increase in coke cost, freight rates and a rapid appreciation of the Rand vis-a-vis the U.S. \$. The company's exports of ferro chrome went up by 45% to 46,154 tonnes (2002-03 : 31,757 tonnes). While China continued to be a major consumer, India's share of exports of chrome ore to China dropped from 76% to 62 % due to export ceiling. The Company's exports of chrome ore and concentrate increased marginally

by 2% to 564,687 tonnes (2002-03: 552,879 tonnes).

Domestic sales of ferro chrome increased by 9% to 67,818 tonnes (2002-03 : 62,399 tonnes), enabling the Company to maintain a 34% market share. Domestic sales of chrome ore saw a quantum jump of over 100% to 423,578 tonnes (2002-03 : 211,228 tonnes). Domestic sales of both ferro chrome and chrome ore/concentrate are new records for the company. Total ferro chrome sales were higher by 21% at 113,972 tonnes (2002-03 : 94,156 tonnes). Total sales of chrome ore/concentrate were higher by 29% at 988,265 tonnes (2002-03 : 764,107 tonnes).

During the year, the Division posted the highest ever turnover and profits, mainly due to substantial improvements in operations and higher volume of sales. Strong demand for stainless steel is expected to drive ferro chrome/chrome ore sales in the current year. However, this must be viewed in the context of rising input costs, withdrawal of DEPB scheme and hardening of the Indian Rupee against the U.S. Dollar. Overall, the business outlook for the current year remains positive.

### Tubes

The Tubes Division completed 50 years of tube making in 2004. The production of Commercial and Precision tubes, taken together, improved by 3% over the previous year. Sales volume (included in the total steel sales) were higher by 10% at



0.205 mil tonnes (2002-03 : 0.186 mil. tonnes). Precision tubes achieved a 27% growth in sales and export volumes more than tripled at 3,528 tonnes (2002-03 : 1,078 tonnes). Sales of Commercial tubes were converted to cash basis. Similar to the Company's steel business, the Tubes Division has initiated Customer Value and Retail Value Management programmes.

About 75% of the tubes cost is accounted by steel. An increase in input costs, therefore, exerts significant pressure on margins. Due to the steep rise in steel prices, the Tubes industry was compelled to increase its prices. At current price levels, the threat from substitute products like PVC pipes is higher, as these become more competitive in a few technologically acceptable applications.

The Division is already a leader in the industry. It plans to further strengthen its position in the current year, with the advantage of its proximity to the Steel Division. The forecast for the current year is a moderate growth of 3% for Commercial tubes and a more robust 10% for Precision tubes.

### **Bearings**

The organised sector of the domestic bearings industry co-exists with a large unorganised sector. The organised sector has grown by about 10% during the year. The growth could have been more, but for cheaper imports which have captured the lower end of the market.

Major customers of the Bearings Division are in the Automotive and the Engineering industry. A large market exists for Replacement sales as well. Sales volume increased by 21% to 22.88 million nos. (2002-03 : 18.86 million nos.), on the back of improved performance by the Automobile sector. The growth was lower, at 8% in value terms, due to lower realisation arising from fierce competition in the industry. Excess capacity, resulting in severe under-cutting of prices, and the threat of cheap imports, have been the bane of the industry. Several operational improvements were initiated to reduce costs and the Division posted a better profitability over the previous year.

The bearings industry is expected to grow by 10% in the current year, with the auto sector providing the impetus. However, the division will have to contend with challenges in the form of excess capacity, cheap imports and rising input cost of steel.

### **INTERNAL CONTROLS & SYSTEMS**

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and applicable statutes, the Tata code of Conduct and corporate policies are duly complied with.

The Corporate Audit Division continuously reviews the adequacy and efficacy of the internal controls. The scope of the audit activity is broadly guided by the annual audit plan developed by the Corporate Audit and approved by the Audit Committee and the Managing Director.

The Company has an Audit Committee which comprises three non-executive Directors: Mr. P.K. Kaul - Chairman, Mr. S.M. Palia and Mr. Ishaat Hussain - Members. The Committee meets regularly to review the reports submitted by the Corporate Audit Division. The audit observations are followed up for implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain their views on the adequacy of the internal control systems in the Company and their observations on the financial reports. The Audit Committee's observations are acted upon by the Management.

### **RISK MANAGEMENT**

Risk is inherent in business activity, particularly in the steel industry. The Company has processes in place to identify warning signals at an early stage to hedge itself against potential threats. On the other hand, these processes enable early recognition of opportunities emerging in the business environment.

The steel industry displays strong commodity characteristics and is subject to cyclical price movements in business cycles. The Company

has sought to mitigate the impact of this commodity characteristic of the steel industry in its focus markets and it has achieved some measure of success in this endeavour. An increasing volume of the Company's products are marketed as brand, including the popular TISCON rebars, Tata Pipes, Tata Bearings, Tata Shaktee and Tata Steelium. These branded products command a premium over non-branded products in the market and the turnover of these products has almost doubled in the past one year. A key feature of the marketing strategy has been the development of strong relationships with key customers, through customer value management programmes, and long-term pricing contracts. On the production front, the development of value added products has significantly enriched the product mix, which is relatively less susceptible to price cycles. The Company follows prudent financial norms and practices. It is the considered opinion of the Management that it has taken all possible steps to maintain and enhance the competitive position of the Company.

### **Contingent Liabilities**

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

### **Statutory Compliance**

On obtaining confirmation from the various units of the Company of having complied with all the

statutory requirements, a declaration regarding compliance with the provisions of the various statutes is made by the Managing Director at each Board Meeting. The Company Secretary, as Compliance Officer, ensures compliance with the SEBI regulations and provisions of the Listing Agreements. The Chief Financial Officer, as the Compliance Officer for prevention of insider trading, ensures compliance with the Tata guidelines on Insider Trading, which are more stringent than the SEBI guidelines.

#### **ENVIRONMENT MANAGEMENT**

The Company's efforts at continual improvement of its environment is well recognised. Apart from the Main Works at Jamshedpur, Jamshedpur Town Division, the Ferro Alloys Plant, Tubes Division, Bearings Division, West Bokaro and Jharia Collieries, Noamundi & Joda East Iron Mines and Sukinda Chromite Mines have all been certified to the requirement of International Standard ISO-14001.

Some of the important achievements during the year in improvement of environment and resource conservation include a reduction in greenhouse gas emissions by 2%, raw material consumption by 5%, water consumption by 4% and increased waste reuse and recycling from 79% in the previous year to 82%.

Over the years, the Company has been attempting to bring down the use of water in the process of steel making. Today, the plant uses

much less water for every tonne of steel produced against that used a decade ago. The Company does not use any ground water source for industrial or domestic use at Jamshedpur. Its increased emphasis on water recirculation in all process units has contributed to considerable reduction in specific water consumption. The quality of potable water supplied by the Company, which caters to the requirements of the entire city of Jamshedpur, meets all international norms and parameters. The Company has entered into an agreement with a world water management expert to take care of its water supply and sewage treatment plant, as well as to suggest ways to conserve water.

Jamshedpur has become the first Asian city to join a select band of six global cities that will be a part of the United Nation's Global Compact Cities Programme. Under the programme, each of these cities will be required to join hands with a neutral partner and conduct a pilot socio economic project using a standardised UN model. The Global Compact Cities Programme has two objectives: to mainstream nine guiding business principles and catalyse actions in support of UN goals.

Having espoused the philosophy of sustainable development, the Company's operations are now inextricably interlinked with the progress of the enterprise, the welfare of the people and the health of the environment.

**INDUSTRIAL RELATIONS & HUMAN  
RESOURCE MANAGEMENT**

The Company celebrated seventy five years of industrial harmony in the month of February 2004. The president of India, His Excellency, Dr. A.P.J. Abdul Kalam, the Governors of Jharkhand and West Bengal and the Chief Minister of Jharkhand, graced the occasion. The Company is proud of this record and the Board of Directors and the Management of the Company wish to place on record its appreciation to all employees for making this possible. During the year, the long pending issue of wage arrears was amicably resolved. Under a Memorandum of Settlement with the Tata Workers' Union and the Collieries' Unions, a one-time lump sum payment of arrears has been agreed, without any contingent liability to the Company.

Further rationalisation of the labour force during the year resulted in a reduction in the men on rolls from 43,248 at the end of the previous year to 41,211 as on 31st March, 2004.

**AWARDS AND RECOGNITIONS**

Among the important awards/recognitions received during the year were:

- Ranked second in Leadership Development among companies in Asia Pacific in a study conducted by Hewitt Associates.
- Received the TERI Award for Corporate Social Responsibility 2002-03 in recognition of

Corporate Leadership for good Corporate Citizenship and Sustainable Initiatives.

- Asia's Most Admired Knowledge Enterprise (MAKE) Award 2003.
- Global Business Coalition Award for Excellence in the community for HIV / AIDS.
- Ranked as the sixth best employer in India 2003 by M/s Hewitt Associates.
- Best IT user in manufacturing sector by Nasscom and Economic Times.
- Received a Certificate of Appreciation for Excellence in Cost Reduction 2003, at the Cost reduction programme organised by the Institute of Costs and Accounts, India.

**CAUTIONARY STATEMENT**

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

## Highlights

	<b>2003-2004</b>	<i>2002-2003</i>
	<b>Rupees Crores</b>	<i>Rupees Crores</i>
Gross revenue .....	<b>12069.62</b>	<i>9843.66</i>
Profit before taxes .....	<b>2665.96</b>	<i>1262.50</i>
Profit after taxes .....	<b>1746.22</b>	<i>1012.31</i>
Dividends (including Tax on Dividends) .....	<b>416.25</b>	<i>333.01</i>
Retained earnings .....	<b>1955.08</b>	<i>1234.78</i>
Capital employed .....	<b>10136.19</b>	<i>9695.87</i>
Net worth .....	<b>4359.89</b>	<i>3186.02</i>
Borrowings .....	<b>3373.28</b>	<i>4225.61</i>
	<b>Ratio</b>	<i>Ratio</i>
Debt : Equity .....	<b>44:56</b>	<i>57:43</i>
Net worth per Share as at year end .....	<b>Rupees 118.16</b>	<i>Rupees 86.35</i>
Earnings per Share** .....	<b>Rupees 47.32</b>	<i>Rupees 27.43</i>
Dividend per Share .....	<b>100%</b>	<i>80%</i>
Employees (Numbers) .....	<b>42,511</b>	<i>43,248</i>
Shareholders (Numbers) .....	<b>564,318</b>	<i>664,563</i>

\*\* Calculated on Effective Capital during the year.

## Sources and Utilisation of Funds

(Rupees crores)

	2003-04	2002-03	2001-02	2000-01	1999-2000	Total for 1999-2000 to 2003-04
<b>SOURCES OF FUNDS :</b>						
1. CASH GENERATED FROM OPERATIONS :						
(a) PROFIT AFTER TAXES .....	1746.22	1012.31	204.90	553.44	422.59	3939.46
(b) DEPRECIATION .....	625.11	555.48	524.75	492.25	426.54	2624.13
(c) OTHER INCOME AND ADJUSTMENTS .....	20.78	(86.30)	36.96	5.69	349.54	326.67
(d) TOTAL .....	2392.11	1481.49	766.61	1051.38	1198.67	6890.26
2. SHARE CAPITAL .....	—	1.21	(140.00) <sup>@@</sup>	(10.00) <sup>@@</sup>	150.00 <sup>††</sup>	1.21
3. NET INCREASE/(DECREASE) IN BORROWINGS .....	(852.33)	(479.87)	35.60	(235.01)	(31.70)	(1563.31)
	1539.78	1002.83	662.21	806.37	1316.97	5328.16
<b>UTILISATION OF FUNDS :</b>						
4. CAPITAL EXPENDITURE .....	960.33	451.23	534.95	605.45	1148.27	3700.23
5. INVESTMENTS (NET) .....	999.57	281.81	65.82	46.14	217.66	1611.00
6. DIVIDENDS # .....	416.25	333.01	149.39	217.61	171.90	1288.16
7. NET INCREASE/(DECREASE) IN WORKING CAPITAL † .....	(873.30)	(128.34)	(50.28)	(58.40)	(228.98)	(1339.30)
8. MISC. EXPENDITURE* .....	36.93	65.12	(37.67)	(4.43)	8.12	68.07
	1539.78	1002.83	662.21	806.37	1316.97	5328.16

@@ Preference Shares redeemed during the year.

†† Preference Shares issued during the year.

# Including tax on dividends **Rs. 47.27** crores (2002-2003 : Rs. 37.82 crores, 2001-02 : Rs. 0.21 crore, 2000-01 : Rs. 21.52 crores, 1999-2000 : Rs. 17.04 crores).

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

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

## Auditors' Report

TO THE MEMBERS OF  
THE TATA IRON AND STEEL COMPANY LIMITED

1. We have audited the attached Balance Sheet of THE TATA IRON AND STEEL COMPANY LIMITED as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both annexed thereto in which are incorporated the Returns from the Singapore Branch audited by another auditor. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above :
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the Singapore Branch not visited by us. The Branch Auditors' report has been forwarded to us and appropriately dealt with;
  - (c) the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) on the basis of written representations received from the directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A. F. FERGUSON & CO.,  
*Chartered Accountants,*

A. K. MAHINDRA  
*Partner.*  
*Membership No. : 10296*  
*Mumbai, 20th May, 2004.*

For S. B. BILLIMORIA & CO.,  
*Chartered Accountants,*

P. R. RAMESH  
*Partner.*  
*Membership No. : 70928*

## Annexure to the Auditors' Report

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of the assets has been physically verified by the Management in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (ii) (a) The inventory of finished and semi-finished goods and raw materials at Works, Mines and Collieries have been physically verified during the year by the Management. In respect of stores and spare parts and stocks at Stockyards and with Consignment/Conversion Agents, the Company has a programme of verification of stocks over a three-year period. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable. In the case of materials lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not taken any loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956. There are six parties covered in the register maintained under Section 301 of the Companies Act, 1956 to whom the Company has granted intercorporate deposits. The maximum amount involved during the year was Rs. 232 crores and the year-end balance of intercorporate deposits granted to such parties was Rs. 113 crores.
- (b) In respect of the intercorporate deposits granted to parties covered in the register maintained under Section 301 of the Companies Act, 1956;
  - (i) In our opinion, the rate of interest and other terms and conditions on which intercorporate deposits have been granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
  - (ii) The parties have repaid the principal amounts as stipulated and have been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



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- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and having regard to our comments in paragraph (iv) above and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time where such market prices are available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits ) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) (a) We have broadly reviewed the books of account maintained by the Company in respect of manufacture of bearings, steel tubes and pipes, steel, chrome ore and alloys and electricity industry pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (b) To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any other product of the Company.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues applicable to it. We are informed that the Company intends to obtain exemption from the operation of the Employees' State Insurance Act at all locations and necessary steps have been taken by the Company. We are also informed that action taken by the authorities at some locations to bring the employees of the Company under the Employees' State Insurance Scheme has been contested by the Company and accordingly full payment has not been made of the contributions demanded.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2004 for a period of more than six months from the date they became payable except for sales tax collection which we are informed are refundable to customers because they have been collected in excess or which have been collected pending receipt of the relevant certificates from the customers.
- (c) In respect of income tax dues, the income tax department has confirmed to the Company that there are no dues which have not been deposited.

According to the information and explanations given to us, details of dues of sales tax, customs duty, wealth tax, excise duty and cess which have not been deposited as on 31st March, 2004 on account of any dispute are given below :

Particulars	Financial year to which the matter pertains	Forum where matter is pending	Amount Rs. crores
Customs Duty	2002-03	High Court	0.07
Excise Duty	1977-79, 1988-89, 1990-94, 1998-2000,	Supreme Court	18.89
	1998-99, 1995-96	High Court	0.13
	1978-1990, 1993-94 to 2002-03	Commissioner	48.74
	Prior to 1.4.86, 1995-96, 1998-99	Joint Commissioner	0.55
	Prior to 1.4.86, 1998-99, 2000-01	Deputy Commissioner	0.70
	1982-83 to 1985-86	Assistant Commissioner	2.02
	1994-95 to 1996-97		
1994-95, 1998-99	Tribunal	1.11	
Sales Tax	2000-01 to 2003-04	Supreme Court	132.36
	1973-75, 1980-81, 1990-97, 2000-01	High Court	3.78
	1993-95, 1996-2001, 1999-2002	Commissioner	31.54
	1975-76, 1993-94 to 2002-03	Joint Commissioner	56.73
	1992 to 1995, 1996 to 2002	Deputy Commissioner	2.65
	1977-2002	Assistant Commissioner	40.21
	1969-75, 1976-81, 1982-87, 1988-2001 2002-03, 2003-04	Tribunal	126.84
Cess on water, royalty, education, welfare etc.	1989-91	Supreme Court	0.14
	1956 to 1985, 1980-81 to 1993-94	High Court	10.35
	Prior to 1.4.86, 1986-90	Deputy Commissioner	0.01

- (x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term assets. No long-term funds have been used to finance short-term assets other than temporary deployment in investments pending application.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created security in respect of debentures issued.
- (xx) During the period covered by our audit report, the Company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For A. F. FERGUSON & CO.,  
*Chartered Accountants,*

For S. B. BILLIMORIA & CO.,  
*Chartered Accountants,*

A. K. MAHINDRA  
*Partner.*  
*Membership No. : 10296*  
*Mumbai, 20th May, 2004*

P. R. RAMESH  
*Partner.*  
*Membership No. : 70928*

**Balance Sheet as at 31st March, 2004**

Schedule	Page	FUNDS EMPLOYED :	Rupees crores	Rupees crores	As at 31-3-2003 Rupees crores
A	57	1. SHARE CAPITAL .....		<b>369.18</b>	369.18
B	58	2. RESERVES AND SURPLUS .....		<b>4146.68</b>	2816.84
		3. TOTAL SHAREHOLDERS' FUNDS .....		<b>4515.86</b>	3186.02
		4. LOANS			
C	59	a Secured .....	3010.16		3667.63
D	62	b Unsecured .....	363.12		557.98
		c Total Loans .....		<b>3373.28</b>	4225.61
		5. DEFERRED TAX LIABILITY (NET) (See Note 21, Page 82)		<b>839.96</b>	840.22
		6. PROVISION FOR EMPLOYEE SEPARATION COMPENSATION (See Note 7, Page 73) .....		<b>1563.06</b>	1444.02
		7. TOTAL FUNDS EMPLOYED .....		<b>10292.16</b>	9695.87
		<b>APPLICATION OF FUNDS :</b>			
E	62	8. FIXED ASSETS			
		a Gross Block .....	13269.47		12393.79
		b Less — Depreciation .....	5411.62		4849.99
		c Net Block .....		<b>7857.85</b>	7543.80
F	63	9. INVESTMENTS .....		<b>2194.12</b>	1194.55
		10. A. CURRENT ASSETS			
		a Stores and spare parts .....	326.17		319.22
G	69	b Stock-in-trade .....	922.91		833.73
H	69	c Sundry debtors .....	651.30		958.47
		d Interest accrued on investments .....	0.20		2.89
I	70	e Cash and Bank balances .....	250.74		373.12
			2151.32		2487.43
J	70	B. LOANS AND ADVANCES .....	1931.69		1160.67
			4083.01		3648.10
		11. Less : CURRENT LIABILITIES AND PROVISIONS			
K	71	A. Current Liabilities .....	2218.37		1917.49
L	71	B. Provisions .....	1780.42		773.09
			3998.79		2690.58
		12. NET CURRENT ASSETS .....		<b>84.22</b>	957.52
		13. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) .....		<b>155.97</b>	—
		Employee Separation Compensation (See Note 7, Page 73)			
		14. TOTAL ASSETS (Net) .....		<b>10292.16</b>	9695.87
M	72	Contingent Liabilities (See Note 2, Page 73) NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			

As per our report attached  
For A F FERGUSON & CO.,  
Chartered Accountants,  
A K MAHINDRA  
Partner.

For S B BILLIMORIA & CO.,  
Chartered Accountants,  
P R RAMESH  
Partner.

J C BHAM  
Company Secretary

For and on behalf of the Board

RATAN N TATA	}	Chairman
KESHUB MAHINDRA		} Directors
NUSLI N WADIA		
S M PALIA		
P K KAUL		
ISHAAT HUSSAIN		
JAMSHED J IRANI	} Executive Directors	
B MUTHURAMAN		
T MUKHERJEE		
A N SINGH		

## Profit and Loss Account for the year ended 31st March, 2004

Schedule	Page	INCOME :	Rupees crores	Rupees crores	Previous Year Rupees crores
1	54	1. SALE OF PRODUCTS AND SERVICES .....		<b>11920.96</b>	9793.27
		Less — Excise Duty (See Note 3, Page 73) .....		<b>1218.57</b>	1071.95
				<b>10702.39</b>	8721.32
2	54	2. OTHER INCOME .....		<b>140.51</b>	50.39
				<b>10842.90</b>	8771.71
		<b>EXPENDITURE :</b>			
4	55	3. MANUFACTURING AND OTHER EXPENSES .....	7358.82		6480.13
		4. DEPRECIATION .....	625.11		555.48
			7983.93		7035.61
		5. Less — EXPENDITURE (OTHER THAN INTEREST) TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS .....	151.84		60.79
			7832.09		6974.82
3	54	6. INTEREST .....	122.17		304.82
		7. TOTAL EXPENDITURE .....		<b>7954.26</b>	7279.64
		<b>PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS .....</b>		<b>2888.64</b>	1492.07
		8. EMPLOYEE SEPARATION COMPENSATION (Note 7, Page 73) .....		<b>(230.83)</b>	(229.57)
		9. PROFIT ON SALE OF LONG TERM INVESTMENTS .....		<b>8.15</b>	—
		<b>PROFIT BEFORE TAXES .....</b>		<b>2665.96</b>	1262.50
		10. TAXES			
		(a) CURRENT TAX .....	920.00		261.88
		(b) DEFERRED TAX (See Note 21, Page 82) .....	(0.26)		(11.69)
				<b>919.74</b>	250.19
		<b>PROFIT AFTER TAXES .....</b>		<b>1746.22</b>	1012.31
		11. BALANCE BROUGHT FORWARD :			
		(a) FROM LAST YEAR .....		<b>307.45</b>	215.82
		(b) TAKEN OVER ON AMALGAMATION OF ERSTWHILE TATA SSL LTD. ....		—	2.33
				<b>2053.67</b>	1230.46
		<b>AMOUNT AVAILABLE FOR APPROPRIATIONS .....</b>			
		12. APPROPRIATIONS :			
		(a) PROPOSED DIVIDENDS .....	368.98		295.19
		(Details as per Directors' Report, Page 23)			
		(b) TAX ON DIVIDENDS .....	47.27		37.82
			416.25		333.01
		(c) GENERAL RESERVE .....	1000.00		590.00
				<b>1416.25</b>	923.01
		<b>BALANCE CARRIED TO BALANCE SHEET .....</b>		<b>637.42</b>	307.45
		<b>Basic and Diluted Earnings per Share Rs. ....</b>		<b>47.32</b>	27.43
		(See Note 20, Page 82)			
M	72	NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			

As per our report attached  
to the Balance Sheet

For A F FERGUSON & CO.,  
Chartered Accountants,  
A K MAHINDRA  
Partner.

For S B BILLIMORIA & CO.,  
Chartered Accountants,  
P R RAMESH  
Partner.

Mumbai, 20th May, 2004

J C BHAM  
Company Secretary

For and on behalf of the Board

RATAN N TATA Chairman

KESHUB MAHINDRA  
NUSLI N WADIA  
S M PALIA  
P K KAUL  
ISHAAT HUSSAIN  
JAMSHED J IRANI

} Directors

B MUTHURAMAN  
T MUKHERJEE  
A N SINGH

} Executive  
Directors

## Cash Flow Statement for the year ended 31st March, 2004

	Year Ended 31-3-2004 Rs. crores	Year Ended 31-3-2003 Rs. crores
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before tax	2665.96	1262.50
Adjustments for :		
Depreciation	625.11	555.48
(Profit)/Loss on sale of Assets/Discarded Assets written off	(32.17)	(21.27)
(Profit)/Loss on sale of investments	(14.93)	(4.62)
Provision for diminution in value of investments	18.37	0.43
Loss on cancellation of own debentures	13.69	—
Interest income	(21.31)	(34.05)
Dividend income	(98.34)	(23.25)
Interest charged to Profit and Loss Account	140.81	342.41
Miscellaneous Expenditure -		
Deferred Revenue Expenditure (amortised)	—	1.38
Miscellaneous Expenditure-Employee Separation		
Compensation (amortised)	230.83	229.57
Provision for Wealth Tax	0.70	0.60
Expenditure on Gopalpur Project Written off	—	43.00
Amount received on cancellation of swaps	—	(4.57)
Amortisation of long term loan expenses	5.82	3.83
	<u>868.58</u>	<u>1088.94</u>
Operating Profit before Working Capital Changes	3534.54	2351.44
Adjustments for :		
Trade and Other Receivables	364.73	148.88
Inventories	(96.13)	(24.28)
Trade Payables and Other Liabilities	305.98	124.07
	<u>574.58</u>	<u>248.67</u>
Cash Generated from Operations	4109.12	2600.11
Direct Taxes paid	(926.93)	(229.95)
Cash Flow before Exceptional Item	3182.19	2370.16
Employee Separation Compensation paid	(267.75)	(277.01)
<b>Net Cash from Operating Activities</b>	<u>2914.44</u>	<u>2093.15</u>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of fixed assets	(960.33)	(451.23)
Sale of fixed assets	52.80	39.58
Purchase of investments	(4615.68)	(1773.26)
Investment in Subsidiaries	(1.55)	—
Sale of investments	3460.93	1368.20
Intercompany deposits	48.56	(27.55)
Interest received	24.99	30.54
Dividend received from subsidiary Companies	2.77	5.68
Dividend received from other Companies	95.57	17.57
	<u>(1891.94)</u>	<u>(790.47)</u>
<b>Exceptional Items :</b>		
Sale of long term investments	9.31	0.31
<b>Net Cash used in Investing Activities</b>	<u>(1882.63)</u>	<u>(790.16)</u>

**C. Cash Flow from Financing Activities :**

	Year Ended 31-3-2004 Rs. crores	Year Ended 31-3-2003 Rs. crores
Capital contributions received	0.41	20.66
Proceeds from borrowings	318.71	593.00
Repayment of borrowings	(1036.04)	(1281.27)
Interest Paid	(144.47)	(341.29)
Dividends paid	(292.80)	(145.53)
Amount received on cancellation of swaps	—	4.57
<b>Net Cash from Financing Activities</b>	<b>(1154.19)</b>	<b>(1149.86)</b>
<b>Net increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(122.38)</b>	<b>153.13</b>
<b>Cash and Cash equivalents as at 1st April, 2003 (Opening Balance)</b> [See Schedule I, Page 70]	<b>373.12</b>	<b>219.20</b>
<i>Add : Cash and Bank balances taken over on amalgamation of Tata SSL Ltd.</i>	—	0.79
<b>Cash and Cash equivalents as at 31st March, 2004</b> [See Schedule I, Page 70]	<b>250.74</b>	<b>373.12</b>

- Notes :** (i) Figures in brackets represent outflows.  
(ii) Interest paid is exclusive of, and purchase of Fixed Assets is inclusive of, interest capitalised **Rs. 3.44** crores (2002-2003 : Rs. 9.76 crores).  
(iii) Interest paid is net of **Rs. 86.31** crores reversed during the year for interest upto 31st March, 2003 in respect of loans from Steel Development Fund (SDF) which has been adjusted against the outstandings of loans from SDF.  
(iv) Proceeds from borrowing includes translation loss on foreign currency loans **Rs. 11.25** crores (31.3.2003 : Rs. 60.69 crores) which has been included in purchase of Fixed Assets.  
(v) Investment in Subsidiaries represents the portion of purchase consideration discharged in cash out of the total consideration of **Rs. 6.55** crores.  
(vi) Previous year figures have been recast/restated wherever necessary.

As per our report attached  
to the Balance Sheet

For A F FERGUSON & CO.,  
Chartered Accountants,  
A K MAHINDRA  
Partner.

For S B BILLIMORIA & CO.,  
Chartered Accountants,  
P R RAMESH  
Partner.

Mumbai, 20th May, 2004

J C BHAM  
Company Secretary

For and on behalf of the Board

RATAN N TATA	}	Chairman
KESHUB MAHINDRA		
NUSLI N WADIA	}	Directors
S M PALIA		
P K KAUL		
ISHAAT HUSSAIN		
JAMSHED J IRANI	}	Executive Directors
B MUTHURAMAN		
T MUKHERJEE		
A N SINGH		

**AUDITORS' CERTIFICATE**

To,  
The Board of Directors,  
The Tata Iron and Steel Company Ltd.,  
Bombay House, 24, Homi Mody Street,  
Fort, Mumbai - 400 001.

We have examined the attached Cash Flow Statement of The Tata Iron and Steel Company Limited for the year ended 31st March, 2004. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 20th May, 2004 to the members of the Company.

For A F FERGUSON & CO.,  
Chartered Accountants,

A K MAHINDRA  
Partner.  
Membership No. : 10296  
Mumbai, 20th May, 2004.

For S B BILLIMORIA & CO.,  
Chartered Accountants,

P R RAMESH  
Partner.  
Membership No. : 70928

## Schedules forming part of the profit and loss account

SCHEDULE 1 : SALE OF PRODUCTS AND SERVICES :—  
(Item No. 1, Page 51)

- (a) Sale of products .....
- (b) Sale of power and water .....
- (c) Income from services, sale of miscellaneous goods and stores, rent etc. [Including lease rentals of **Rs. 3.14** crores (2002-2003 : *Rs. 4.20* crores) on Wagons leased to Railways under Own Your Wagon Scheme and exchange(loss)/gain **Rs. (0.06)** crore (2002-2003 : *Rs. 0.58* crore)].....

SCHEDULE 2 : OTHER INCOME :—  
(Item No. 2, Page 51)

- (a) Income from Investments [Gross, inclusive of tax deducted at source : **Rs. 0.04** crore (2002-2003 : *Rs. 2.37* crores)]
- (i) Trade investments .....
- (ii) Investments in subsidiary companies .....
- (iii) Other 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 from swaps .....

SCHEDULE 3 : INTEREST :—  
(Item No. 6, Page 51)

1. Interest on
- (i) Debentures and Fixed Loans .....
- (ii) Others .....
- Less - Interest on loans from Steel Development Fund [net of reversal of interest capitalised in earlier years **Rs. 9.02** crores (2002-2003 : *Rs. Nil*)] .....
- Less - Interest capitalised .....
2. Less -
- (i) Interest received on sundry advances, deposits, customers' balances etc., [Gross, inclusive of tax deducted at source **Rs. 3.62** crores (2002-2003 : *Rs. 7.44* crores)] .....
- (ii) Amount received on cancellation of swaps .....

	Rupees crores	Rupees crores	Previous Year Rupees crores
(a) Sale of products .....		<b>11331.58</b>	9223.25
(b) Sale of power and water .....		<b>319.21</b>	314.06
(c) Income from services, sale of miscellaneous goods and stores, rent etc. [Including lease rentals of <b>Rs. 3.14</b> crores (2002-2003 : <i>Rs. 4.20</i> crores) on Wagons leased to Railways under Own Your Wagon Scheme and exchange(loss)/gain <b>Rs. (0.06)</b> crore (2002-2003 : <i>Rs. 0.58</i> crore)].....		<b>270.17</b>	255.96
		<b>11920.96</b>	9793.27
(a) Income from Investments [Gross, inclusive of tax deducted at source : <b>Rs. 0.04</b> crore (2002-2003 : <i>Rs. 2.37</i> crores)]			
(i) Trade investments .....	36.98		9.18
(ii) Investments in subsidiary companies .....	2.77		5.68
(iii) Other investments .....	61.26 <sup>@</sup>		9.42 <sup>@</sup>
		<b>101.01*</b>	24.28*
(b) Profit on sale/redemption of current investments ..		<b>6.78</b>	4.62
(c) Profit on sale of capital assets (net of loss on assets sold/scrapped/written off) .....		<b>32.17</b>	21.27
(d) Gain from swaps .....		<b>0.55</b>	0.22
		<b>140.51</b>	50.39
1. Interest on			
(i) Debentures and Fixed Loans .....		<b>229.15<sup>@</sup></b>	337.03 <sup>@</sup>
(ii) Others .....		<b>1.41</b>	15.14
		<b>230.56</b>	352.17
Less - Interest on loans from Steel Development Fund [net of reversal of interest capitalised in earlier years <b>Rs. 9.02</b> crores (2002-2003 : <i>Rs. Nil</i> )] .....		<b>86.31<sup>@</sup></b>	—
		<b>144.25</b>	352.17
Less - Interest capitalised .....		<b>3.44</b>	9.76
		<b>140.81</b>	342.41
2. Less -			
(i) Interest received on sundry advances, deposits, customers' balances etc., [Gross, inclusive of tax deducted at source <b>Rs. 3.62</b> crores (2002-2003 : <i>Rs. 7.44</i> crores)] .....	18.64		33.02
(ii) Amount received on cancellation of swaps .....	—		4.57
		<b>18.64</b>	37.59
		<b>122.17</b>	304.82

\* Includes income from current investments **Rs. 58.61** crores (2002-2003 : *Rs. 9.42* crores).

@ Interest paid and interest received excludes interest of **Rs. 14.81** crores (2002-2003 : *Rs. 1.61* crores) on debentures repurchased by the Company and held as investments.

@@ Represents net reduction in interest upto 31st March, 2003 due to change in rates sanctioned by Joint Plant Committee with effect from 1.4.1998 in respect of loans from Steel Development Fund.



## Schedule forming part of the profit and loss account

### SCHEDULE 4 : MANUFACTURING AND OTHER EXPENSES :— (Item No. 3, Page 51)

	Rupees crores	Rupees crores	<i>Previous Year Rupees crores</i>
1. PURCHASE OF FINISHED, SEMI-FINISHED STEEL AND OTHER PRODUCTS .....		<b>767.13</b>	459.02
2. RAW MATERIALS CONSUMED :			
(a) Stock on 1st April, 2003 .....	262.30		212.15
(b) Add — (i) Taken over on amalgamation of erstwhile Tata SSL Ltd.	—		2.78
(ii) Purchases .....	1024.01		1013.26
(iii) Cost of raw materials produced .....	463.15		325.06
	1749.46		1553.25
(c) Less — Stock on 31st March, 2004 .....	287.02		262.30
		<b>1462.44</b>	1290.95
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :			
(a) Wages and salaries, including bonus .....	1095.63		1023.46
(b) Company's contributions to provident and other funds .....	253.96		194.26
		<b>1349.59</b>	1217.72
4. OPERATION AND OTHER EXPENSES :			
(a) Stores consumed .....	478.27		511.12
(b) Fuel oil consumed .....	57.09		52.98
(c) Repairs to buildings .....	19.38		14.44
(d) Repairs to machinery .....	557.53		461.99
(e) Relining expenses .....	58.13		35.93
(f) Conversion charges .....	436.61		293.88
(g) Purchase of power .....	667.53		734.77
(h) Rent .....	26.42		25.30
(i) Royalty .....	136.16		113.42
(j) Rates and taxes .....	42.81		35.17
(k) Insurance charges .....	12.60		11.67
(l) Commission, discounts and rebates .....	81.90		87.19
(m) Provision for Wealth Tax .....	0.70		0.60
(n) Excess Debits in previous years (net) .....	(39.77)		(46.20)
(o) Other expenses .....	472.29		407.34
		<b>3007.65</b>	2739.60
5. FREIGHT AND HANDLING CHARGES .....		<b>748.44</b>	695.77
6. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES .....		<b>88.03</b>	92.10
		<b>7423.28</b>	6495.16
7. ACCRETION/(REDUCTION) IN STOCKS OF FINISHED AND SEMI-FINISHED PRODUCTS AND WORK-IN-PROGRESS (DEDUCTED)/ADDED			
(a) Opening Stock .....	571.43		465.44
(b) Taken over on amalgamation of erstwhile Tata SSL Ltd. ....	—		90.96
	571.43		556.40
(c) Less — Closing Stock .....	635.89		571.43
		<b>(64.46)</b>	(15.03)
		<b>7358.82</b>	6480.13

## Notes to Schedule 4 (Page 55)

	Rupees crores	Previous Year Rupees crores
Item 2 (b) (iii) Cost of raw materials produced excludes amounts charged to wages and salaries and other revenue accounts .....	243.86	355.65
Item 4 (a) Stores consumed (including write-off of obsolete spares) exclude cost of stores manufactured departmentally and charged to wages and salaries and other revenue accounts .....	66.32	50.72
Item 4 (c) Repairs to buildings exclude amounts charged to wages and salaries and other revenue accounts .....	5.68	5.08
Item 4 (d) Repairs to machinery exclude amounts charged to wages and salaries and other revenue accounts .....	164.71	180.30
Item 4 (l) Commission, discounts and rebates include —		
(1) Commission paid to selling agents .....	37.34	34.60
(2) Consignment agency handling charges .....	25.77	28.09
(3) Discounts .....	18.79	24.50
Item 4 (o) Other expenses include —		
(1) Provision for diminution in value of investments .....	18.37	0.43
(2) Loss on cancellation of own debentures .....	13.69	—
(3) Expenditure on Gopalpur project written off .....	—	43.00
(4) Amortisation of Deferred Revenue Expenditure taken over from Tata SSL Ltd. ....	—	1.38
(5) Exchange (gain) / Loss (net) .....	(0.14)	(0.03)
(6) Fees and out-of-pocket expenses paid/payable to Auditors :	Rupees	Rupees
(i) For services as Auditors .....	85,00,000	65,00,000
(ii) For Company Law matters .....	—	—
(iii) For other services (including Rs. 35,50,000 relating to earlier year) .....	1,24,58,600	63,98,750
(iv) Reimbursement of travelling and out-of-pocket expenses .....	8,48,297	4,72,679
(v) For service tax .....	21,94,580	6,39,225
(vi) For Branch Audit .....	1,84,590	7,91,867
(7) Cost Audit Fees [including expenses Rs. 47,939 (2002-2003 : Rs. 6,785)] .....	1,06,179	64,185
<b>Managerial Remuneration</b>		
Managerial Remuneration for Managing Director, other Whole-time Directors and non Whole-time Directors	Rupees crores	Rupees crores
(a) Salaries (including Company's contribution to Provident and Superannuation fund) .....	0.99	0.81
(b) Commission .....	3.30	1.25
(c) Perquisites .....	0.34	0.20
(d) Sitting Fees .....	0.08	0.07
	<u>4.71</u>	<u>2.33</u>
<i>Note :—</i>		
In addition, the Managing Director and other Whole-time Directors are entitled to free supply of water and use of medical facilities at the Company's hospital at Jamshedpur. The above figures do not include contribution to Gratuity Fund, as separate figures are not available for the Managing Director and other Whole-time Directors, retirement benefits of <b>Rs. 0.21 crore (2002-2003 : Rs. 0.02 crore)</b> relating to a former director, retirement benefits of <b>Rs. 0.27 crore (2002-2003 : Rs. 0.28 crore)</b> to a former Managing Director.		
COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 309(5) OF THE COMPANIES ACT, 1956.		
Profit before taxes .....	2665.96	1262.50
Add —		
(a) Managerial remuneration .....	4.71	2.33
(b) Provision for bad & doubtful debts and advances .....	88.03	92.10
(c) Provision for diminution in value of investments (including loss on cancellation of own debentures Rs. 13.69 crores) .....	32.06	0.43
(d) Provision for wealth tax .....	0.70	0.60
	<u>2791.46</u>	<u>1357.96</u>
Deduct —		
(a) Bad debts written off (net of recoveries) .....	109.87	119.48
(b) Profit on sale/redemption of Investments .....	14.92	4.62
(c) Capital profit on sale of fixed assets .....	3.27	—
	<u>128.06</u>	<u>124.10</u>
Net profit as per Section 309(5) .....	<u>2663.40</u>	<u>1233.86</u>
Commission :	Rupees	Rupees
(a) Whole-time Directors .....	2,10,00,000	90,00,000
(b) Non Whole-time Directors — 1% of the net profits : <b>Rs. 26.63 crores (2002-2003 : Rs. 12.34 crores)</b> restricted to .....	1,20,00,000	35,00,000
	<u>3,30,00,000</u>	<u>1,25,00,000</u>

## Schedule forming part of the balance sheet

### SCHEDULE A : SHARE CAPITAL :— (Item No. 1, Page 50)

	Rupees crores	As at 31-3-2003 Rupees crores
<b>Authorised :</b> <b>440,000,000</b>		
Ordinary Shares of Rs. 10 each (31.3.2003 : 440,000,000 Ordinary Shares of Rs. 10 each) .....	<b>440.00</b>	440.00
<b>25,000,000</b>		
Cumulative Redeemable Preference Shares of Rs. 100 each (31.3.2003 : 25,000,000 Shares of Rs.100 each) .....	<b>250.00</b>	250.00
	<b>690.00</b>	690.00
<b>Issued :</b> <b>369,583,980</b>		
Ordinary Shares of Rs. 10 each (31.3.2003 : 368,373,977 Ordinary Shares of Rs. 10 each) .....	<b>369.58</b>	368.37
<b>Subscribed :</b> <b>368,981,904</b>		
Ordinary Shares of Rs. 10 each fully paid up (31.3.2003 : 367,771,901 Ordinary Shares of Rs. 10 each) .....	<b>368.98</b>	367.77
Add — Amount paid up on 389,516 (31.3.2003 : 389,516) Ordinary Shares forfeited .....	<b>0.20</b>	0.20
	<b>369.18</b>	367.97
<b>Capital Suspense :</b>		
1,210,003 Ordinary Shares of Rs. 10 each fully paid up to be issued to the shareholders of the erstwhile Tata SSL Ltd. pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay .....	—	1.21
Of the <b>368,981,904</b> Ordinary Shares :		
(a) 9,563,300 shares represent after sub-division 956,330 shares (including 935,000 shares issued pursuant to the Scheme of Arrangement for the conversion of Deferred Shares into Ordinary Shares and the issue of additional fully paid shares) of the face value of Rs. 75 per share which were issued as fully paid up pursuant to contracts for consideration other than cash. The nominal value of these 956,330 shares was increased from Rs. 75 to Rs. ₹100 each with effect from 1.1.1977.		
(b) 19,812,460 shares represent after sub-division 1,981,246 shares of the face value of Rs. 75 per share which were issued as fully paid bonus shares by utilisation of Rs. ₹3,81,44,470 from Share Premium Account and Rs. ₹11,04,48,980 from General Reserve. The nominal value of these 1,981,246 shares was increased from Rs. ₹75 to Rs. ₹100 each with effect from 1.1.1977.		
(c) 51,440,270 shares represent after sub-division 5,144,027 Ordinary Shares whose face value was increased during the year 1976-77 from Rs. 75 to Rs. 100 per share by utilisation of Rs. 49,760 from Share Premium Account and Rs. 12,85,50,915 from General Reserve.		
(d) 20,576,110 shares represent after sub-division 2,057,611 shares of the face value of Rs. 100 per share which were issued as fully paid bonus shares by utilisation of Rs. ₹20,57,61,100 from General Reserve.		
(e) 721,530 shares represent after sub-division 72,153 shares of the face value of Rs. 100 per share which were issued as fully paid up to the Shareholders of the erstwhile Indian Tube Company Limited on its amalgamation with the Company, for consideration other than cash.		
(f) 33,051,470 shares represent after sub-division 3,305,147 shares of the face value of Rs. 100 per share which were issued as fully paid bonus shares by utilisation of Rs. ₹33,05,14,700 from General Reserve.		
(g) 1,210,003 shares of the face value of Rs. 10 per share were issued as fully paid up to the shareholders of the erstwhile Tata SSL Ltd. on its amalgamation with the Company, for consideration other than cash.		
	<b>369.18</b>	369.18

## Schedule forming part of the balance sheet

## SCHEDULE B : RESERVES AND SURPLUS :—

(Item No. 2, Page 50)

	Rupees crores	Rupees crores	As at 31-3-2003 Rupees crores
(a) SECURITIES PREMIUM ACCOUNT :—			
Balance as per last account .....	1019.75		1763.40
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ....	—		73.76
	<u>1019.75</u>		<u>1837.16</u>
Less — Adjustment of Miscellaneous Expenditure in the previous year (to the extent not written off or adjusted), relating to Employee Separation Compensation, net of Deferred Tax Asset of Rs. 541.22 crores in terms of Scheme of Arrangement .....	—		817.41
		<b>1019.75</b>	<u>1019.75</u>
(b) AMALGAMATION RESERVE :—			
Balance as per last account .....		<b>1.12</b>	1.12
(c) DEBENTURE REDEMPTION RESERVE :—			
Balance as per last account .....	646.00		634.00
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ....	—		12.00
	<u>646.00</u>	<b>646.00</b>	<u>646.00</u>
(d) CAPITAL REDEMPTION RESERVE :—			
Balance as per last account .....	0.83		150.00
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ....	—		0.83
	<u>0.83</u>		<u>150.83</u>
Less — Adjustment of Miscellaneous Expenditure in the previous year (to the extent not written off or adjusted) relating to Employee Separation Compensation in terms of Scheme of Arrangement .....	—		150.00
		<b>0.83</b>	<u>0.83</u>
(e) CAPITAL RESERVE :—			
Balance as per last account .....	1.49		1.30
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ....	—		0.19
	<u>1.49</u>	<b>1.49</b>	<u>1.49</u>
(f) GENERAL RESERVE :—			
Balance as per last account .....	688.94		182.33
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ....	—		26.76
	<u>688.94</u>		<u>209.09</u>
Less — Adjustment arising out of amalgamation of erstwhile Tata SSL Ltd. ....	—		110.15
	<u>688.94</u>		<u>98.94</u>
Add — Amount transferred from Profit and Loss Account	1000.00		590.00
		<b>1688.94</b>	<u>688.94</u>
(g) EXPORT PROFITS RESERVE :—			
Balance as per last account .....		<b>1.25</b>	1.25
Carried forward . .		<b>3359.38</b>	<u>2359.38</u>

## Schedules forming part of the balance sheet

### SCHEDULE B : RESERVES AND SURPLUS :— continued (Item No. 2, Page 50)

	Rupees crores	Rupees crores <b>3359.38</b>	As at 31-3-2003 Rupees crores 2359.38
Brought over . .			
(h) FOREIGN EXCHANGE FLUCTUATIONS RESERVE :— Balance as per last account .....		<b>14.00</b>	14.00
(i) CONTRIBUTIONS FOR CAPITAL EXPENDITURE :— Balance as per last account .....	35.43		14.77
Add — Amount received during the year .....	0.41		20.66
		<b>35.84</b>	35.43
(j) CONTINGENCY RESERVE :— Balance as per last account .....		<b>100.00</b>	100.00
(k) DEBENTURE FORFEITURE ACCOUNT :— Balance as per last account .....	0.04		—
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ...	—		0.01
Add — Amount originally paid up on debentures forfeited .....	—		0.03
		<b>0.04</b>	0.04
(l) REVALUATION RESERVE :— Balance as per last account .....	0.54		—
Add — Addition on amalgamation of erstwhile Tata SSL Ltd. ...	—		0.54
	0.54		0.54
Less — Adjusted to cost of fixed assets during the year .....	0.54		—
			0.54
(m) PROFIT AND LOSS ACCOUNT :— Balance carried forward .....		<b>637.42</b>	307.45
		<b>4146.68</b>	2816.84

### SCHEDULE C : SECURED LOANS :— (Item No. 4(a), Page 50)

	Rupees crores	Rupees crores <b>109.62</b>	As at 31-3-2003 Rupees crores 132.69
(a) Industrial Development Bank of India .....		<b>109.62</b>	132.69
(b) Joint Plant Committee-Steel Development Fund [including funded interest Rs. 194.63 crores (31.3.2003: Rs. 262.62 crores)] .....		<b>1453.75</b>	1514.81
(c) Syndicated loan from various banks (arranged by Citibank International p.l.c.) (repayable in foreign currency) .....		<b>12.94</b>	42.38
(d) Syndicated loan from various banks (arranged by ANZ Investment Bank, BA Asia Ltd. and State Bank of India) (repayable in foreign currency) .....		<b>150.10</b>	254.34
(e) 12.25% Non-Convertible Debentures (privately placed with State Bank of India, Central Bank of India and Army Group Insurance Fund) .....		—	30.00
(f) Syndicated loan from various banks (arranged by Bank America Singapore Ltd., Citibank N.A. and State Bank of India) (repayable in foreign currency) .....		<b>336.14</b>	443.85
(g) 13.5% Non-Convertible Debentures (privately placed with various parties)		—	50.00
(h) 14% Non-Convertible Debentures (privately placed with Oriental Bank of Commerce)		<b>50.00</b>	50.00
(i) 14.15% Non-Convertible Debentures (privately placed)® .....		—	25.00
(j) 10.50% Non-Convertible Debentures (privately placed with LIC Mutual Fund) (Rate of interest reduced from 14.25% to 10.50% during the year) .....		<b>25.00</b>	25.00
(k) 14.25% Non-Convertible Debentures (privately placed with Life Insurance Corporation of India) .....		<b>100.00</b>	100.00
(l) 12.60% Non-Convertible Debentures (privately placed with various parties)® .....		<b>125.00</b>	150.00
(m) 10.05% Non-Convertible Debentures (privately placed with various parties)		<b>100.00</b>	100.00
(n) 9.90% Non-Convertible Debentures (privately placed with various parties)®		<b>70.00</b>	100.00
(o) 9.50% Non-Convertible Debentures (privately placed with various parties)®		<b>85.00</b>	100.00
(p) 9.45% Non-Convertible Debentures (privately placed with various parties)®		<b>45.00</b>	50.00
(q) 9.50% Non-Convertible Debentures (privately placed with various parties)		<b>50.00</b>	50.00
(r) 9.50% Non-Convertible Debentures (privately placed with various parties)		<b>50.00</b>	50.00
(s) 9.50% Non-Convertible Debentures (privately placed with various parties)		<b>50.00</b>	50.00
(t) 9.25% Non-Convertible Debentures (privately placed with various parties)®		<b>65.00</b>	100.00
		<b>2877.55</b>	3418.07
Carried forward . .			

® including debentures having an aggregate face value of Rs. Nil (31.3.2003 :  
Rs. 135 crores) purchased by the Company and held as investments  
(See Item 58 of Schedule F, on Page 65)

## Schedule forming part of the balance sheet

## SCHEDULE C : SECURED LOANS :— continued

(Item No. 4(a), Page 50)

The 14.00% Non-Convertible Debentures, the 10.50% Non-Convertible Debentures, the 14.25% Non-Convertible Debentures, [items (h), (j) and (k) above], the 12.60% Non-Convertible Debentures, the 10.05% Non-Convertible Debentures, the 9.90% Non-Convertible Debentures, the 9.50% Non-Convertible Debentures [items (o), (q), (r) and (s) above], the 9.45% Non-Convertible Debentures and 9.25% Non-Convertible Debentures and the loans from the above institutions/banks are secured by mortgages, ranking *pari passu inter se*, on all present and future fixed assets, excluding land and buildings mortgaged in favour of Government of India under item (w) hereof, land and buildings, plant and machinery and movables of the Tubes Division and the Bearings Division mortgaged in favour of the financial institutions and banks, assets of the Ferro Alloys Plant at Bamnibal mortgaged in favour of State Bank of India and assets of Cold Rolling Complex (West) at Tarapur and a floating charge on other properties and assets (excluding investments) of the Company, subject to the prior floating charge in favour of State Bank of India and other banks under items u, v(i), and v(ii) hereof.

Loan from the Joint Plant Committee-Steel Development Fund included in item (b) above is not secured by charge on movable assets of the Company and includes **Rs. 222.19** crores (as at 31.3.2003 : Rs. 90.62 crores) representing repayments and interest on earlier loans for which applications of funding are awaiting sanction.

The 14% Non-Convertible Debentures under item (h) (allotted on 12.8.1998) are redeemable at par at the end of the 7th year from the date of allotment.

The 10.50% Non-Convertible Debentures under item (j) (allotted on 28.10.1998) are redeemable at par in 3 annual instalments in the ratio of 33:33:34 commencing at the end of the 9th year from the date of allotment.

The 14.25% Non-Convertible Debentures under item (k) (allotted on 29.10.1998) are redeemable at par in 3 equal instalments at the end of 9th, 10th and 11th year from the date of allotment.

The 12.60% Non-Convertible Debentures under item (l) (allotted on 11.10.1999) are redeemable at par in 3 annual instalments in the ratio of 30:30:40 commencing at the end of 6th year from the date of allotment.

The 10.05% Non-Convertible Debentures under item (m) (allotted on 28.05.2001) are redeemable on 28.05.2006 and carry a put/call option at par exercisable on 28.05.2004.

The 9.90% Non-Convertible Debentures under item (n) (allotted on 09.07.2001) are redeemable on 09.07.2006.

The 9.50% Non-Convertible Debentures under item (o) (allotted on 17.08.2001) are redeemable on 17.08.2006.

The 9.45% Non-Convertible Debentures under item (p) (allotted on 10.09.2001) are redeemable on 11.09.2006.

Brought over . .

Rupees  
crores

2877.55

As at  
31-3-2003  
Rupees  
crores

3418.07

Carried forward . .

2877.55

3418.07

## Schedule forming part of the balance sheet

### SCHEDULE C : SECURED LOANS :— continued (Item No. 4(a), Page 50)

	Rupees crores	Rupees crores	As at 31-3-2003 Rupees crores
Brought over . . .		<b>2877.55</b>	3418.07
<p>The 9.50% Non-Convertible Debentures under item (q) (allotted on 07.11.2001) are redeemable on 07.11.2006 and carry a put/call option at par exercisable on 07.11.2004.</p> <p>The 9.50% Non-Convertible Debentures under item (r) (allotted on 19.12.2001) are redeemable on 19.12.2006 and carry a put/call option at par exercisable on 19.12.2004.</p> <p>The 9.50% Non-Convertible Debentures under item (s) (allotted on 22.01.2002) are redeemable on 22.01.2007.</p> <p>The 9.25% Non-Convertible Debentures under item (t) (allotted on 07.03.2002) are redeemable on 07.03.2007 and carry a put/call option at par exercisable on 07.03.2005.</p>			
(u) Working Capital Demand Loan from a bank .....		—	20.00
(v) Cash Credits from Banks			
(i) State Bank of India .....	<b>124.44</b>		157.62
(ii) Others .....	<b>7.99</b>		1.92
	<b>132.43</b>		159.54
<p>Borrowings from State Bank of India and Other Banks under items v(i) and v(ii) above are secured by hypothecation of stocks, stores and book debts, ranking in priority to the floating charge under items (a) to (t) hereof. Documentation of securities in respect of borrowings from The Hongkong &amp; Shanghai Banking Corporation Ltd. included in item v(ii) above is under finalisation.</p>			
(w) Government of India :			
(i) for constructing a hostel for trainees at Jamshedpur .....		<b>0.01</b>	0.01
(ii) for setting up a dispensary and a clinic at Collieries .....		<b>0.01</b>	0.01
<p>Secured respectively by a first mortgage on the lands together with the buildings for hostel and dispensary and clinic constructed thereon.</p>			
(x) Term Loan from a bank .....		—	40.00
(y) 8.50%, Non-Convertible Debentures (privately placed with State Bank of India) .....		—	30.00
(z) Assets under lease .....		<b>0.16</b>	—
Secured by assets taken on lease from a bank			
	<b>3010.16</b>		3667.63

## Schedules forming part of the balance sheet

**SCHEDULE D : UNSECURED LOANS :-**

(Item No. 4(b), Page 50)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Fixed Deposits (including interest accrued and due <b>Rs. 0.09 crore</b> — As at 31.3.2003 : Rs. 0.21 crore)	<b>101.67</b>	114.63
(b) Inter Corporate Deposits .....	—	2.00
(c) Housing Development Finance Corporation Ltd. ....	<b>18.71</b>	21.46
(d) Government of Orissa .....	<b>7.11</b>	10.67
(e) Deutsche Bank AG, Frankfurt (repayable in foreign currency) .....	—	43.88
(f) SBI European Bank p.l.c., London (repayable in foreign currency) .....	<b>5.53</b>	10.66
(g) Japan Bank for International Cooperation and various Financial Institutions (repayable in foreign currency) .....	<b>229.63</b>	245.38
(h) Commerz Bank, Belgium (repayable in foreign currency) .....	—	88.60
(i) 5.80% Non-Convertible Debentures (privately placed with Standard Chartered Mutual Fund) ...	—	5.00
(j) 6.00% Non-Convertible Debentures (privately placed with IL&FS Mutual Fund) .....	—	5.00
(k) 7.40% Non-Convertible Debentures (privately placed with Birla Mutual Fund) .....	—	10.00
(l) Interest free loans under Sales Tax Deferral Scheme .....	<b>0.47</b>	0.70
	<b>363.12</b>	<b>557.98</b>

 Note : Amounts repayable within one year **Rs. 95.87** crores (As at 31.3.2003 : Rs. 114.56 crores)

**SCHEDULE E : FIXED ASSETS :-**

(Item No. 8, Page 50)

Fixed Assets	Gross Block(1) as at 31.3.2003	Assets taken over on amalga- mation of Tata SSL Ltd.	(2)&(3) Additions	Deductions(4)	Gross Block(1) as at 31.3.2004	Accumulated depreciation taken over on amalgamation of Tata SSL Ltd.	Depreci- ation for 2003-2004	Total Depreciation to 31.3.2004	Net Block as at 31.3.2004
	Rupees crores	Rupees crores	Rupees crores	Rupees crores	Rupees crores	Rupees crores	Rupees crores	Rupees crores	Rupees crores
1. Land and Roads (5) .....	<b>152.66</b>	—	<b>19.40</b>	<b>0.56</b>	<b>171.50</b>	—	<b>1.16</b>	<b>8.34</b>	<b>163.16</b>
	186.74	5.62	3.60	43.30	152.66	0.07	0.67	7.20	145.46
2. Buildings (6) & (7) .....	<b>804.73</b>	—	<b>15.72</b>	<b>6.22</b>	<b>814.23</b>	—	<b>21.41</b>	<b>198.47</b>	<b>615.76</b>
	750.46	37.30	19.02	2.05	804.73	11.75	22.56	182.58	622.15
3. Leaseholds .....	<b>4.77</b>	—	—	<b>0.08</b>	<b>4.69</b>	—	<b>0.11</b>	<b>0.90</b>	<b>3.79</b>
	2.78	1.99	—	—	4.77	0.71	0.11	0.82	3.95
4. Railway Sidings .....	<b>94.56</b>	—	<b>(0.40)</b>	—	<b>94.16</b>	—	<b>4.12</b>	<b>45.86</b>	<b>48.30</b>
	94.59	—	(0.02)	0.01	94.56	—	4.22	41.74	52.82
5. Plant and Machinery (8) ...	<b>10923.64</b>	—	<b>333.60</b>	<b>54.97</b>	<b>11202.27</b>	—	<b>584.27</b>	<b>5038.08</b>	<b>6164.19</b>
	10195.73	240.61	534.34	47.04	10923.64	118.72	514.49	4504.28	6419.36
6. Furniture, Fixtures and Office Equipment .....	<b>83.47</b>	—	<b>5.06</b>	<b>1.15</b>	<b>87.38</b>	—	<b>4.53</b>	<b>50.01</b>	<b>37.37</b>
	70.59	8.27	5.26	0.65	83.47	5.06	4.62	46.34	37.13
7. Development of Property (9)	<b>36.67</b>	—	<b>1.18</b>	<b>4.37</b>	<b>33.48</b>	—	<b>3.36</b>	<b>25.77</b>	<b>7.71</b>
	36.67	—	—	—	36.67	—	3.44	26.64	10.03
8. Livestock and Vehicles .....	<b>92.21</b>	—	<b>23.21</b>	<b>17.30</b>	<b>98.12</b>	—	<b>6.15</b>	<b>44.19</b>	<b>53.93</b>
	74.73	0.68	24.50	7.70	92.21	0.43	5.37	40.39	51.82
	<b>12192.71</b>	—	<b>397.77</b>	<b>84.65</b>	<b>12505.83</b>	—	<b>625.11</b>	<b>5411.62</b>	<b>7094.21</b>
	11412.29	294.47	586.70	100.75	12192.71	136.74	555.48	4849.99	7342.72
9. Buildings, Plant and Machinery, etc. under erection (including advances for capital expenditure <b>Rs. 168.70</b> crores — As at 31.3.2003 : Rs. 38.39 crores)					<b>763.64</b>				<b>763.64</b>
					201.08				201.08
					<b>13269.47</b>			<b>5411.62</b>	<b>7857.85</b>
					12393.79			4849.99	7543.80

(1) Gross Block is at cost except for item 8 which is shown at written down value to 31st March, 1956 plus subsequent additions at cost.

(2) Additions include adjustments for inter se transfers.

(3) Please See Note 15, Page 75 for effect of realignment of the value of foreign currency loans on fixed assets.

(4) Deductions include cost of assets scrapped/sold/surrendered during the year.

(5) Includes land at Gopalpur for which registration of conveyance is under process.

 (6) Buildings include **Rs. 2.32** crores (31.3.2003 : Rs. 2.32 crores) being cost of shares in Co-operative Housing Societies and Limited Companies.

 (7) Buildings include gross block **Rs. Nil** (31.3.2003 : Rs. 5.23 crores) and net block **Rs. Nil** (31.3.2003 : Rs. Nil) in respect of expenditure incurred on capital assets whose ownership does not vest in the Company.

 (8) Plant and Machinery includes wagons given on lease to Railways under Own Your Wagon Scheme **Rs. 20.20** crores (31.3.2003 : Rs. 20.20 crores).

(9) Development of property represents expenditure incurred on development of mines/collieries.



## Schedule forming part of the balance sheet

### SCHEDULE F : INVESTMENTS :— (Item No. 9, Page 50)

	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2003	
				Rupees crores	Rupees crores
<b>A. LONG TERM INVESTMENTS</b>					
At Cost less provision for diminution in value					
<b>Trade Investments :</b>					
SHARES AND DEBENTURES (Quoted) —					
1. Tata Motors Ltd. ....	3,23,78,410	147.03		117.98	
(Formerly Tata Engineering and Locomotive Co. Ltd.) (24,10,674 Shares received on conversion of warrants at Rs. 120 per share)					
2. Tata Motors Ltd. (Detachable warrants) .....	—	—		0.12	
(Formerly Tata Engineering and Locomotive Co. Ltd.) (24,10,674 warrants converted into shares during the year)					
3. Tayo Rolls Ltd. (Formerly Tata Yodogawa Ltd.) .....	19,99,350	3.36		3.36	
4. The Tinplate Company of India Ltd. ....	88,75,000	29.68		29.68	
5. GKW Ltd. (Book Value : Re. 1) . ....	10,29,996	—		—	
6. TRF Ltd. ....	19,13,314	4.67		4.67	
7. Kumardhubi Fireclay and Silica Works Ltd. (Book Value : Re. 1) .....	1,50,001	—		—	
8. Housing Development Finance Corporation Ltd. ....	1,580	0.01		0.01	
9. Tata Construction and Projects Ltd. (Book Value : Re.1)	5,61,335	—		—	
10. Indian Steel Rolling Mills Ltd. (Book Value : Re. 1) .....	3,30,315	—		—	
11. Wellman Incandescent India Ltd. (Book Value : Re. 1)	8,99,100	—		—	
12. Nicco Corporation Ltd. ....	3,15,000	0.18		0.18	
13. Sanderson Industries Ltd. (Book Value : Re. 1) .....	2,27,642	—		—	
14. Tata Infomedia Ltd. (5,31,562 Shares sold during the year)	—	—		1.03	
15. Tata Honeywell Ltd. ....	8,75,000	2.42		2.42	
16. Tata Construction and Projects Ltd. — 10% Convertible Debentures of Rs. 100 each (Non-convertible portion) (Book Value : Re.1) .....	43,000	—		—	
17. Hindustan Oil Exploration Ltd. (35,406 Shares sold during the year) .....	—	—		0.05	
18. SBI Home Finance Ltd. (56,193 Shares sold during the year) .....	—	—		0.05	
19. Tata Metaliks Ltd. ....	1,17,99,992	11.80		11.80	
20. Tata Sponge Iron Ltd. ....	61,19,960	7.20		7.20	
21. Standard Chrome Ltd. (Book Value : Re. 1) .....	5,58,000	—		—	
22. The Tata Power Company Ltd. ....	56,81,818	100.00		100.00	
23. Others <b>Rs. 40,272</b> (As at 31.3.2003 : Rs. 40,272) (See Note 3, Page 66) .....		0.01		0.01	
		<u>0.01</u>		<u>0.01</u>	
			<b>306.36</b>		<u>278.56</u>
Carried forward . .			<b>306.36</b>		<u>278.56</u>

## Schedule forming part of the balance sheet

## SCHEDULE F : INVESTMENTS :— continued

(Item No. 9, Page 50)

	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2003	
				Rupees crores	Rupees crores
Brought over . . .			<b>306.36</b>		278.56
<b>Trade Investments :</b>					
SHARES AND DEBENTURES (Unquoted) —					
24. Kumardhubi Metal Casting and Engineering Ltd. (Book Value : Re. 1) .....	10,70,000	—	—	—	—
25. Tata Industries Ltd. (Face value of Rs. 100 each) .....	31,19,220	31.23	—	20.09	—
(11,14,007 Right shares subscribed during the year)					
26. Tata Services Ltd. (Face value of Rs. 1000 each) .....	1,621	0.16	—	0.19	—
(300 shares sold during the year)					
27. Tata International Ltd. (Face value of Rs. 1,000 each)	3,740	0.49	—	0.49	—
28. Tata Projects Ltd. (Face value of Rs. 100 each) .....	15,000	0.18	—	0.18	—
29. Risk Capital & Technology Finance Corporation Ltd. ....	1,00,000	0.10	—	0.10	—
30. Kalinga Aquatics Ltd. (Book Value : Re. 1) .....	10,49,920	—	—	—	—
31. Jamshedpur Injection Powder Ltd. ....	31,75,000	3.18	—	3.18	—
32. Tata Televentures (Holdings) Ltd. ....	4,09,99,800	40.99	—	40.99	—
33. Tata Ryerson Ltd. ....	2,50,00,000	25.00	—	25.00	—
34. Adityapur Toll Bridge Company Ltd. (Book Value : Re.1) (Diminution in value of investment provided during the year)	3,50,000	—	—	0.35	—
35. Tata Teleservices Ltd. ....	4,80,00,400	48.00	—	48.00	—
36. The Tinsplate Company of India Ltd. ....	66,00,000	66.00	—	66.00	—
12.50% Optionally Convertible Redeemable Cumulative Preference Shares (Face value of Rs. 100 each)					
37. metaljunction.com Private Ltd. ....	40,00,000	4.00	—	4.00	—
38. Nicco Jubilee Park Ltd. ....	3,40,000	0.34	—	0.34	—
39. Panatone Finvest Ltd. ....	45,000	0.05	—	0.05	—
40. Srutech Tubes (India) Pvt. Ltd. (Book Value : Re.1) ....	30,000	—	—	—	—
41. Rallis India Ltd. (7.50% cumulative preference shares) (Subscribed during the year)	85,00,000	8.50	—	—	—
42. Others <b>Rs. 37,495</b> (As at 31.3.2003: Rs. 37,495) (See Note 4, Page 66) .....		—	—	—	—
			<b>228.22</b>		208.96
<b>Investments in subsidiary Companies :</b>					
SHARES (Quoted) —					
43. Stewarts and Lloyds of India Ltd. ....	2,99,925	—	<b>0.37</b>	—	0.37
SHARES (Unquoted) —					
44. Kalimati Investment Co. Ltd. ....	1,63,87,469	86.68	—	86.68	—
45. Tata Refractories Ltd. ....	56,09,670	11.99	—	11.99	—
46. The Tata Pigments Ltd. (Face value of Rs. 100 each) .	75,000	0.70	—	0.70	—
47. Tata Korf Engineering Services Ltd. (Book Value Re. 1).	2,40,386	—	—	—	—
48. Tata Incorporated (Face value of US \$ 1,000 each) ....	1,500	1.64	—	1.64	—
49. TM International Logistics Ltd. ....	91,80,000	9.18	—	9.18	—
50. Lanka Special Steels Ltd. (Face value of LKR 10 each) (25,00,000 Shares subscribed during the year)	25,00,000	1.16	—	—	—
51. Jamshedpur Utilities & Services Co. Ltd. ....	49,940	0.05	—	—	—
(49,940 Shares subscribed during the year)					
52. The Indian Steel and Wire Products Ltd.(Book value : Re.1) (4,74,130 Shares purchased during the year, 50,00,000 shares received during the year on conversion of dues of Rs. 5.00 crores and diminution in value of Rs. 5.05 crores provided during the year) (See Note 11, Page 75) .....	54,74,130	—	—	—	—
			<b>111.40</b>		110.19
Carried forward			<b>646.35</b>		598.08

## Schedule forming part of the balance sheet

### SCHEDULE F : INVESTMENTS :— continued (Item No. 9, Page 50)

	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores	Rupees crores	As at 31-3-2003	
				Rupees crores	Rupees crores
Brought over ...			<b>646.35</b>		598.08
<b>B. CURRENT INVESTMENTS (at lower of cost and fair value)</b>					
<b>Other Investments :</b>					
(i) INVESTMENTS OUT OF UNUTILISED MONIES RAISED BY ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE BONDS (Quoted)					
53. 16.00% IFCI Family Bonds 2003 (Face value of Rs. 5,000 each) (Redeemed during the year)	—		—		0.10
(ii) OTHER INVESTMENTS					
54. Units in Unit Trust of India (Face value of Rs. 10 each) ..... (Quoted) (Converted into 6.75% Tax Free Bonds during the year)	—		—		8.96
55. 6.75% Tax Free Bonds of Unit Trust of India (Quoted) ..... (Received on conversion of the Units of UTI during the year)	8,95,982		<b>8.96</b>		—
56. UTI - Venture Capital Units (Face value of Rs. 100 each) (Redeemed during the year) (Unquoted) .....	—		—		0.01
57. 9.25% Rural Electrification Corporation Ltd. Bonds ..... (Redeemed during the year)	—		—		5.20
58. Investment in own Debentures (Quoted) [See items (i), (l), (n), (o), (p) and (t) of Schedule C (page 59) and notes thereon on page 59] (Cancelled during the year)					
(a) 14.15% Non-Convertible Debentures (due on 20.10.2005) (Face value of Rs. 1,00,00,000 each) .....	—	—		29.18	
(b) 12.60% Non-Convertible Debentures (due on 11.10.2005/ 2006/2007) (Face value of Rs. 1,00,000 each) .....	—	—		29.09	
(c) 9.90% Non-Convertible Debentures (due on 9.7.2006) (Face value of Rs. 1,00,00,000 each) .....	—	—		32.64	
(d) 9.45% Non-Convertible Debentures (due on 11.9.2006) (Face value of Rs. 1,00,00,000 each) .....	—	—		5.39	
(e) 9.50% Non-Convertible Debentures (due on 17.8.2006) (Face value of Rs. 1,00,00,000 each) .....	—	—		16.17	
(f) 9.25% Non-Convertible Debentures (due on 7.3.2007) (Face value of Rs. 1,00,00,000 each) .....	—	—		36.22	
			—		148.69
59. Investment in Mutual Funds					
Income Funds .....		495.33		390.35	
(As per Note 5, Page No.66)					
Liquid Funds .....		1056.46		43.16	
(As per Note 6, Page No.68)					
		1551.79		433.51	
Less – Diminution in value .....		12.98		—	
			<b>1538.81</b>		433.51
			<b>2194.12</b>		1194.55

## Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued  
(Item No. 9, Page 50)

Notes :	No. of equity shares of Face Value of Rs. 10 each fully paid-up unless otherwise specified	Rupees crores		As at 31-3-2003 Rupees crores
(1) Aggregate amount of Quoted Investments .....		<b>315.69</b>		441.88
Market value as at 31.3.2004 : <b>Rs. 2031.69</b> crores (As at 31.3.2003 : Rs. 798.26 crores)				
(2) Aggregate amount of Unquoted Investments .....		<b>1878.43</b>		752.67
		<b>2194.12</b>		1194.55
(3) Shares and Debentures (Quoted) — Others include :— .....		<b>Rupees</b>		<b>Rupees</b>
(a) Reliance Firebrick and Pottery Co. Ltd. (partly paid up) .....	16,800	<b>1</b>		1
(b) Reliance Firebrick and Pottery Co. Ltd. ....	2,400	<b>1</b>		1
(c) Sijua (Jherriah) Electric Supply Co. Ltd. ....	4,144	<b>40,260</b>		40,260
(d) Timken India Ltd. ....	1	<b>10</b>		10
		<b>40,272</b>		40,272
(4) Shares and Debentures (Unquoted) — Others include :— .....				
(a) Bokaro and Ramgarh Ltd. ....	100	<b>16,225</b>		16,225
(b) Indian Chamber of Commerce — 8% Mortgage Debentures (Face value of Rs. 100 each) .....	50	<b>5,000</b>		5,000
(c) Jamshedpur Educational and Cultural Co-operative Society Ltd. (Face value of Rs. 100 each) .....	50	<b>5,000</b>		5,000
(d) Barajamda Iron Ore Mine Workers' Central Co-operative Stores Ltd. (Face value of Rs. 25 each) .....	200	<b>5,000</b>		5,000
(e) Joda East Iron Mine Employees' Consumer Co-operative Society Ltd. (Face value of Rs. 25 each) .....	100	<b>2,500</b>		2,500
(f) Ferro-Manganese Plant Employees' Consumer Co-operative Society Ltd. (Face value of Rs. 25 each) .....	100	<b>2,500</b>		2,500
(g) Jamshedpur Co-operative House Building Society Ltd. (Face value of Rs. 100 each) .....	10	<b>1,000</b>		1,000
(h) Jamshedpur Co-operative Stores Ltd. (Face value of Rs. 5 each) .....	50	<b>250</b>		250
(i) Malusha Travels Pvt. Ltd. ....	2	<b>20</b>		20
		<b>37,495</b>		37,495

## (5) INVESTMENT WITH INCOME FUNDS

Name of Mutual Fund	Balance As on 1.4.2003		Purchased during the year		Sold during the year		Balance As on 31.3.2004	
	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.
J M Mutual Fund - J M Income Fund - Dividend Plan	1,42,94,793.369	15.00	3,28,10,872.181	35.00	1,42,94,793.369	15.00	3,28,10,872.181	35.00
DSP Merrill Lynch Mutual Fund - DSP Merrill Lynch Bond Fund Retail - Dividend Plan	1,08,27,896.788	12.00	—	—	1,08,27,896.788	12.00	—	—
DSP Merrill Lynch Mutual Fund - DSP Merrill Lynch Bond Fund Retail - Growth Plan	1,08,59,274.300	23.00	—	—	—	—	1,08,59,274.300	23.00
DSP Merrill Lynch Mutual Fund - DSP Merrill Lynch Floating Rate Fund - Dividend Plan	—	—	99,23,194.475	10.00	—	—	99,23,194.475	10.00
Standard Chartered Mutual Fund G S I F - Investment Plan - Quarterly Dividend Option	4,35,47,192.547	48.02	4,50,14,636.191	50.00	6,69,89,674.074	74.06	2,15,72,154.664	23.96
Standard Chartered Mutual Fund Short Term Plan - Dividend Plan	—	—	3,62,70,891.575	37.00	—	—	3,62,70,891.575	37.00
Standard Chartered Mutual Fund Grindlays Floating Rate Fund - Dividend Plan	—	—	99,66,909.859	10.00	—	—	99,66,909.859	10.00
Standard Chartered Mutual Fund Medium Term Plan - Dividend Plan	—	—	50,00,000.000	5.00	—	—	50,00,000.000	5.00
HDFC Mutual Fund - HDFC Income Fund - Dividend Plan	2,33,85,946.670	25.01	—	—	—	—	2,33,85,946.670	25.01
HDFC Mutual Fund - HDFC Income Fund - Growth Plan	1,54,71,595.253	22.01	—	—	1,54,71,595.253	22.01	—	—
HDFC Mutual Fund - Short Term Plan - Dividend Plan	—	—	1,04,12,428.758	11.00	—	—	1,04,12,428.758	11.00
Carried forward		145.04		158.00		123.07		179.97

## Schedule forming part of the balance sheet

### SCHEDULE F : INVESTMENTS :— continued (Item No. 9, Page 50)

#### (5) INVESTMENT WITH INCOME FUNDS (Contd.)

Name of Mutual Fund	Balance As on 1.4.2003		Purchased during the year		Sold during the year		Balance As on 31.3.2004	
	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.
Brought over		145.04		158.00		123.07		179.97
HDFC Mutual Fund - HDFC Monthly Income Plan - Short Term - Dividend Plan	—	—	1,45,87,750.180	15.00	—	—	1,45,87,750.180	15.00
Tata Mutual Fund - Tata Income Fund - Regular Plan	1,71,18,083.203	18.01	2,41,16,679.746	26.00	1,71,18,083.203	18.01	2,41,16,679.746	26.00
Tata Mutual Fund - Tata Dynamic Bond Fund - Dividend Plan	—	—	50,00,000.000	5.00	—	—	50,00,000.000	5.00
Tata Mutual Fund - Tata Income Fund - Periodic Dividend Plan	65,70,913.850	6.96	—	—	—	—	65,70,913.850	6.96
Tata Mutual Fund - Tata Floating Rate Fund - Dividend Plan	—	—	1,01,00,313.824	10.10	—	—	1,01,00,313.824	10.10
Tata Mutual Fund - Tata Monthly Income Fund - Dividend Plan	—	—	1,27,51,198.613	15.00	—	—	1,27,51,198.613	15.00
Tata Mutual Fund - Tata M I P Plus - Dividend Plan	—	—	49,91,813.426	5.00	—	—	49,91,813.426	5.00
Birla Sun Life Mutual Fund - Birla Income Plus - Dividend Plan	1,90,59,232.593	20.00	—	—	1,90,59,232.593	20.00	—	—
Birla Sun Life Mutual Fund - Birla Income Plus - Growth Plan	97,61,613.600	25.01	—	—	—	—	97,61,613.600	25.01
Birla Sun Life Mutual Fund - Birla Bond Plus - Dividend Plan	—	—	2,79,72,610.085	29.37	—	—	2,79,72,610.085	29.37
Birla Sun Life Mutual Fund - Birla M I P Fund - Dividend Plan	—	—	1,79,37,895.600	20.00	—	—	1,79,37,895.600	20.00
Kotak Mahindra Mutual Fund - Kotak Bond Unit Scheme 99 (Wholesale Plan) - Growth Plan	63,14,606.316	10.00	—	—	—	—	63,14,606.316	10.00
Kotak Mahindra Mutual Fund - Kotak Bond Unit Scheme 99 (Wholesale Plan) - Dividend Plan	—	—	1,40,19,739.794	15.00	—	—	1,40,19,739.794	15.00
Prudential ICICI Mutual Fund - Prudential ICICI Income Plan - Dividend Plan	1,43,41,809.840	15.00	—	—	—	—	1,43,41,809.840	15.00
Prudential ICICI Mutual Fund - Prudential ICICI Income Plan - Growth Plan	1,66,35,685.986	30.00	—	—	1,66,35,685.986	30.00	—	—
Prudential ICICI Mutual Fund - Prudential ICICI Institutional Short Term Plan - Dividend Plan	—	—	87,37,640.837	9.50	—	—	87,37,640.837	9.50
Prudential ICICI Mutual Fund - Prudential ICICI M I P - Dividend Plan	—	—	1,09,48,105.978	12.00	—	—	1,09,48,105.978	12.00
Prudential ICICI Mutual Fund - Prudential ICICI Floating Rate Plan - Dividend Plan	—	—	1,00,03,863.138	10.04	—	—	1,00,03,863.138	10.04
IL & FS Mutual Fund - IL & FS Bond Fund - Dividend Plan	1,40,42,339.631	15.00	1,26,20,101.297	15.00	2,66,62,440.928	30.00	—	—
Sundaram Mutual Fund - Sundaram Bond Saver - Appreciation	50,08,765.339	10.00	—	—	—	—	50,08,765.339	10.00
Chola Mutual Fund - Chola Triple Ace (Regular) Dividend Plan	44,56,327.986	4.81	—	—	—	—	44,56,327.986	4.81
Franklin Templeton Investments - Templeton India Income Builder Account Plan - A	2,71,26,547.396	40.00	3,23,56,777.569	35.00	5,94,83,324.965	75.00	—	—
Franklin Templeton Investments - Templeton India Floating Rate Income Fund - Short Term Plan - Dividend	—	—	1,00,38,690.524	10.05	—	—	1,00,38,690.524	10.05
HSBC Mutual Fund - HSBC Institutional Income Fund - Investment Plan - Growth	1,48,74,495.166	15.00	—	—	1,48,74,495.166	15.00	—	—
Deutsche Mutual Fund - Deutsche Premier Bond Fund - Institutional Plan - Growth	1,01,06,209.150	10.00	—	—	—	—	1,01,06,209.150	10.00
Deutsche Mutual Fund - Deutsche Premier Bond Fund - Institutional Plan - Dividend Plan	—	—	1,41,37,872.533	15.00	—	—	1,41,37,872.533	15.00
SBI Mutual Fund - SBI Magnum Income Fund - Growth Plan	1,50,29,919.270	25.52	—	—	—	—	1,50,29,919.270	25.52
UTI Mutual Fund - UTI Liquid Short Term Plan - Income Option - Dividend Plan	—	—	1,09,74,300.808	11.00	—	—	1,09,74,300.808	11.00
<b>TOTAL INCOME FUNDS</b>		<b>390.35</b>		<b>416.06</b>		<b>311.08</b>		<b>495.33</b>

## Schedule forming part of the balance sheet

SCHEDULE F : INVESTMENTS :— continued  
(Item No. 9, Page 50)

(6) INVESTMENT WITH LIQUID FUNDS Name of Mutual Fund	Balance As on 1.4.2003		Purchased during the year		Sold during the year		Balance As on 31.3.2004	
	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.	No. of Units	Rs. Crs.
J M Mutual Fund - J M High Liquidity Fund - Dividend Plan	—	—	56,72,17,144.532	579.32	47,33,98,906.973	485.50	9,38,18,237.559	93.82
DSP Merrill Lynch Mutual Fund - DSP Merrill Lynch Liquidity Fund - Dividend Plan	—	—	8,30,37,753.647	83.12	3,39,66,483.095	34.00	4,90,71,270.552	49.12
Standard Chartered Mutual Fund Grindlays Cash Fund - Dividend Plan	—	—	50,13,09,113.458	534.09	42,90,12,855.159	457.59	7,22,96,258.299	76.50
HDFC Mutual Fund - HDFC Liquid Fund - Premium Plus Plan Dividend Plan	—	—	21,01,85,274.586	246.69	14,62,00,994.766	170.18	6,39,84,279.820	76.51
Tata Mutual Fund - Tata Liquid High Investment Fund - Growth Plan	2,39,04,620.564	24.01	—	—	2,39,04,620.564	24.01	—	—
Tata Mutual Fund - Tata Liquid Super High Investment Fund - Dividend Plan	—	—	41,54,61,664.965	458.94	32,59,05,080.747	359.35	8,95,56,584.218	99.59
Birla Sun Life Mutual Fund - Birla Cash Plus - Dividend Plan	—	—	16,26,43,278.495	175.43	6,95,40,599.352	75.01	9,31,02,679.143	100.42
Kotak Mahindra Mutual Fund - Kotak Liquid Plan - Dividend Plan	—	—	20,87,86,883.127	229.89	10,95,03,576.993	130.33	9,92,83,306.134	99.56
Prudential ICICI Mutual Fund - Prudential ICICI Institutional Liquid Plan - Dividend Plan	—	—	17,52,86,640.932	207.71	13,93,07,123.688	165.07	3,59,79,517.244	42.64
Prudential ICICI Mutual Fund - Prudential ICICI Institutional Liquid Plan - Quarterly Dividend Plan	—	—	2,95,02,199.553	45.00	—	—	2,95,02,199.553	45.00
IL & FS Mutual Fund - IL & FS Liquid Account - Dividend Plan	—	—	45,66,235.523	4.56	—	—	45,66,235.523	4.56
Franklin Templeton Investments - Templeton India Treasury Management Account - Dividend Plan	—	—	12,04,785.113	182.16	7,16,685.458	108.36	4,88,099.655	73.80
HSBC Mutual Fund - HSBC Cash Fund - Dividend Plan	—	—	10,86,74,495.394	110.71	3,58,29,786.667	36.50	7,28,44,708.727	74.21
Deutsche Mutual Fund-Deutsche Insta Cash Plus Fund Dividend Plan	—	—	11,04,40,770.997	111.62	6,18,81,509.744	62.60	4,85,59,261.253	49.02
SBI Mutual Fund - SBI Magnum Insta Cash Fund - Cash Plan	1,37,62,050.655	18.65	—	—	1,37,62,050.655	18.65	—	—
SBI Mutual Fund - SBI Magnum Insta Cash Fund - Dividend Plan	—	—	73,69,34,475.744	842.18	69,20,76,325.766	794.93	4,48,58,149.978	47.25
G I C Mutual Fund - G I C Liquid Fund - Growth Plan	4,66,274.374	0.50	—	—	4,66,274.374	0.50	—	—
Principal Mutual Fund - Principal Cash Management Fund - Dividend Plan	—	—	14,91,03,544.165	149.11	7,40,37,582.872	74.04	7,50,65,961.293	75.07
Reliance Capital Mutual Fund - RLF Treasury Plan Dividend Plan	—	—	12,51,06,534.457	190.53	9,27,39,248.378	141.14	3,23,67,286.079	49.39
<b>TOTAL LIQUID FUNDS</b>		<b>43.16</b>		<b>4,151.06</b>		<b>3,137.76</b>		<b>1,056.46</b>

## Schedules forming part of the balance sheet

### SCHEDULE G : STOCK-IN-TRADE :— (Item No. 10A(b), Page 50)

	Rupees crores	<i>As at 31-3-2003 Rupees crores</i>
(a) Finished and semi-finished products produced and purchased by the Company, at lower of cost and net realisable value (including purchased goods-in-transit at cost) .....	622.13	556.78
(b) Work-in-progress (at lower of cost and net realisable value) .....	13.76	14.65
	<u>635.89</u>	<u>571.43</u>
 (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) .....	 287.02	 262.30
	<u>922.91</u>	<u>833.73</u>

### SCHEDULE H : SUNDRY DEBTORS :— (Item No. 10A(c), Page 50)

	Rupees crores	<i>As at 31-3-2003 Rupees crores</i>
(a) Over six months old .....	100.50	235.61
(b) Others .....	611.73	833.92
	<u>712.23</u>	<u>1069.53</u>
 Less — Provision for doubtful debts .....	 60.93	 111.06
	<u>651.30</u>	<u>958.47</u>

	<b>As at 31-3-2004 Rupees crores</b>	<i>As at 31-3-2003 Rupees crores</i>
Sundry debts, unsecured and considered good .....	651.30	958.47
Sundry debts, considered doubtful .....	60.93	111.06
	<u>712.23</u>	<u>1069.53</u>

## Schedules forming part of the balance sheet

SCHEDULE I : CASH AND BANK BALANCES :—  
(Item No. 10A(e), Page 50)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Cash in hand (including cheques : <b>Rs. 97.51</b> crores; As at 31.3.2003 : Rs. 123.94 crores) .....	<b>98.35</b>	124.97
(b) Remittance in transit .....	<b>57.74</b>	47.78
(c) Current accounts with Scheduled Banks .....	<b>94.13</b>	48.07
(d) Current account with Bank of Bhutan .....	<b>0.18*</b>	0.08*
(e) Current account with CitiBank Singapore .....	<b>0.14*</b>	0.12*
(f) Current account with Thane District Co-operative Bank Ltd. .... @[Rs. 8,742 (31.3.2003 : Rs. 35,600)]	<b>@*</b>	@*
(g) Deposit accounts with Scheduled Banks .....	<b>0.20</b>	152.10
	<b>250.74</b>	373.12

	2003-2004 Rs. crores	2002-2003 Rs. crores
* Maximum balances in current account with		
1. Bank of Bhutan .....	<b>0.42</b>	0.52
2. Citibank Singapore .....	<b>0.20</b>	0.21
3. Thane District Co-operative Bank Ltd. ....	<b>0.10</b>	0.52

SCHEDULE J : LOANS AND ADVANCES :—  
(Item No. 10(B), Page 50)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Advances with public bodies .....	<b>187.42</b>	164.54
(b) Other advances .....	<b>485.18</b>	608.67
(c) Advances to subsidiary companies .....	<b>11.63</b>	0.37
(d) Advance payment against taxes .....	<b>1314.32</b>	425.66
	<b>1998.55</b>	1199.24
Less — Provision for doubtful advances .....	<b>66.86</b>	38.57
	<b>1931.69</b>	1160.67

	As at 31-3-2004 Rupees crores	As at 31-3-2003 Rupees crores
Loans and Advances, unsecured and considered good .....	<b>1931.69</b>	1160.67
Loans and Advances, considered doubtful .....	<b>66.86</b>	38.57
	<b>1998.55</b>	1199.24

- Notes :
- Advances with public bodies include balances with Customs, Port Trust, etc. **Rs. 96.00** crores (As at 31.3.2003 : Rs. 68.01 crores).
  - Other advances include :
    - Loan due by an Officer of the Company **Rs. 148,750** (As at 31.3.2003 : Rs. Nil) Maximum balance during the year **Rs. 150,000** (2002-2003 : Rs. Nil).
    - Loans due by Directors **Rs. Nil** (As at 31.3.2003 : Rs. 5,606) of which **Rs. Nil** (As at 31.3.2003 : Rs. 5,606) was granted prior to appointment as Directors. Maximum balance during the year **Rs. 5,606** (2002-2003 : Rs. 363,492).
    - Intercorporate deposits of **Rs. 115.00** crores (As at 31.3.2003 : Rs. 163.56 crores).
    - Application monies on investments **Rs. 7.30** crores (As at 31.3.2003 : Rs. 7.01 crores).



## Schedules forming part of the balance sheet

### SCHEDULE K : CURRENT LIABILITIES :— (Item No. 11(A), Page 50)

	Rupees crores	Rupees crores	As at 31-3-2003 Rupees crores
(a) Sundry creditors :			
(i) For goods supplied [See Note 9(a), Page 73] .....	670.18		463.89
(ii) For accrued wages and salaries .....	469.89		484.31
(iii) For other liabilities [See Note 9(a) and (b), Page 73] .....	852.46		782.97
		<b>1992.53</b>	1731.17
(b) Subsidiary companies .....		<b>22.28</b>	15.12
(c) Interest accrued but not due .....		<b>43.71</b>	45.83
(d) Advances received from customers .....		<b>133.59</b>	95.74
(e) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956			
Due as on 31.3.2004			
(i) Unpaid Dividends .....		—	—
(ii) Application Money Pending Refund .....		—	—
(iii) Unclaimed Matured Deposits .....		<b>0.02</b>	—
(iv) Unclaimed Matured Debentures .....		—	—
(v) Interest Accrued on (i) to (iv) above .....		<b>0.03</b>	—
Not due as on 31.3.2004			
(i) Unpaid Dividends .....		<b>14.28</b>	11.89
(ii) Application Money Pending Refund .....		<b>0.01</b>	0.03
(iii) Unclaimed Matured Deposits .....		<b>1.86</b>	2.29
(iv) Unclaimed Matured Debentures .....		<b>6.69</b>	10.48
(v) Interest Accrued on (i) to (iv) above .....		<b>3.37</b>	4.94
		<b>2218.37</b>	1917.49
		<b>Rupees crores</b>	As at 31-3-2003 Rupees crores
<i>Note</i> : Sundry Creditors for other liabilities include :			
Provision for Employees Family Benefit Scheme .....		<b>45.74</b>	36.68

### SCHEDULE L : PROVISIONS :— (Item No. 11(B), Page 50)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Provision for retiring gratuities (See Note 5, Page 73) .....	5.57	1.74
(b) Provision for taxation .....	<b>1405.87</b>	476.16
(c) Proposed dividends .....	<b>368.98</b>	295.19
	<b>1780.42</b>	773.09

Signatures to Schedules 1 to 4 and  
A to L and Notes on pages 72 to 87

For and on behalf of the Board

RATAN N TATA	}	Chairman
KESHUB MAHINDRA	}	Directors
NUSLI N WADIA		
S M PALIA		
P K KAUL		
ISHAAT HUSSAIN		
JAMSHED J IRANI		
B MUTHURAMAN	}	Executive Directors
T MUKHERJEE		
A N SINGH		

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****1. Accounting Policies :**

- (a) The financial statements are prepared under the historical cost convention on an accrual basis.
- (b) Sale of Products and Services :
- (i) Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.
  - (ii) Export incentive under the Duty Entitlement Pass Book Scheme has been recognised on the basis of credits afforded in the pass book.
- (c) Gratuity :  
Provision for gratuity liability to employees is made on the basis of actuarial valuation.
- (d) Leave Salaries :  
Provision is made for value of unutilised leave due to employees at the end of the year.
- (e) Relining Expenses :  
Relining expenses other than expenses on Blast Furnace relining are charged as an expense in the year in which they are incurred.
- (f) 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.
- (g) Depreciation :
- (I) Capital assets whose ownership does not vest in the Company have been depreciated over the estimated period of their utility 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 as under:—
    - (i) In respect of plant and machinery, railway siding, buildings and vehicles acquired before 1.4.1993 the specified period has been re-calculated by applying the revised rates in force in terms of the notification dated 16.12.1993 and the unamortised value of the asset has been allocated equally over the remaining part of the specified period and on assets acquired after 31.3.1993 at the revised rates.  
For the purposes of determining the appropriate depreciation rates plant and machinery falling in the category of continuous process plants has been identified on the basis of technical opinion obtained by the Company. Extra shift depreciation, wherever applicable is calculated on actual shift basis in respect of each mill/shop/unit.
    - (ii) In respect of furniture, fixtures and office equipment acquired before 1.4.1993 at the rates in force prior to the abovementioned notification and at the revised rates for assets acquired thereafter.
    - (iii) Development of Property and Mining Rights are depreciated over the useful life of the mine or lease period whichever is shorter.
    - (iv) Blast Furnace relining is depreciated over a period of 10 years (average expected life).
    - (v) Freehold land and leasehold land are not depreciated.
- (h) Foreign Exchange Transactions :  
Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.  
The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the Profit and Loss Account. In respect of transactions covered by forward exchange contracts, the difference 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, except in case of liabilities incurred for acquiring fixed assets.  
Exchange differences (including arising out of forward exchange contracts) in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.
- (i) 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. For assets identified for replacement during future relining, the written down value is depreciated proportionately over the period to the planned relining date.
- (j) Investments :  
Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value. When investment is made in partly convertible debentures with a view to retain only the convertible portion of the debentures, the excess of the face value of the non-convertible portion over the realisation on sale of such portion is treated as a part of the cost of acquisition of the convertible portion of the debenture.
- (k) 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 or below cost.  
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.

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

- (l) Miscellaneous Expenditure :  
In respect of the Schemes of Early Separation Compensation, introduced after 31st March, 2003, net present value of the future liability for pension payable is amortised equally over five years.  
The increase in the net present value of the future liability for pension payable to employees who have opted for retirement under the Early Separation Scheme (ESS) of the Company upto 31st March, 2003, is charged to the Profit and Loss Account.
- (m) Compensation under the Employees Family Benefit Scheme of the Company is calculated on the basis of the net present value of the future monthly payments and charged to Profit and Loss Account.
- (n) Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods.
2. **Contingent Liabilities :**
- (a) Guarantees :—  
The Company has given guarantees aggregating **Rs. 164.39** crores (31.3.2003 : *Rs. 164.54 crores*) to banks and financial institutions on behalf of others. As at 31st March, 2004 the contingent liabilities under these guarantees amounted to **Rs. 164.39** crores (31.3.2003 : *Rs. 164.54 crores*).
- (b) Claims for taxes and miscellaneous items not acknowledged by the Company :—
- (i) Gross — **Rs. 1025.26** crores (31.3.2003 : *Rs. 865.28 crores*).
- (ii) Net of tax — **Rs. 684.32** crores (31.3.2003 : *Rs. 580.02 crores*).
- (c) Claim by a party arising out of conversion arrangement - **Rs. 195.82** crores (31.3.2003 : *Rs. 195.82 crores*). The Company has not acknowledged this claim and has instead filed a claim of **Rs. 139.65** crores (31.3.2003 : *Rs. 139.65 crores*) on the party. The dispute is under arbitration.
- (d) Uncalled liability on partly paid shares and debentures **Rs. 0.01** crore (31.3.2003 : *Rs. 0.01 crore*).
- (e) Bills discounted **Rs. 176.82** crores (31.3.2003 : *Rs. 90.57 crores*).
- (f) Cheques discounted : Amount indeterminate.
3. Excise Duty is inclusive of excise duty on captive consumption.
4. The Company has given undertakings to (a) IDBI, IFCI, LIC, IIBI, Union Bank of India and ICICI Bank Ltd. (formerly ICICI) 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., (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 ANZ Banking Group Ltd. not to dispose of its investment in Tata Incorporated, New York, 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 five companies remains outstanding. The Company has given undertaking to International Finance Corporation (Washington) [IFC(W)], to maintain the combined shareholding of the Company and Tata Sons Ltd. at 26% of the total issued capital of Tata Motors Ltd. on a best efforts basis until the IFC(W) loan of US\$ 50 million availed by Tata Motors Ltd. is fully repaid. The Company has also furnished a Security Bond in respect of its immovable property to the extent of Rs. 20 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.
5. The total future liability for retiring gratuities payable in accordance with the Payment of Gratuity Act and the Company's Rules as on 31st March, 2004 as per the certificate of actuary is **Rs. 483.75** crores (31.3.2003 : *Rs. 351.00 crores*). Having regard to the amounts available with the Gratuity Fund and the balance of **Rs. 5.57** crores (31.3.2003 : *Rs. 1.74 crores*) in Provision for Retiring Gratuities Account, the liability is fully covered.
6. The long term Wage Agreements entered into by the Company with the employees at Jamshedpur and certain other locations expired during 1996-97. The new long term Wage Agreements entered into by the Company for these locations have been implemented with effect from 1st January, 2001. The long term Wage Agreements for the employees of the Collieries expired on 30th June, 2001.  
During the year, Agreements were signed with the Unions and the outstanding issues regarding arrear payments were settled. The consequential additional liability of **Rs. 74.68** crores on such settlements over and above the provision available has been charged to the Profit and Loss Account for the year.
7. (a) During the year, the Company has changed its accounting policy for the Early Separation Scheme (ESS). Compensation to employees who have opted for retirement under the ESS which hitherto was amortised over 120 months is now being amortised equally over five years. Consequent to this change, the profit before taxes for the year and Miscellaneous Expenditure (to the extent not written off or adjusted) is lower by **Rs. 26.98** crores. The aggregate provision as at 31.3.2004 of **Rs. 1563.06** crores (31.3.2003 : *Rs. 1444.02 crores*) includes **Rs. 194.95** crores (31.3.2003 : *Rs. 252.27 crores*) in respect of schemes introduced during the year.  
Consequent to the general reduction in interest rates, the basis of calculation of the present value in respect of provision for ESS payable under the Schemes has been revised. As a result, the Provision for Employee Separation Compensation (Item 6 of the Balance Sheet, Page 50) is higher and profit before taxes for the year is lower by **Rs. 142.33** crores.
- (b) The amounts payable within one year under the ESS aggregate to **Rs. 244.29** crores (31.3.2003 : *Rs. 256.26 crores*).
- (c) The amount shown under Miscellaneous Expenditure on ESS account represents the balance amount to be amortised over the future years.
8. The manufacturing and other expenses and depreciation shown in the Profit and Loss Account include **Rs. 22.53** crores (2002-2003 : *Rs. 15.39 crores*) and **Rs. 0.69** crore (2002-2003 : *Rs. 0.59 crore*) respectively in respect of Research and Development activities undertaken during the year.
9. (a) Sundry Creditors [Item No. (b)(i) and (iii) to Schedule K - Page 71] include **Rs. 6.13** crores (31.3.2003 : *Rs. 6.64 crores*), due to small scale and ancillary undertakings.
- (b) Sundry Creditors [Item No. (b)(iii) to Schedule K - Page 71] include grant of **Rs. 19.30** crores (31.3.2003 : *Rs. 19.30 crores*) for research project financed by Steel Development Fund.

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

(c) The list of small scale undertakings to whom amount is outstanding for more than 30 days is as follows :

3-D TECHNO PRINTS	ELMAN'S STEEL INDIA	MACHINE TOOLS CENTRE	S N CHATTERJEE & CO.
A K HAJRA & COMPANY	EMPIRE INDUSTRIES	MADRAS CUPPERUM METAL	S R ENGINEERING WORKS
A L P COLOUR & CHEMICAL INDUSTRIES	ENGINEERING SPARES OF INDIA	MAHARASHTRA MACHINE	S V L ENTERPRISES
ABHISHEK INDUSTRIES	EURO ASIA DIESELS	MAHATO & CO.	SAI ASSOCIATES
ADBEE INDUSTRIES	FLEXIBLE HOSE COMPANY	MALABAR CARBONS PVT. LTD.	SANDEEP INDUSTRIES
ADVANCE REINFORCED PVT.LTD.	FLUID CONTROL ENGINEERING	MALLABHUM POLYPACKS (P) LTD.	SANDEEP POLYMERS
AEICORP PRIVATE LTD.	FOURESS ENGG. (INDIA) LTD.	MANNA ENGINEERING WORKS	SANDHU TECHNOCRATS PVT. LTD.
AIRAUTO INDUSTRIES,	G R INDUSTRIES	MANOJ ENTERPRISES.	SANGAM AUTO WORKS
AJANTA ENGINEERING WORKS	GAJANAND ENGINEERING	MASS ENGINEERING PVT. LTD.	SANJALY PRINTING WORKS
ALCALAB PRIVATE LIMITED	GANESH ENGINEERING WORKS	MASTER GRIND ABRASIVES	SANKALP SOFT NET
ALLIED RUBBER INDUSTRIES	GASTON ENGG. CO.	MAYUR OFFSET PRIVATE LTD.	SCIENTIFIC & SURGICALS
AMAR (INDIA)	GEETA TIMBER MART	MEC FAB ENGINEERING	SERVO INDIA
AMIN PRINTING PRESS	GENERAL ENGINEERING CO.	MECH ENGINEERS	SHAH BROTHERS
ANAND PRINTING PRESS	GENERAL ENGINEERING WORKS	MECHANO RUBBER & ALLIED INDUSTRIES	SHARMA BROTHERS
ANIMESH ENTERPRISES	GLASSY ENTERPRISES	MEHTA ENGINEERING WORKS	SHERPA FRUIT PRODUCTS
ANK SALES PVT. LTD.	GLOBAL CORPORATION	METCO	SHREE PUROHIT ENGINEERING WORKS
ANKUR ENGINEERING WORKS	GLOBAL ENGINEERING WORKS	MICRON ENGINEERING INDUSTRIES	SINGH ELECTRIC CO.
ARIES APPLIANCES	GOLCHA CHEMICAL INDUSTRIES	MIM PLASTICS	SINGHBBHUM REFRACTORIES
ARUN DIE WORKS	GON ENGINEERING WORKS	MINING ASSOCIATES	SINGHBBHUM MECHINO METAL PVT. LTD.
ARVICO RUBBER INDUSTRIES	GOURI SHANKAR & CO.	MODERN PRINTERS	SOHANPAL ENGG. WORKS
ARVIND FOOTWEARS PVT. LTD.	GOVIND ENGINEERING WORKS	MOON LIGHT ENTERPRISES	SOKHI & SONS
ASHU RUBBER MANUFACTURING	GURUNANAK ENGINEERING CO.	NAB ENGINEERING COMPANY	SOKHI ENGG. PVT. LTD.
ASIAN ENGINEERING CO	GURUNANAK ENGINEERING WORKS	NASCENT DATA AID	SOSUN ENGINEERING CO.
ASSOCIATED CHEMICAL INDUSTRIES	H K INDUSTRIES	NAT STEEL EQUIPMENT PVT. LTD.	SOUTH BIHAR PLASTIC PVT. LTD.
ASSOCIATED ENGINEERING CO.	HAM PLASTIC INDUSTRIES	NATIONAL ENGINEERING ENTERPRISES	SPACEAGE INDUSTRIES
ATLANTA ENGINEERING CO.	HANS ENGINEERING CO.	NATIONAL INDUSTRIAL CORP.	SPECIAL TOOL MANUFACTURER
B M C METAL CAST LTD.	HATIM CARBON CO. PVT. LTD.	NAVIN UDYOG	SPEED N SYSTEM CONTAINERS
B C ENGINEERING WORKS	HENKAL CHEMBOND SURF	NEEPAZ TUBE (P) LTD.	SPEEDAGE EXPRESS CARGO SERVICE
BAJARANGBALI ENGINEERING WORKS	HIND ENGINEERING & FOUNDRY CO.	NEW ALLENBERY WORKS	STEADY MARKETING & SERVICES (P) LTD.
BALAKRISHNA & CO.	HIND ENGINEERING CO.	NEW ALLENBY ENGINEERING WORKS	SUBERNAREKHA ENTERPRISES
BARBIL DIESELS	HINDUSTAN ELECTRICAL WORKS	NEW CARBONIC GAS INDUSTRIES	SUDHIR MFG. CO.
BARBIL EMPORIUM	HINDUSTAN ROPE WORKS	NEW EASTERN ENGINEERS	SUKHWINDER ROADWAYS
BENGAL RUBBER & PLASTIC WORKS	HINDUSTAN RUBBER PRODUCT	NEW EMPIRE INDUSTRIES	SUNDARAM INDUSTRIES LTD.
BENGAL TECHNOCRATS PVT. LTD.	HINDUSTAN STEEL TECH	NEW SANTRA PIPE FITTINGS PVT. LTD.	SUNIL & CO.
BHARAT ELECTRICALS	HI-TECH PRODUCT AGENCIES	NIMPS AGRO FARMS	SUNNY GLOVES INDUSTRIES
BHARAT ENGINEERING CO.	HYDROCRIMP A.C (P) LTD.	NORTHERN ALLYOS BHAVNAGAR LTD.	SUNRAJ INDUSTRIES
BHARAT ENGINEERS	IGEL MANUFACTURING	OM ENTERPRISES	SUTLEJ ENGG. WORKS
BHOHAL ENGINEERING CO.	IMECO LIMITED	ORISSA ENGINEERING WORKS	SVEDALA INDUSTRIES
BHOLA BABA POLYMERS	INDIA CONSTRUCTION CO.	OSHAN ENTERPRISES	SWARN ENGINEERING WORKS
BIBA GLOSSTICK & LAMINATIONS (I) INDIA	INDIA MILLS STORES SUPPLY	OSTA ENTERPRISES	SYNERGY ENTERPRISES
BIDYUT SADAN	INDIAN FORGING & STAMPING	PAL ENGINEERING WORKS	T R INDUSTRIES
BIHAR CEMENT CONCRETE PRODUCTS	INDO COMPRESSED TOOLS (PVT) LTD.	PAPPU ARTS	TARJEET FOUNDRY
BIHAR ELECTRIC & REFRIGERATION CO.	INDRA ENGINEERS	PAUL ENGINEERING TOOLS CO.	TATANAGAR COLD STORAGE CO. PVT. LTD.
BIHAR ELECTRICAL WORKS	INDUSTRIAL PNEUMATIC TOOLS CO.	PAUL ENGINEERING WORKS	TATANAGAR ENGG. & MACHINE MFG. CO.
BIZEL ELECTROTEC (INDIA) PVT. LTD.	INTERFACE ENGG PVT. LTD.	PETRO SYNTH (INDIA) LTD.	TAURUS FLEXIBLE
BMC METALCAST LTD.	INTERFACE SOLUTIONS	PINAK INDUSTRIES	TECHNO ENTERPRISES
BRIJ AUTOMOBILE & GENERAL INDUSTRIES	J D MAL & BROS.	PIONEER ENGINEERING WORKS	TECHNOFOUR
C I O TYRES PVT. LTD.	J MANGSUN & COMPANY	PIONEER TECHNOCRATS PVT. LTD.	THE JO ENGINEERING SERVICES (P) LTD.
C M EQUIPMENTS & INSTRUMENTS (I) LTD.	J S ENTERPRISES	PLASTECH INDUSTRIES	THE MINES SERVICE CORPORATION
CALCUTTA ANODIZING WORKS	JAGUAR ENGG. WORKS	PLASTOCHEM FABRICATION	THE ORIENT ENGINEERING CO.
CANARA ENGINEERS PVT. LTD.	JAI MAA KALI INDUSTRIES	PNEUMATIC POWER TOOLS & CO.	THE ORIENT PRINTERS
CEELC AMALGAMATED PVT. LTD.	JAI SUPRABHA PROTECT	POLYPACK INDIA MANUFACTURING CO.	THE WAXPOL INDUSTRIES LTD.
CHACHRA BROS.	JAIPUR STEEL STRIPS	PRAKASH ELECTRONICS	THYRISTORAGE
CHHABI NON-FERREOUS CASTING.	JAMS ENGG (P) LTD.	PRAKASH ENGG. WORKS	TINWALD INDUSTRIES
CLASSIC PRODUCTS	JAY PEE INDUSTRIES	PRASAD MACHINES & SPARES	TRANSDUCERS AND ALLIED PRODUCTS
CONCORD ARAI PVT. LTD.	JIND INDUSTRIAL & MANUFACTURING WORKS	PREET ENGG. CO.	UCOFLEX INDUSTRIAL
CONCORD STEEL WORKS	JOLLEY INDUSTRIES	PURAN SINGH & SONS	UDYOGI PLASTICS (P) LTD.
CORES & CONTAINERS PVT. LTD.	JOSEPH LESLIE & CO.	PYLOFF PACKAGING PVT. LTD.	UNIFRAX INDIA LTD.
CRESCENT INDUSTRIES	JUMBO ENGINEERING PVT. LTD.	QUALITY ENGINEERING WORKS	UNIVERSAL INDUSTRIAL PAINTS
CRS ENGINEERING WORKS	K A INDUSTRIES	R. PURSHOTTAM & SONS	UNIVERSAL PRINTING WORKS
DARSHAN LAL & CO.	KISHORE PUMP PRIVATE LTD.	R R TRADERS	UNIVERSAL TRADE CENTRE
DAS & DAS	KRISHNA INDUSTRIES	R K INDUSTRIES	URICA ENTERPRISES
DEB ASSOCIATES	KRISHNA PLASTIC WORKS	RAGHUNATH ENGINEERING INDUSTRIES	USHA ENGINEERS
DEEPSUN INDUSTRIAL CORPORATION	KUMAR INSPECTION AGENCY	RAJ TECHNICAL WORKS	V EXCEL ENGINEERS
DEY'S ENGINEERING	KUMAR UDYOG	RAJ INDUSTRIAL & ENGG. CO.	VASANI ENTERPRISES
DIAMOND AUTO & ELECTRICALS	KUMUD METAL FOUNDRY	RAJ TECHNICAL WORKS	VIBRO SCREEN INDUSTRIES
DILIP & COMPANY	KUNNATH ENGINEERING	RAJESH ENGINEERING WORKS	VIIRDI MECHANICAL WORKS
DIVYA ENTERPRISE	KWALITY ENGINEERING	RAJPUT ENGINEERING CO.	VIJAY INDUSTRIAL EQUIPMENTS CO.
DURO ENGINEERING COMPLEX	LAL CHAND & SONS.	RAKIRO BIOTECH SYSTEM	VINAYS ENGINEERS
EASTERN DIAMOND PRODUCTS LTD.	LAXMI ENGINEERING & CO.	RECMANN HOISTS & CRANES	VISHAL PRESS CRAFT
EASTERN MACHINERY WORKS	LECHLER (INDIA) PVT. LTD.	REGULAR ENGINEERING COMPANY	VISHKARMA FURNITURE SHOP
EASTWELL ASBESTOS INDUSTRIES	LUBCON UNIVERSAL PVT LTD.	REINOL OBSTFELD INDIA	VIVEK INDUSTRIES
ELASTOMER LINING WORKS	LUCKY PRINTERS	S G METAL INDUSTRIES	VKE VALVE INDUSTRIES PVT. LTD.
ELECTROMAG METHODS	M S P INDUSTRIES PVT. LTD.	S K METAL FOUNDRY	WALPHA ENGINEERING
ELECTRONIC EQUIPMENT	M K INDUSTRIES	S DAS & CO.	WEST BENGAL ENGINEERING WORKS
ELECTRONICA MACHINE TOOLS LTD.	M R PLASTICS	S I ENTERPRISES	WUD TOOLS

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

10. (a) The Company has an investment of **Rs. 95.68** crores (31.3.2003 : Rs. 95.68 crores) in Tinsplate Company of India Ltd. (TCIL). A net amount of **Rs. 15.92** crores (31.3.2003 : Rs. 35.10 crores) is due from TCIL on account of supply of steel materials, power etc. TCIL has accumulated losses.

(b) Having regard to the long term involvement in TCIL, no provision is considered necessary on this account.

11. The Board of Industrial and Financial Reconstruction (BIFR) sanctioned a scheme for rehabilitation of The Indian Steel and Wire Products Limited (ISWP), a sick Company. In terms of the Scheme, the Company -

(a) took management control of ISWP; (b) acquired 4,74,130 Equity Shares from the existing promoters at Re. 1/- per share; (c) converted Rs. 5.00 crores of dues into 50,00,000 fully paid up Equity Shares of ISWP at Rs. 10 each and Rs. 10.88 crores into unsecured loan to be repaid by ISWP in 8 annual instalments starting from 2004-05; (d) advanced Rs. 10.63 crores during the year to ISWP towards one time settlement with financial institutions, capital expenditure and margin for working capital.

Considering the present financial position of ISWP, the amounts due from ISWP of Rs. 13.12 crores written off in earlier years has not been recognised, provision already made for doubtful advances of Rs. 10.88 crores has been retained and a provision has been made for the diminution in value of investments of Rs. 5.05 crores.

12. Disclosure as per clause 32 of the Listing Agreement.

Loans and Advances in the nature of Loans given to Subsidiaries, Associates and Others :

Name of the Company	Relationship	Amount outstanding as on 31.3.2004 Rs. crores	Maximum balance outstanding during the year Rs. crores	Investment in Shares of the Company No. of Shares
Tata Korf Engineering Services Ltd.	Subsidiary	—	1.65	—
		0.37	0.37	—
The Indian Steel and Wire Products Ltd.	Subsidiary	21.51	21.51	—
		—	—	—
Kalimati Investment Co. Ltd.	Subsidiary	—	20.00	936,037
		—	—	936,037
Tinsplate Company of India Ltd.	Associate	—	18.00	—
		—	33.00	—
Tata Construction & Projects Ltd.	Associate	—	3.79	—
		3.79	9.90	—
Kalinga Aquatics Ltd.	Associate	—	—	—
		—	2.54	—
Rujuvalika Investments Ltd.	Associate	—	4.06	778,929
		4.06	4.06	778,395
Nilachal Refractories Ltd.	Associate	—	9.02	—
		—	—	—
Tata Sons Ltd.	Others	—	50.00	73,048,694
		—	—	73,048,744
Tata Finance Ltd.	Others	—	23.00	24,163
		23.00	23.00	24,163
Tata Teleservices Ltd.	Others	113.00	145.00	—
		75.00	75.00	—
Rallis India Ltd.	Others	—	18.50	—
		1.50	1.50	—
Nelco Ltd.	Others	—	1.00	—
		—	—	—
Tata Industries Ltd.	Others	—	40.00	380,246
		—	—	380,246

13. 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.

14. Estimated amount of contracts remaining to be executed on Capital Account and not provided for : **Rs. 1106.73** crores (31.3.2003 : Rs. 264.49 crores).

15. Consequent on the realignment of the value of foreign currency loans, the rupee liability of the Company in respect of such loans has increased by a net amount of **Rs. 11.25** crores (2002-2003 : Rs. 60.69 crores). This increase has been adjusted in the carrying cost of the fixed assets to the extent of **Rs. 11.25** crores (2002-2003 : Rs. 60.69 crores) and **Rs. Nil** (2002-2003 : Rs. Nil) charged to revenue.

16. The Company has taken on lease Plant and Machinery, having an aggregate cost of **Rs. 58.01** crores (31.3.2003 : Rs. 67.63 crores). Future obligations by way of lease rentals in respect of these lease agreements (net of provisions made) amount to **Rs. 16.20** crores (31.3.2003 : Rs. 33.20 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. 15.03** crores (2002-2003 : Rs. 18.50 crores).

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

## 17. Information about Primary Business Segments :

Particulars	Business Segments		Unallocable Rs. crores	Total Rs. crores
	Steel Rs. crores	Others Rs. crores		
<b>Revenue :</b>				
<b>Total External Sales</b> .....	<b>9,361.70</b>	<b>1,340.69</b>	—	<b>10,702.39</b>
	7,731.09	990.23	—	8,721.32
Inter segment sales .....	<b>514.11</b>	<b>82.47</b>	—	<b>596.58</b>
	383.96	63.05	—	447.01
<b>Total Revenue</b> .....	<b>9,875.81</b>	<b>1,423.16</b>	—	<b>11,298.97</b>
	8,115.05	1,053.28	—	9,168.33
Less : Inter segment sales .....	<b>514.11</b>	<b>82.47</b>	—	<b>596.58</b>
	383.96	63.05	—	447.01
<b>Total Sales</b> .....	<b>9,361.70</b>	<b>1,340.69</b>	—	<b>10,702.39</b>
	7,731.09	990.23	—	8,721.32
<b>Segment result before interest, exceptional items and tax</b> .....	<b>2775.83</b>	<b>194.73</b>	<b>40.25</b>	<b>3010.81</b>
	1,694.54	87.92	14.43	1,796.89
Less : Interest (See Schedule 3, Page 54) .....				<b>122.17</b>
				304.82
Profit before Exceptional items and tax .....				<b>2888.64</b>
				1,492.07
<b>Exceptional items</b>				
Less : Employee's Separation Compensation (See Note 7, Page 73)				<b>(230.83)</b>
				(229.57)
Add : Profit on Sale of Long Term Investments .....				<b>8.15</b>
				—
<b>Profit before Tax</b> .....				<b>2665.96</b>
				1,262.50
Taxes .....				<b>919.74</b>
				250.19
<b>Profit after Taxes</b> .....				<b>1746.22</b>
				1,012.31
<b>Segment Assets</b> .....	<b>9,963.42</b>	<b>486.65</b>	<b>1,490.79</b>	<b>11,940.86</b>
	9,799.08	580.83	811.99	11,191.90
<b>Segment Liabilities</b> .....	<b>1,915.44</b>	<b>196.79</b>	<b>1,886.56</b>	<b>3,998.79</b>
	1,645.08	168.57	876.93	2,690.58
Total Cost incurred during the year to acquire Segment assets	<b>954.79</b>	<b>5.54</b>	—	<b>960.33</b>
	439.31*	11.92	—	451.23*
Segment Depreciation .....	<b>607.09</b>	<b>18.02</b>	—	<b>625.11</b>
	536.77	18.71	—	555.48
Non-Cash Expenses other than depreciation .....	<b>85.08</b>	<b>14.55</b>	<b>46.92</b>	<b>146.55</b>
	113.00	40.48	0.35	153.83

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

<b>Information about Secondary Segments :- Geographical</b>	<b>2003-04</b>	<i>2002-03</i>
	<b>Rs. crores</b>	<i>Rs. crores</i>
Revenue by Geographical Market		
India .....	<b>9,119.19</b>	<i>7,349.30</i>
Outside India .....	<b>1,583.20</b>	<i>1,372.02</i>
	<b><u>10,702.39</u></b>	<i><u>8,721.32</u></i>
Additions to Fixed Assets and Intangible Assets		
India .....	<b>960.33</b>	<i>451.23*</i>
Outside India .....	<b>—</b>	<i>—</i>
	<b><u>960.33</u></b>	<i><u>451.23</u></i>
Carrying Amount of Segment Assets		
India .....	<b>11,940.65</b>	<i>11,191.78</i>
Outside India .....	<b>0.21</b>	<i>0.12</i>
	<b><u>11,940.86</u></b>	<i><u>11,191.90</u></i>

\* Excludes net fixed assets of Rs. 165.66 crores added on amalgamation of erstwhile Tata SSL Ltd.

**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. Other business segments comprise Tubes, Bearings and Ferro Alloys and Minerals Division.
- (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 :	<b>2003-04</b>	<i>2002-03</i>
	<b>Rs. crores</b>	<i>Rs. crores</i>
Investments .....	<b>2,194.12</b>	<i>1,194.55</i>
Miscellaneous expenditure .....	<b>155.97</b>	<i>—</i>
	<b><u>2,350.09</u></b>	<i><u>1,194.55</u></i>
Total Unallocable Liabilities exclude :		
Secured Loans .....	<b>3,010.16</b>	<i>3,667.63</i>
Unsecured Loans .....	<b>363.12</b>	<i>557.98</i>
Provision for Employee Separation Compensation .....	<b>1,563.06</b>	<i>1,444.02</i>
Deferred Tax Liability (Net) .....	<b>839.96</b>	<i>840.22</i>
	<b><u>5,776.30</u></b>	<i><u>6,509.85</u></i>

- (iv) Transactions between segments are primarily for materials which are transferred at market determined prices and common costs are apportioned on a reasonable basis.

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

## 18. Related Party Disclosures :

## (a) List of Related Parties and Relationships

Party	Relationship
<b>A.</b> Kalimati Investment Company Ltd. Stewarts & Lloyds of India Ltd. Tata Incorporated Tata Korf Engineering Services Ltd. Tata Refractories Ltd. The Tata Pigments Ltd. TM International Logistics Ltd. The Indian Steel and Wire Products Ltd. Lanka Special Steels Ltd. Jamshedpur Utilities and Services Company Ltd. International Shipping Logistics FZE	Subsidiary
<b>B.</b> Adityapur Toll Bridge Company Ltd. Almora Magnesite Ltd. Indian Steel Rolling Mills Ltd. Jamshedpur Injection Powder Ltd. Kalinga Aquatics Ltd. Kumardhubi Fireclay & Silica Works Ltd. Kumardhubi Metal Casting & Engineering Ltd. Nicco Jubilee Park Ltd. Nilachal Refractories Ltd. Rujvalika Investments Ltd. Srutech Tubes (India) Pvt. Ltd. Tata Construction & Projects Ltd. Tata Metaliks Ltd. Tata Services Ltd.* Tata Sponge Iron Ltd. Tayo Rolls Ltd.® Tinplate Company of India Ltd. TRF Ltd. TKM Overseas Ltd. TKM Transport Management Services Private Ltd. Metal Corporation Ltd.	Associate - Shareholding of the Company on its own or along with Subsidiaries is 20% or more
<b>C.</b> metaljunction.com Pvt. Ltd. Tata Ryerson Ltd.	Joint Ventures
<b>D.</b> Tata Sons Ltd.	Promoter, holding together with its Subsidiary is more than 20%
<b>E. Key Management Personnel</b> Mr. B. Muthuraman Dr. T. Mukherjee Mr. A.N. Singh	Whole Time Directors
<b>F. Relatives of Key Management Personnel</b> Ms Sumathi Muthuraman Ms Pallavi Arun Ms Shuvra Mukerjee Ms Ipshita Kamra	Relatives of Whole Time Directors

\* Part of the year.

® Formerly known as Tata Yodogawa Ltd.



**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**
**18. (b) Related Party Transactions**

Amount in Rs. crores

Transactions	Subsidiaries	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
<b>Purchase of Goods</b>						
Jamshedpur Injection Powder Limited	—	43.27	—	—	—	43.27
	—	40.27	—	—	—	40.27
Tata Refractories Limited	74.38	—	—	—	—	74.38
	72.05	—	—	—	—	72.05
Tata Sponge Iron Limited	—	73.19	—	—	—	73.19
	—	66.22	—	—	—	66.22
Others	2.43	22.32	—	—	—	24.75
	4.64	42.92	—	—	—	47.56
	<b>76.81</b>	<b>138.78</b>	—	—	—	<b>215.59</b>
	76.69	149.41	—	—	—	226.10
<b>Sale of Goods</b>						
Tata Ryerson Limited	—	255.54	—	—	—	255.54
	—	104.33	—	—	—	104.33
Tinplate Company of India Limited	—	144.79	—	—	—	144.79
	—	76.01	—	—	—	76.01
Others	20.00	77.16	—	—	—	97.16
	8.90	41.43	—	—	—	50.33
	<b>20.00</b>	<b>477.49</b>	—	—	—	<b>497.49</b>
	8.90	221.77	—	—	—	230.67
<b>Sale of Securities</b>						
Tata Sons Limited	—	—	—	—	0.03	0.03
	—	—	—	—	—	—
	—	—	—	—	<b>0.03</b>	<b>0.03</b>
	—	—	—	—	—	—
<b>Purchase of Fixed Assets</b>						
Stewarts & Lloyds of India Limited	6.05	—	—	—	—	6.05
	3.88	—	—	—	—	3.88
TRF Limited	—	31.95	—	—	—	31.95
	—	11.69	—	—	—	11.69
Others	—	—	—	—	—	—
	0.01	0.11	—	—	0.80	0.92
	<b>6.05</b>	<b>31.95</b>	—	—	—	<b>38.00</b>
	3.89	11.80	—	—	0.80	16.49
<b>Sale of Assets</b>						
Tata Ryerson Limited	—	0.60	—	—	—	0.60
	—	—	—	—	—	—
TM International Logistics Limited	0.31	—	—	—	—	0.31
	—	—	—	—	—	—
Others	—	—	—	—	—	—
	3.01	—	—	—	—	3.01
	<b>0.31</b>	<b>0.60</b>	—	—	—	<b>0.91</b>
	3.01	—	—	—	—	3.01
<b>Rendering of Services to</b>						
Tayo Rolls Limited	—	2.46	—	—	—	2.46
	—	3.43	—	—	—	3.43
TM International Logistics Limited	1.71	—	—	—	—	1.71
	0.20	—	—	—	—	0.20
Others	0.56	3.01	—	—	0.08	3.65
	1.65	36.41	—	—	0.08	38.14
	<b>2.27</b>	<b>5.47</b>	—	—	<b>0.08</b>	<b>7.82</b>
	1.85	39.84	—	—	0.08	41.77
<b>Receiving of Services from</b>						
Tata Ryerson Limited	—	57.81	—	—	—	57.81
	—	49.75	—	—	—	49.75
Tinplate Company of India Limited	—	112.79	—	—	—	112.79
	—	115.20	—	—	—	115.20
TM International Logistics Limited #	117.21	—	—	—	—	117.21
	57.90	—	—	—	—	57.90
Others	7.15	8.88	0.01	0.01	1.48	17.53
	0.28	23.47	0.03	0.03	2.95	26.76
	<b>124.36</b>	<b>179.48</b>	<b>0.01</b>	<b>0.01</b>	<b>1.48</b>	<b>305.34</b>
	58.18	188.42	0.03	0.03	2.95	249.61
<b>Leasing or Hire purchase arrangements</b>						
Tata Sponge Iron Limited	—	0.63	—	—	—	0.63
	—	—	—	—	—	—
	—	<b>0.63</b>	—	—	—	<b>0.63</b>
	—	—	—	—	—	—
<b>Agency arrangements (income)</b>						
	—	—	—	—	—	—
	—	0.12	—	—	—	0.12

# net of Compensation received Rs. 2.39 crores.

## SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued

## 18. (b) Related Party Transactions

Transactions	Amount in Rs. crores					
	Subsidiaries	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
<b>Finance provided (including loans and equity contributions in cash or in kind)</b>						
The Indian Steel and Wire Products Limited	26.51	—	—	—	—	26.51
Kalimati Investment Company Limited	24.30	—	—	—	—	24.30
Tata Sons Limited	—	—	—	—	50.00	50.00
Tinplate Company of India Limited	—	18.00	—	—	124.00	124.00
Others	3.16	9.32	—	—	—	12.48
	0.15	8.59	—	—	—	8.74
	<b>53.97</b>	<b>27.32</b>	—	—	<b>50.00</b>	<b>131.29</b>
	0.15	45.59	—	—	124.00	169.74
<b>Interest income during the year</b>						
Kalimati Investment Company Limited	0.14	—	—	—	—	0.14
Rujuvalika Investments Limited	—	0.18	—	—	—	0.18
Tinplate Company of India Limited	—	0.03	—	—	—	0.03
Others	—	0.21	—	—	—	0.21
	—	4.25	—	—	—	4.25
	—	0.01	—	—	0.02	0.03
	—	0.17	—	—	0.24	0.41
	<b>0.14</b>	<b>0.40</b>	—	—	<b>0.02</b>	<b>0.56</b>
	—	4.45	—	—	0.24	4.69
<b>Finance received (including loans and equity contribution in cash or in kind)</b>	—	—	—	—	—	—
	—	—	—	—	10.00	10.00
<b>Interest paid during the year</b>	—	—	—	—	—	—
	—	0.01	—	—	0.01	0.02
<b>Guarantees given during the year</b>	—	—	—	—	—	—
<b>Management Contracts including deputation of employees</b>						
Tata Sons Limited	—	—	—	—	22.71	22.71
Others	—	—	—	—	18.35	18.35
	—	0.07	—	—	—	0.07
	—	0.02	—	—	—	0.02
	—	<b>0.07</b>	—	—	<b>22.71</b>	<b>22.78</b>
	—	0.02	—	—	18.35	18.37
<b>Dividend income</b>						
Jamshedpur Injection Powder Limited	—	1.91	—	—	—	1.91
Tata Metaliks Limited	—	0.64	—	—	—	0.64
Tata Sponge Iron Limited	—	2.95	—	—	—	2.95
Others	—	2.65	—	—	—	2.65
	—	1.84	—	—	—	1.84
	—	1.22	—	—	—	1.22
	2.77	0.77	—	—	—	3.54
	5.68	0.94	—	—	—	6.62
	<b>2.77</b>	<b>7.47</b>	—	—	—	<b>10.24</b>
	5.68	5.45	—	—	—	11.13
<b>Provision for receivables made during the year</b>						
Nilachal Refractories Limited	—	9.09	—	—	—	9.09
Tata Korf Engineering Services Limited	2.51	—	—	—	—	2.51
Others	0.48	—	—	—	—	0.48
	0.37	2.23	—	—	0.01	2.61
	—	1.36	—	—	—	1.36
	<b>2.88</b>	<b>11.32</b>	—	—	<b>0.01</b>	<b>14.21</b>
	0.48	1.36	—	—	—	1.84
<b>Agency commission paid</b>	—	—	—	—	—	—
	—	0.04	—	—	—	0.04
<b>Dividend paid to shareholders</b>						
Tata Sons Limited	—	—	—	—	58.44	58.44
Others	0.75	0.62	*	**	29.22	29.22
	—	0.31	—	—	—	1.37
	<b>0.75</b>	<b>0.62</b>	—	—	<b>58.44</b>	<b>59.81</b>
	—	0.31	—	—	29.22	29.53
<b>Unsecured advances/deposits accepted</b>						
Nicco Jubilee Park Limited	—	0.52	—	—	—	0.52
Tata Sponge Iron Limited	—	1.99	—	—	—	1.99
Others	0.10	—	—	—	0.10	0.20
	—	—	—	—	—	—
	<b>0.10</b>	<b>2.51</b>	—	—	<b>0.10</b>	<b>2.71</b>
	—	—	—	—	—	—

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**
**18. (b) Related Party Transactions**

Amount in Rs. crores

Transactions	Subsidiaries	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
<b>Remuneration paid</b>						
Mr B Muthuraman	—	—	1.37	—	—	1.37
	—	—	0.72	—	—	0.72
Dr T Mukherjee	—	—	1.15	—	—	1.15
	—	—	0.62	—	—	0.62
Mr A N Singh	—	—	0.90	—	—	0.90
	—	—	0.57	—	—	0.57
Others	—	—	—	0.03	—	0.03
	—	—	—	0.01	—	0.01
	—	—	<b>3.42</b>	<b>0.03</b>	—	<b>3.45</b>
	—	—	1.91	0.01	—	1.92
<b>Bad debts written off</b>						
Nilachal Refractories Limited	—	9.05	—	—	—	9.05
	—	—	—	—	—	—
Tata Constructions and Projects Limited	—	4.01	—	—	—	4.01
	—	—	—	—	—	—
Tata Korf Engineering Services Limited	2.83	—	—	—	—	2.83
	0.02	—	—	—	—	0.02
Others	0.07	0.36	—	—	—	0.43
	0.20	11.90	—	—	—	12.10
	<b>2.90</b>	<b>13.42</b>	—	—	—	<b>16.32</b>
	0.22	11.90	—	—	—	12.12
<b>Liabilities written back</b>						
	—	—	—	—	—	—
	0.69	2.51	—	—	—	3.20
<b>Provision for diminution in value of Investments made during the year</b>						
The Indian Steel and Wire Products Limited	5.05	—	—	—	—	5.05
	—	—	—	—	—	—
Others	—	0.35	—	—	—	0.35
	0.12	—	—	—	—	0.12
	<b>5.05</b>	<b>0.35</b>	—	—	—	<b>5.40</b>
	0.12	—	—	—	—	0.12
<b>Guarantees outstanding as on 31.3.2004</b>						
Tinplate Company of India Limited	—	70.00	—	—	—	70.00
	—	70.00	—	—	—	70.00
Others	—	1.44	—	—	—	1.44
	—	1.44	—	—	—	1.44
	—	<b>71.44</b>	—	—	—	<b>71.44</b>
	—	71.44	—	—	—	71.44
<b>Debit balances outstanding as on 31.3.2004</b>						
<b>Outstanding receivables</b>						
The Indian Steel and Wire Products Limited	22.92	—	—	—	—	22.92
	—	—	—	—	—	—
Tata Ryerson Limited	—	20.43	—	—	—	20.43
	—	14.70	—	—	—	14.70
Tinplate Company of India Limited	—	27.66	—	—	—	27.66
	—	42.63	—	—	—	42.63
Others	9.78	16.55	0.01	0.01	1.72	28.07
	3.55	24.76	—	—	1.58	29.89
	<b>32.70</b>	<b>64.64</b>	<b>0.01</b>	<b>0.01</b>	<b>1.72</b>	<b>99.08</b>
	3.55	82.09	—	—	1.58	87.22
<b>Provision for outstanding receivables</b>						
The Indian Steel and Wire Products Limited	10.91	—	—	—	—	10.91
	—	—	—	—	—	—
Others	1.33	3.34	—	—	0.01	4.68
	1.42	11.93	—	—	—	13.35
	<b>12.24</b>	<b>3.34</b>	—	—	<b>0.01</b>	<b>15.59</b>
	1.42	11.93	—	—	—	13.35
<b>Credit balances outstanding as on 31.3.2004</b>						
<b>Outstanding payables</b>						
Tata Ryerson Limited	—	17.68	—	—	—	17.68
	—	12.38	—	—	—	12.38
Tata Sons Limited	—	—	—	—	26.58	26.58
	—	—	—	—	22.36	22.36
Tinplate Company of India Limited	—	11.75	—	—	—	11.75
	—	7.54	—	—	—	7.54
TM International Logistics Limited	11.40	—	—	—	—	11.40
	8.90	—	—	—	—	8.90
Others	10.88	19.56	2.10	—	—	32.54
	6.21	22.21	0.90	—	—	29.32
	<b>22.28</b>	<b>48.99</b>	<b>2.10</b>	—	<b>26.58</b>	<b>99.95</b>
	15.11	42.13	0.90	—	22.36	80.50

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

19. The Company has the following Joint Ventures as on 31st March, 2004 and its proportionate share in the Assets, Liabilities, Income and Expenditure of the Joint Venture companies is given below :

Name of the Joint Venture Company	Percentage of Holding	As at 31st March, 2004				Rs. crores	
		Assets	Liabilities	Contingent Liabilities	Capital commitment	Income	Expenditure
Tata Ryerson Ltd. (incorporated in India)	50%	<b>97.98</b> 79.79	<b>56.25</b> 47.53	<b>1.07</b> 0.57	<b>0.05</b> 0.13	<b>178.51</b> 97.16	<b>169.05</b> 95.17
metaljunction.com Pvt. Ltd. (incorporated in India)	50%	<b>8.59</b> 5.45	<b>2.64</b> 0.88	— —	<b>0.05</b> 0.02	<b>5.87</b> 2.50	<b>3.89</b> 1.90

20. Earnings Per Share (EPS):

	2003-04 Rs. crores	2002-03 Rs. crores
(i) Profit after tax .....	<b>1746.22</b>	1012.31
Profit attributable to Ordinary Shareholders .....	<b>1746.22</b>	1012.31
	<b>Nos.</b>	<b>Nos.</b>
(ii) Weighted average No. of Ordinary Shares for Basic EPS .....	<b>36,89,81,904</b>	36,89,81,904@
Add : Adjustment for Options relating to 12,446 (2002-03 : 12,446) Detachable Warrants (See Note 13, Page 75) .....	<b>9,850</b>	5,002
Weighted average no. of Ordinary Shares for Diluted EPS .....	<b>36,89,91,754</b>	36,89,86,906
(iii) Nominal value of Ordinary Shares .....	<b>Rs. 10</b>	Rs. 10
(iv) Basic/Diluted Earnings per Ordinary Share .....	<b>Rs. 47.32</b>	Rs. 27.43

@ including 12,10,003 Ordinary Shares of Rs. 10 each issued to the shareholders of the erstwhile Tata SSL Ltd. on amalgamation with the Company with effect from 1.4.2002

21. Deferred Tax Liability (Net) (Item No. 5, Page 50):

	Deferred tax liability/(asset) as at 1.4.2003 Rs. crores	Current year charge/(credit) Rs. crores	Deferred tax liability/(asset) as at 31.3.2004 Rs. crores
<b>Deferred Tax Liabilities</b>			
(i) Difference between book and tax depreciation .....	1669.68	16.65	1686.33
(ii) Prepaid Expenses .....	6.31	(2.08)	4.23
(iii) Deferred Revenue Expenditure .....	0.75	(0.75)	—
(A)	<b>1676.74</b>	<b>13.82</b>	<b>1690.56</b>
<b>Deferred Tax Assets</b>			
(i) Early Separation Scheme .....	(128.30)	(17.26)	(145.56)
(ii) Wage Provision .....	(20.76)	20.19	(0.57)
(iii) Provision for doubtful debts & advances .....	(53.68)	14.68	(39.00)
(iv) Disallowance under Section 43B .....	(16.87)	(15.22)	(32.09)
(v) Provision for Leave Salary .....	(71.62)	(23.27)	(94.89)
(vi) Provision for Retiring Gratuity .....	(0.62)	(1.38)	(2.00)
(vii) Other Deferred Tax Assets .....	(0.51)	(0.03)	(0.54)
(viii) Past losses and unabsorbed depreciation .....	(2.94)	2.94	—
(B)	<b>(295.30)</b>	<b>(19.35)</b>	<b>(314.65)</b>
(ix) Miscellaneous Expenditure adjusted against Securities Premium Account .....	(541.22)	5.27	(535.95)
(B)	<b>(836.52)</b>	<b>(14.08)</b>	<b>(850.60)</b>
Deferred Tax Liability (net) .....	<b>840.22</b>	<b>(0.26)</b>	<b>839.96</b>

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

22. Licensed and installed capacities and production : <sup>(1)</sup>	Licensed capacity	Installed capacity <sup>(2)</sup>	Production <sup>(3)</sup>
	Tonnes	Tonnes	Tonnes
Class of Products			
(i) Saleable Steel .....	<b>N.A.</b>	<b>3,320,000</b>	<b>4,089,255<sup>(4)</sup></b>
	N.A.	3,320,000	3,940,586
(ii) Cold Rolled Coils .....	<b>N.A.</b>	<b>100,000</b>	<b>109,070</b>
	N.A.	100,000	106,132
(iii) Billets .....	<b>N.A.</b>	<b>—</b>	<b>—<sup>(5)</sup></b>
	N.A.	150,000	56,274
Wire Rods .....	<b>N.A.</b>	<b>265,000</b>	<b>270,090<sup>(5)</sup></b>
	N.A.	250,000	259,724
Wires .....	<b>N.A.</b>	<b>199,700</b>	<b>192,571</b>
	N.A.	168,100	169,997
Cold Rolled Coils & Profiles .....	<b>N.A.</b>	<b>46,000</b>	<b>31,883</b>
	N.A.	46,000	30,231
(iv) Ferro Manganese & Silico Manganese .....	<b>N.A.</b>	<b>50,000</b>	<b>32,550</b>
	N.A.	30,500	42,350
(v) Charge Chrome .....	<b>N.A.</b>	<b>50,000</b>	<b>25,902</b>
	N.A.	50,000	50,606
(vi) Welded Steel Tubes .....	<b>N.A.</b>	<b>185,000</b>	<b>185,149<sup>(6)</sup></b>
	N.A.	185,000	178,909
(vii) Cold Rolled Strips .....	<b>N.A.</b>	<b>15,800</b>	<b>—</b>
	N.A.	15,800	—
(viii) Carbon and Alloy Steel Bearing Rings, Annular Forgings and Flanges .....	<b>N.A.</b>	<b>5,250</b>	<b>2,582</b>
	N.A.	5,250	3,776
(ix) Metallurgical Machinery .....	<b>N.A.</b>	<b>—<sup>(7)</sup></b>	<b>12,339</b>
	N.A.	—	9,921
	Numbers	Numbers	Numbers
(x) Alloy Steel Ball Bearing Rings .....	<b>N.A.</b>	<b>20,500,000</b>	<b>16,466,371<sup>(8)</sup></b>
	N.A.	20,500,000	17,827,252
(xi) Bearings .....	<b>N.A.</b>	<b>25,000,000</b>	<b>21,980,089</b>
	N.A.	25,000,000	20,052,789

N.A. Not Applicable in terms of the Government of India's Notification No. S.O. 477(E) dated 25th July, 1991.

(1) Excluding items intended for captive consumption.

(2) As certified by the Managing Director and accepted by the Auditors.

(3) Including production for works use and for conversion by the third parties into finished goods for sale.

(4) Including semi-finished steel produced **554,569 tonnes** (2002-2003 : 563,210 tonnes) and steel transferred for manufacture into Tubes/C.R. Strips at the Company's Tubes Division **231,378 tonnes** (2002-2003 : 217,720 tonnes) / steel transferred for manufacture of Cold Rolled Coils and for packing of Cold Rolled Coils at the Company's Cold Rolling Mill Division (West) **116,232 tonnes** (2002-2003 : 121,095 tonnes) and steel transferred for manufacture of Wire Rods **249,168 tonnes** (2002-2003 : 192,071 tonnes) at the Company's Wire Rod Mill (West).

(5) Billets include transfer of Billets to Wire Rod Mill **Nil** (2002-2003 : 56,270 tonnes), transfer of Wire Rods to Wire Plants at Borivali and Tarapur **189,343 tonnes** (2002-2003 : 160,802 tonnes) and wire rods to Cold Rolling Mill Sisodra **303 tonnes** (2002-2003 : 2,774 tonnes).

(6) Including Tubes used in the manufacture of Tubular Steel Structures and Scaffoldings.

(7) There is no separate installed capacity.

(8) Including rings transferred for manufacture of Bearings.

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :— continued**

## 23. Turnover, Closing and Opening Stocks :

Class of Products	Turnover <sup>(1)</sup>		Closing Stock		Opening Stock	
	Tonnes	Rupees crores	Tonnes	Rupees crores	Tonnes	Rupees crores
(i) Saleable Steel (Finished) .....	<b>3,472,777<sup>(2)</sup></b>	<b>8523.26</b>	<b>305,542</b>	<b>410.01</b>	<b>276,242</b>	<b>374.28</b>
	3,448,019	7013.12	276,242	374.28	233,775	330.11
Agrico Products .....		<b>37.93</b>		<b>0.35</b>		<b>4.97</b>
		40.70		4.97		3.51
		<b>8561.19</b>		<b>410.36</b>		<b>379.25</b>
		7053.82		379.25		333.62
(ii) Semi-finished Steel and Scrap .....	<b>384,202</b>	<b>435.36</b>	<b>97,956</b>	<b>87.45</b>	<b>75,556</b>	<b>66.83</b>
	536,811	458.15	75,556	66.83	80,662	86.02
(iii) Welded Steel Tubes .....	<b>178,064<sup>(3)</sup></b>	<b>575.00</b>	<b>20,341</b>	<b>41.64</b>	<b>20,112</b>	<b>36.85</b>
	165,915	472.53	20,112	36.85	14,753	27.14
(iv) Carbon and alloy steel bearing rings ...	<b>2,491</b>	<b>21.09</b>	<b>346</b>	<b>2.04</b>	<b>648</b>	<b>3.16</b>
	3,116	26.94	648	3.16	437	1.95
(v) By-products, etc. ....		<b>82.38</b>		<b>1.59</b>		<b>2.13</b>
		66.43		2.13		7.22
(vi) Raw Materials :—						
(a) Ferro Manganese .....	<b>21,300</b>	<b>53.94</b>	—	—	—	—
	29,536	58.19	—	—	—	—
(b) Charge Chrome/Ferro Chrome <sup>(4)</sup>	<b>113,989</b>	<b>331.86</b>	<b>671</b>	<b>1.32</b>	<b>5,233</b>	<b>11.04</b>
	94,157	221.28	5,233	11.04	5,470	6.76
(c) Other Raw Materials .....	—	<b>896.41</b>	—	—	—	—
	—	564.11	—	—	—	—
(vii) Other Products <sup>(5)</sup> .....		<b>97.30</b>		<b>49.54</b>		<b>27.44</b>
		73.78		27.44		37.24
(viii) Alloy Steel Ball Bearing Rings <sup>(6)</sup> .....	Numbers <b>15,868,999</b>	<b>64.82</b>	Numbers <b>3,280,091</b>	<b>9.12</b>	Numbers <b>2,978,045</b>	<b>8.57</b>
	15,037,774	52.95	2,978,045	8.57	2,716,236	6.73
(ix) Bearings .....	<b>22,879,777</b>	<b>120.30</b>	<b>2,831,299</b>	<b>14.57</b>	<b>3,763,576</b>	<b>19.19</b>
	18,864,244	110.25	3,763,576	19.19	2,582,894	13.22
(x) Metallurgical Machinery .....	Tonnes <b>12,339</b>	<b>87.69</b>	Tonnes		Tonnes	
	9,921	56.35				
(xi) Sale of Purchased Materials .....						
(a) Saleable Steel (finished/converted)	<b>2,542</b>	<b>4.24</b>	<b>1,468</b>	<b>4.50</b>	<b>888</b>	<b>2.32</b>
	9,971	7.41	888	2.32	45	0.10
(b) Scrap/Other Materials/Raw Materials	—	—	—	—	—	—
	2,007	1.06	—	—	—	0.15
		<b>11331.58</b>		<b>622.13</b>		<b>556.78</b>
		9223.25		556.78		520.15

## Notes :

- (1) Turnover includes exchange gain (net) **Rs. 0.43** crore (2002-2003 : Rs. 2.94 crores).
- (2) Including steel material converted by re-rollers : **970,153** tonnes (2002-2003 : 787,293 tonnes).
- (3) Includes Welded Steel Tubes converted under conversion arrangement **14,095** tonnes (2002-2003 : 9,894 tonnes).
- (4) Turnover includes Ferro Chrome converted under conversion arrangement **78,555** tonnes (2002-2003 : 43,456 tonnes).
- (5) Includes tubular steel structures **Rs. 63.63** crores (2002-2003 : Rs. 41.82 crores).
- (6) Turnover includes sale proceeds of Salvaged Rings, Stock includes Semi-Finished Rings/Flanges.

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

	Tonnes	Rupees crores
24. Purchase of Finished, Semi-Finished Steel and Other Products : (1)		
A. For Resale :		
(i) Finished/Semi-Finished Steel Materials .....	<b>3,272</b>	<b>6.12</b>
	13,034	14.13
(ii) Others .....		<b>3.43</b>
		0.81
B. For Own Consumption :		
(i) Finished/Semi-Finished Steel Materials (2) .....	<b>109,231</b>	<b>294.65</b>
	117,482	215.85
(ii) Scrap/Pig Iron .....	<b>485,060</b>	<b>458.90</b>
	342,394	223.27
(iii) Others .....		<b>4.03</b>
		4.96
		<b>767.13</b>
		<u>459.02</u>
(1) including exchange gain (net) of <b>Rs. 0.01</b> crore [(2002-2003 : exchange loss (net) Rs. 0.02 crore)]		
(2) includes components for manufacture of metallurgical machinery <b>Rs. 19.21</b> crores (2002-2003 : Rs. 4.79 crores)		
25. Raw materials consumed : @	Tonnes	Rupees crores
(i) Iron ore .....	<b>6,145,184</b>	<b>160.72</b>
	6,132,715	164.73
(ii) Coal [excluding <b>3,414,125</b> tonnes (2002-2003 : 3,364,746 tonnes) valued at <b>Rs. 711.78</b> crores (2002-2003 : Rs. 692.43 crores) used for manufacturing coke]	<b>973,772</b>	<b>94.36</b>
	1,014,348	100.10
(iii) Coke .....	<b>2,513,629</b>	<b>812.31</b>
	2,404,408	773.12
(iv) Limestone and Dolomite .....	<b>1,434,320</b>	<b>188.54</b>
	1,419,418	178.46
(v) Ferro Manganese .....	<b>18,609</b>	<b>42.33</b>
	18,090	37.22
(vi) Zinc and Zinc Alloys .....	<b>20,183</b>	<b>114.52</b>
	16,708	89.45
(vii) Spelter, sulphur and other materials [excluding <b>102,283</b> tonnes valued at <b>Rs. 23.38</b> crores (2002-2003 : 128,565 tonnes valued at Rs. 31.38 crores) used in the manufacture of Ferro Manganese] .....	<b>594,328</b>	<b>293.52</b>
	588,665	303.52
		<b>1,706.30</b>
		<u>1,646.60</u>

*Note : @* The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc. including exchange gain (net) **Rs. 5.29** crores [2002-2003 : exchange gain (net) Rs. 1.13 crores]

**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**

## 26. Value of direct imports (C.I.F. value) :

	Rupees crores
(i) Raw materials .....	<b>570.36</b> 514.00
(ii) Semi-finished products .....	<b>57.78</b> 21.45
(iii) Components, stores and spare parts .....	<b>139.11</b> 121.51
(iv) Capital goods .....	<b>38.81</b> 32.93

## 27. The value of consumption of directly imported and indigenously obtained raw materials, stores and spare parts and the percentage of each to the total consumption :

	Raw materials		Components, stores and spare parts	
	Rupees crores	Percentage	Rupees crores	Percentage
(a) Directly imported .....	<b>675.66</b> 635.08	<b>39.60</b> 38.57	<b>161.35</b> 117.55	<b>13.84</b> 11.01
(b) Indigenously obtained .....	<b>1,030.64</b> 1,011.52	<b>60.40</b> 61.43	<b>1,004.78</b> 950.27	<b>86.16</b> 88.99
	<b>1,706.30</b> <u>1,646.60</u>	<b>100.00</b> <u>100.00</u>	<b>1,166.13</b> <u>1,067.82</u>	<b>100.00</b> <u>100.00</u>
Less : Consumption charged to other revenue accounts			<b>564.45</b> <u>453.00</u>	
			<b>601.68</b> <u>614.82</u>	

Notes : (i) The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

(ii) In respect of items which are purchased both from indigenous and imported sources, the identity of individual items consumed cannot be established but segregation of consumption between imported and indigenous sources has been made on a reasonable approximation determined from the Company's records.

## 28. Expenditure in foreign currency :

	Rupees crores	Previous Year Rupees crores
(i) Technical Know-how and Technical Consultants' Fees (net of taxes) including <b>Rs. 101.22</b> crores on capital account (2002-2003 : Rs. 22.01 crores) .....	<b>101.71</b>	26.88
(ii) Interest and Commitment charges payable in foreign currencies .....	<b>36.95</b>	45.81
(iii) Commission .....	<b>7.60</b>	8.43
(iv) Payable on other accounts .....	<b>17.15</b>	14.66



**SCHEDULE M : NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :- continued**
**29. Remittance in foreign currencies for dividends :**

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends for the year 2002-2003 payable to non-resident shareholders, which dividends were declared during the year, are as under :

	<b>Current Year</b>	<i>Previous Year</i>
(i) Number of non-resident shareholders .....	<b>2,143</b>	<i>1,850</i>
(ii) Number of Ordinary shares held by them .....	<b>15,554,013</b>	<i>31,331,720</i>
(iii) Gross amount of dividends .....	<b>Rs. 12.44 crores</b>	<i>Rs. 12.53 crores</i>

**30. Earnings in foreign exchange :**

- (i) Export of steel and other materials (at F.O.B. value) **Rs. 1,496.56** crores (*2002-2003 : Rs. 1,313.23 crores*) .[including value of exports through export houses]
- (ii) Interest received on swap deals **Rs. Nil** (*2002-2003 : Rs. 13.35 crores*).
- (iii) Dividend **Rs. 0.23** crore (*2002-2003 : Rs. Nil*).
- (iv) Others **Rs. 4.52** crores (*2002-2003 : Rs. 5.57 crores*).

31. Previous year's figures have been recast/restated wherever necessary.

32. Figures in italics are in respect of the previous year.

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.	260	State Code	11
Balance Sheet Date	31	03	2004
	Date	Month	Year

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue*	12,100	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

\* 12,10,003 ordinary shares of Rs.10/- each issued to the remaining shareholders of erstwhile Tata SSL Ltd. as per the scheme of amalgamation.

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities	102,921,533	Total Assets	102,921,533
Sources of Funds	Paid-up Capital	3,691,765	Reserves & Surplus	41,466,795
	Secured Loans	30,101,631	Unsecured Loans	3,631,177
	Other Liabilities	24,030,165		
Application of Funds	Net Fixed Assets	78,578,490	Investments	21,941,185
	Net Current Assets	842,197	Misc. Expenditure	1,559,661

### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	120,614,751	Total Expenditure	91,728,356
Exceptional Items	(2,226,934)	Profit/(Loss) Before Tax	26,659,461
Profit/(Loss) After Tax	17,462,084	Earnings per Share in Rs. (Weighted Average)	47.32
Dividend rate %	100		

### V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	72082600
Product Description	Flat Rolled Products of Non Alloy Steel of a width of 600 mm and more hot rolled coils of thickness 1.66 mm to 12 mm
Item Code No. (ITC Code)	73045901
Product Description	Tubes/Pipes etc. of circular section with outer diameter upto 114.3 mm, not cold rolled
Item Code No. (ITC Code)	72091600/72091700
Product Description	Flat Rolled Products of Iron or Non Alloy Steel, of a width of 600 mm or more, cold rolled (cold-reduced), not clad, plated or coated of a thickness of 0.5 mm or more but less than 3 mm

## Production Statistics

('000 Tonnes)

Year	Iron Ore	Coal	Iron	Crude Steel	Rolled/ Forged Bars & Structurals	Plates	Sheets	Hot Rolled Coils/ Strips	Cold Rolled Coils	Railway Materials	Semi- Finished for Sale	Total Saleable Steel
1940-41	1,867	908	1,199	1,101	302	78	166	—	—	122	179	847
1945-46	1,707	883	1,022	1,030	249	58	146	—	—	176	129	758
1950-51	2,046	1,137	1,130	1,078	279	69	152	—	—	99	197	796
1955-56	2,001	1,536	1,168	1,076	246	61	148	—	—	130	227	812
1956-57	1,999	1,528	1,169	1,088	220	64	161	35	—	106	226	812
1957-58	2,074	1,488	1,109	1,122	210	72	161	71	—	103	182	799
1958-59	2,198	1,590	1,149	1,166	212	71	134	103	—	77	302	899
1959-60	2,551	1,705	1,591	1,555	298	89	134	164	—	98	454	1,237
1960-61	2,275	1,714	1,586	1,622	369	85	132	161	—	112	404	1,263
1961-62	2,104	1,700	1,645	1,643	449	77	134	173	—	114	371	1,318
1962-63	2,616	2,047	1,764	1,799	472	90	149	178	—	131	393	1,413
1963-64	2,953	2,173	1,809	1,892	534	96	154	162	—	127	434	1,507
1964-65	3,125	2,264	1,885	1,956	548	101	164	197	—	133	425	1,568
1965-66	3,232	2,175	1,917	1,979	555	98	166	181	—	128	440	1,568
1966-67	3,009	2,088	1,926	2,001	556	104	152	177	—	114	465	1,568
1967-68	2,728	1,974	1,798	1,933	518	111	155	138	—	118	494	1,534
1968-69	2,821	2,108	1,715	1,816	510	110	163	186	—	125	371	1,465
1969-70	2,564	2,172	1,624	1,708	479	104	159	179	—	120	399	1,440
1970-71	2,402	1,959	1,664	1,716	512	101	164	180	—	78	340	1,375
1971-72	2,844	1,940	1,631	1,709	497	106	184	185	—	85	330	1,387
1972-73	3,231	1,997	1,681	1,690	530	99	175	187	—	55	412	1,458
1973-74	2,922	2,134	1,435	1,514	482	93	131	169	—	22	303	1,200
1974-75	2,940	2,209	1,668	1,722	562	103	166	179	—	38	413	1,461
1975-76	2,965	2,181	1,652	1,787	547	111	164	173	—	46	445	1,486
1976-77	3,138	2,135	1,754	1,908	522	112	146	178	—	48	544	1,550
1977-78	2,972	2,239	1,762	1,968	510	107	129	165	—	56	634	1,601
1978-79	2,808	2,134	1,672	1,866	493	103	132	180	—	53	555	1,516
1979-80	2,549	2,065	1,516	1,781	409	73	122	154	—	34	656	1,448
1980-81	2,698	2,196	1,648	1,875	381	82	121	148	—	28	777	1,537
1981-82	2,991	2,327	1,774	1,962	525	99	151	149	—	22	660	1,606
1982-83	3,224	2,671	1,793	1,957	501	103	137	119	—	11	750	1,621
1983-84	3,137	3,335	1,746	1,973	488	107	129	138	—	20	744	1,626
1984-85	3,454	3,582	1,804	2,049	512	122	139	168	—	19	754	1,714
1985-86	3,184	3,739	1,752	2,094	484	108	134	169	—	18	859	1,702
1986-87	3,305	3,796	1,940	2,250	436	93	122	152	—	13	1,091	1,861
1987-88	3,237	3,793	2,018	2,275	591	99	127	155	—	13	929	1,862
1988-89	3,569	3,793	2,238	2,313	637	93	131	166	—	13	904	1,900
1989-90	3,726	3,754	2,268	2,323	553	91	117	155	—	17	1,033	1,913
1990-91	3,509	3,725	2,320	2,294	558	88	118	153	—	14	1,013	1,901
1991-92	3,996	3,848	2,400	2,415	599	92	123	170	—	9	1,045	1,978
1992-93	4,126	3,739	2,435	2,477	575	78	122	163	—	7	1,179	2,084
1993-94	4,201	3,922	2,598	2,487	561	—	124	281	—	6	1,182	2,117
1994-95	4,796	4,156	2,925	2,788	620	—	137	613	—	2	1,074	2,391
1995-96	5,181	4,897	3,241	3,019	629	—	133	1,070	—	—	869	2,660
1996-97	5,766	5,294	3,440	3,106	666	—	114	1,228	—	—	811	2,783
1997-98	5,984	5,226	3,513	3,226	634	—	60	1,210	—	—	1,105	2,971
1998-99	6,056	5,137	3,626	3,264	622	—	—	1,653	—	—	835	3,051
1999-2000	6,456	5,155	3,888	3,434	615	—	—	2,057	—	—	615	3,262
2000-01	6,989	5,282	3,929	3,566	569	—	—	1,858	356	—	647	3,413
2001-02	7,335	5,636	4,041	3,749	680	—	—	1,656	734	—	566	3,596
2002-03	7,985	5,915	4,437	4,098	705	—	—	1,563	1,110	—	563	3,975
<b>2003-04</b>	<b>7,887</b>	<b>5,842</b>	<b>4,466</b>	<b>4,224</b>	<b>694</b>	<b>—</b>	<b>—</b>	<b>1,578</b>	<b>1,262</b>	<b>—</b>	<b>555</b>	<b>4,055</b>

**Note :**

Figures of total saleable steel are adjusted for :

(a) From 1985-86 and onwards - steel transferred to and produced at the Company's Tubes Division.

(b) Total saleable steel for 2003-04 includes production of the erstwhile Tata SSL Ltd., pursuant to its merger with the Company.

## Financial Statistics

(Rupees Crores)

Year	CAPITAL ACCOUNTS						REVENUE ACCOUNTS							
	Capital	Reser- ves and Surplus	Borrow- ings	Gross Block	Net Block	Invest- ments	Gross Reve- nue	Expen- diture	Depre- ciation	Profit before Taxes	Taxes	Profit after Taxes	Net Transfer to Reserves	Divi- dends
1940-41	10.47	3.36	2.29	29.25	15.19	1.23	17.99	11.00	1.50	5.49	2.45	3.04	0.75	2.30
1945-46	10.47	7.50	2.45	35.25	15.50	2.15	22.36	14.75	1.25	6.36	3.75	2.61	0.70	1.82
1950-51	10.47	11.73	2.50	42.76	15.15	2.80	30.23	23.49	2.15	4.59	2.10	2.49	1.00	1.50
1955-56	17.34	15.23	11.98	69.39	32.44	5.99	41.93	30.27	2.40	9.26	3.45	5.81	4.07	1.76
1956-57	25.94	20.20	21.53	93.45	54.79	5.38	44.14	32.69	2.47	8.98	3.42	5.56	3.70	1.93
1957-58	30.66	24.50	60.19	147.06	105.04	5.41	48.26	38.47	3.91	5.88	0.90	4.98	2.92	2.41
1958-59	30.72	26.15	83.78	171.79	124.78	5.94	56.12	47.72	5.53	2.87	0.17	2.70	0.57	2.47
1959-60	38.97	27.09	77.07	177.92	122.95	8.84	76.46	62.31	8.47	5.68	—	5.68	1.92	3.76
1960-61	38.97	27.67	69.04	185.52	116.76	8.85	87.08	68.07	13.92	5.09	—	5.09	0.52	4.65
1961-62	38.97	27.97	64.08	190.23	109.06	8.87	92.48	73.24	13.15	6.09	—	6.09	1.44	4.65
1962-63	38.97	40.27*	54.62	195.88	103.32	8.85	103.44	81.22	11.66	10.56	0.80	9.76	4.86	4.89
1963-64	38.97	47.41*	47.27	200.38	100.15	9.86	115.20	90.76	7.97	16.47	4.75	11.72	6.45	5.25
1964-65	38.97	50.94*	43.74	204.45	94.52	10.62	126.91	102.06	10.14	14.71	6.15	8.56	3.30	5.25
1965-66	38.97	56.35*	34.87	211.87	92.27	11.66	134.00	106.86	10.40	16.74	7.10	9.64	4.40	5.25
1966-67	50.00	48.44*	51.47	238.03	107.36	11.26	130.78	107.32	11.49	11.97	4.40	7.57	2.32	5.27
1967-68	50.00	50.23*	50.23	251.56	109.07	11.29	137.67	117.21	12.12	8.34	2.45	5.89	0.62	5.27
1968-69	50.00	51.82*	44.05	258.08	103.62	12.28	142.87	120.11	12.94	9.82	3.60	6.22	0.95	5.27
1969-70	50.00	52.71*	37.73	268.31	101.51	12.22	151.21	126.69	13.19	11.33	5.20	6.13	0.86	5.27
1970-71	50.00	55.58*	36.10	287.86	106.02	12.21	158.51	128.29	16.10	14.12	6.70	7.42	2.15	5.27
1971-72	50.00	56.92*	43.80	305.78	109.98	12.22	171.95	143.91	16.07	11.97	5.80	6.17	0.90	5.27
1972-73	50.00	58.46*	48.03	329.74	118.36	12.24	210.22	187.19	17.51	5.52	—	5.52	0.25	5.27
1973-74	50.00	63.16*	49.49	346.18	121.31	12.17	197.95	167.10	16.63	14.32	4.45	9.77	6.48	3.29**
1974-75	50.00	75.55*	63.45	366.57	127.30	11.01	279.72	236.63	15.11	27.98	12.80	15.18	10.07	5.11**
1975-76	50.00	77.97	88.30	395.84	142.34	11.09	287.63	258.76	16.20	12.67	3.25	9.42	4.59	4.83
1976-77	62.86	71.17	94.36	417.99	149.57	11.14	332.84	297.51	17.28	18.05	6.00	12.05	6.06	5.99
1977-78	62.86	73.60	87.68	438.51	156.02	11.17	361.30	335.18	18.25	7.87	0.10	7.77	1.27	6.50
1978-79	62.86	80.26	77.74	464.30	165.11	11.45	380.85	335.83	20.12	24.90	7.35	17.55	10.53	7.02
1979-80	62.86	88.11	84.82	499.70	184.51	12.05	454.94	407.04	22.97	24.93	9.00	15.93	8.14	7.79
1980-81	62.86	106.01	104.65	550.48	216.76	14.01	520.86	445.10	23.70	52.06	25.60	26.46	17.90	8.56
1981-82	83.44	120.60	233.74	650.14	304.05	14.04	704.69	599.83	27.21	77.65	30.00	47.65	34.56	13.09†
1982-83	83.44	152.80	310.34	789.76	420.31	20.04	798.16	729.52	23.77	44.87	—	44.87	31.78	13.09
1983-84	72.02‡	160.61	380.62	843.64	453.46	20.22	889.54	826.39	43.14	20.01	—	20.01	7.77	12.24
1984-85	72.02	230.24	398.52	911.55	451.55	103.12	1105.02	938.33	69.95@	96.74	12.00	84.74	69.62	15.12
1985-86	82.74	334.19	447.43	1115.76	577.41	144.54	1285.51	1078.55	49.28	157.68	50.00	107.68	90.88	20.60
1986-87	82.63	401.05	517.83	1299.84	708.09	130.12	1416.39	1259.27	57.60	99.52	12.00	87.52	66.86	20.66
1987-88	136.01	476.33	576.65	1525.46	861.88	163.52	1526.78	1340.65	73.98	112.15	20.00	92.15	62.81	29.34
1988-89	156.09	645.53	611.64	1753.13	998.71	234.44	1861.77	1587.74	93.69	180.34	26.00	154.34	108.17	46.17
1989-90	229.43	1103.11	954.11	2062.76	1200.09	795.32	2135.57	1840.95	118.79	175.83	27.30	148.53	97.94	50.59
1990-91	229.89	1194.22	1183.75	2703.29	1713.79	571.86	2330.83	1955.67	137.03	238.13	78.00	160.13	88.79	71.34
1991-92	230.12	1315.36	2051.30	4026.16	2878.19	248.77	2869.70	2426.65	164.89	278.16	64.00	214.16	133.61	80.55
1992-93	278.45	1707.94	3039.55	5463.13	4107.64	170.06	3423.33	3094.84	215.37	127.12	—	127.12	62.30	64.82
1993-94	335.21	2189.53	3428.59	6439.94	4924.39	261.62	3822.64	3464.10	177.70	180.84	—	180.84	84.29	96.55
1994-95	336.87	2351.17	3561.24	6962.89	5213.48	220.65	4649.06	4120.01	247.93	281.12	—	281.12	162.88	118.24
1995-96	367.23	3375.17	3842.14	7408.46	5393.56	410.94	5879.96	5016.56	297.61	565.79	—	565.79	408.82	156.97
1996-97	367.38	3606.64	4082.65	7850.82	5526.40	664.90	6409.43	5540.39	326.83	542.21	73.00	469.21	286.98	182.23#
1997-98	367.56	3697.32	4579.14	8948.52	6300.04	623.45	6516.58	5810.02	343.23	363.33	41.25	322.08	160.10	161.98#
1998-99	367.97	3796.45	4938.93	10032.17	7058.58	585.44	6335.60	5638.19	382.18	315.23	33.00	282.23	118.94	163.29#
1999-2000	517.97	4040.43	4907.23	10668.33	7426.38	803.10	6943.33	6040.20	426.54	476.59	54.00	422.59	250.69	171.90#
2000-01	507.97	4380.46	4672.22	11258.17	7538.09	846.92	7810.05	6715.36	492.25	602.44	49.00	553.44	335.83	217.61#
2001-02	367.97	3077.99	4705.48	11742.44	7543.70	912.74	7682.70	6906.95	524.75	251.00	46.10	204.90	55.51	149.39#
2002-03	369.18	2816.84	4225.61	12393.79	7543.80	1194.55	9843.66	8025.68	555.48	1262.50	250.19	1012.31	679.30	333.01#
2003-04	369.18	4146.68	3373.28	13269.47	7857.85	2194.12	12069.62	8778.55	625.11	2665.96	919.74	1746.22	1329.97	416.25#

\* Inclusive of Dividends subsequently paid from Reserves and Surplus.

\*\* Payable as per the Companies (Temporary Restrictions on Dividends) Act, 1974.

† Including an additional Jubilee Dividend of Rs. 2 per share.

+ Excluding Preference Shares which have been cancelled with effect from 1-4-1983 and Non-Convertible Bonds issued in lieu thereof.

@ Including Rs. 15.05 crores additional depreciation for 1983-84.

# Including tax on dividends.

## Dividend Statistics

Year	First Preference (Rs. 150) <sup>a</sup>		Second Preference (Rs. 100) <sup>a</sup>		Ordinary (Rs. 75 upto 1975-76 Rs. 100 from 1976-77 <sup>b</sup> and Rs. 10 from 1989-90) <sup>h</sup>		Deferred (Rs. 30) <sup>c</sup>		Total
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rs. lakhs
	Rs. a.p.	Rs. lakhs	Rs. a.p.	Rs. lakhs	Rs. a.p.	Rs. lakhs	Rs. a.p.	Rs. lakhs	
1930-31	9.0.0	3.89	2.8.0	15.00	—	—	—	—	18.89
1935-36	9.0.0	4.50	17.8.0	121.82	6.0.0	21.00	7.8.0	3.66	150.98
1940-41	9.0.0	4.50	7.8.0	52.04	29.0.0	101.50	172.10.0	84.15	242.19
1945-46	9.0.0	4.50	7.8.0	52.04	23.0.0	80.50	129.8.9	63.15	200.19
1950-51	9.0.0	4.50	7.8.0	52.04	18.0.0	63.00	93.10.5	45.65	165.19
1955-56	9.0.0	4.50	7.8.0	52.04	10.8.0 <sup>d</sup>	134.92	—	—	191.46
1960-61	9.0.0	4.50	7.5.0	79.89	10.36	380.65	—	—	465.04
1961-62	9.0.0	4.50	7.5.0	79.89	10.36	380.66	—	—	465.05
1962-63	9.0.0	4.50	7.5.0	79.89	11.00	404.17	—	—	488.56
1963-64	9.0.0	4.50	7.5.0	79.89	12.00	440.92	—	—	525.31
1964-65	9.0.0	4.50	7.5.0	79.89	12.00	440.92	—	—	525.31
1965-66	9.0.0	4.50	7.5.0	79.89	12.00	440.92	—	—	525.31
1966-67	9.0.0	4.50	7.5.0	79.89	8.60 <sup>e</sup>	442.39	—	—	526.78
1967-68	9.0.0	4.50	7.5.0	79.89	8.60	442.39	—	—	526.78
1968-69	9.0.0	4.50	7.5.0	79.89	8.60	442.39	—	—	526.78
1969-70	9.0.0	4.50	7.5.0	79.89	8.60	442.39	—	—	526.78
1970-71	9.0.0	4.50	7.5.0	79.89	8.60	442.39	—	—	526.78
1971-72	9.0.0	4.50	7.5.0	79.89	8.60	442.39	—	—	526.78
1972-73	9.0.0	4.50	7.5.0	79.89	8.60	442.39	—	—	526.78
1973-74	9.0.0	4.50	7.5.0	79.89	4.75	244.34	—	—	328.73
1974-75	9.0.0	4.50	7.5.0	79.89	8.30	426.95	—	—	511.34
1975-76	9.0.0	4.50	7.5.0	79.89	7.75	398.66	—	—	483.05
1976-77	9.0.0	4.50	7.5.0	79.89	10.00	514.40	—	—	598.79
1977-78	9.0.0	4.50	7.5.0	79.89	11.00	565.84	—	—	650.23
1978-79	9.0.0	4.50	7.5.0	79.89	12.00	617.28	—	—	701.67
1979-80	9.0.0	4.50	7.5.0	79.89	13.50	694.44	—	—	778.83
1980-81	9.0.0	4.50	7.5.0	79.89	15.00	771.60	—	—	855.99
1981-82	9.0.0	4.50	7.5.0	79.89	17.00 <sup>ef</sup>	1224.28	—	—	1308.67
1982-83	9.0.0	4.50	7.5.0	79.89	17.00	1224.28	—	—	1308.67
1983-84	—	—	—	—	17.00	1224.28	—	—	1224.28
1984-85	—	—	—	—	21.00	1512.34	—	—	1512.34
1985-86	—	—	—	—	25.00	2059.43	—	—	2059.43
1986-87	—	—	—	—	25.00	2065.72	—	—	2065.72
1987-88	—	—	—	—	25.00 <sup>g</sup>	2934.29	—	—	2934.29
1988-89	—	—	—	—	30.00 <sup>g</sup>	4616.74	—	—	4616.74
1989-90	—	—	—	—	3.00 <sup>hi</sup>	5059.30	—	—	5059.30
1990-91	—	—	—	—	3.10	7134.23	—	—	7134.23
1991-92	—	—	—	—	3.50	8054.78	—	—	8054.78
1992-93	—	—	—	—	2.50 <sup>i</sup>	6482.21	—	—	6482.21
1993-94	—	—	—	—	3.00 <sup>k</sup>	9655.44	—	—	9655.44
1994-95	—	—	—	—	3.50 <sup>i</sup>	11823.94	—	—	11823.94
1995-96	—	—	—	—	4.50 <sup>m</sup>	15697.11	—	—	15697.11
1996-97	—	—	—	—	4.50	18222.25 <sup>n</sup>	—	—	18222.25 <sup>n</sup>
1997-98	—	—	—	—	4.00	16198.05 <sup>o</sup>	—	—	16198.05 <sup>o</sup>
1998-99	—	—	—	—	4.00	16329.05 <sup>p</sup>	—	—	16329.05 <sup>p</sup>
1999-2000	—	—	—	—	4.00	17189.87 <sup>q,r</sup>	—	—	17189.87 <sup>q,r</sup>
2000-01	—	—	—	—	5.00	21760.67 <sup>s,t,u</sup>	—	—	21760.67 <sup>s,t,u</sup>
2001-02	—	—	—	—	4.00	14939.21 <sup>v</sup>	—	—	14939.21 <sup>v</sup>
2002-03	—	—	—	—	8.00	33299.88 <sup>w</sup>	—	—	33299.88 <sup>w</sup>
2003-04	—	—	—	—	10.00	41625.77 <sup>x</sup>	—	—	41625.77 <sup>x</sup>

a Subject to deduction of Company's Income-tax from Preference Dividends upto 1958-59.  
b Free of tax upto 1958-59 and gross (i.e. inclusive of tax deducted at source) from 1959-60.  
c Out of 48,750 Deferred Shares, 26,250 Deferred Shares were issued in 1917 at a premium of Rs. 370 per share.  
d On increased number of Ordinary Shares from 1953-54 onwards after conversion of Deferred Shares into Ordinary Shares and issue of Bonus Shares.  
e Including on Bonus Shares issued during the year.  
f Including an additional Jubilee Dividend of Rs. 2 per share.  
g On the Capital as increased by Rights Issue of Ordinary Shares during 1987-88.  
h The Ordinary Shares of Rs. 100 each have been sub-divided into Ordinary Shares of Rs. 10 each during 1989-90 and the rate of Dividend is per Ordinary Share of Rs. 10 each.  
i On the Capital as increased by shares allotted on Conversion of Convertible Debentures.  
j On the Capital as increased by Rights Issue of Ordinary Shares during 1992-93.  
k On the Capital as increased by Ordinary Shares issued during 1993-94 against Detachable Warrants.  
l On the Capital as increased by Ordinary Shares issued during 1994-95 against Detachable Warrants and Foreign Currency Convertible Bonds.  
m On the Capital as increased by Ordinary Shares issued during 1995-96 against Detachable Warrants, Foreign Currency Convertible Bonds and Naked Warrants.  
n Includes 10% tax of Rs. 1656.57 lakhs on dividends.  
o Includes 10% tax of Rs. 1472.55 lakhs on dividends.  
p Includes 11% tax of Rs. 1618.19 lakhs on dividends.  
q Includes 11% tax of Rs. 1703.50 lakhs on dividends.  
r Includes Dividend of Rs. 775.50 lakhs on 9.25% Cumulative Redeemable Preference Shares.  
s Includes tax of Rs. 2151.38 lakhs on dividends.  
t Includes Dividend of Rs. 22.30 lakhs on 9.25% Cumulative Redeemable Preference Shares for the period 1st April, 2000 to 27th June, 2000.  
u Includes Dividend of Rs. 1198.40 lakhs on 8.42% Cumulative Redeemable Preference Shares for the period 1st June, 2000 to 31st March, 2001.  
v Includes Dividend of Rs. 207.20 lakhs on 8.42% Cumulative Redeemable Preference Shares and tax of Rs. 21.13 lakhs on Preference Dividends.  
w Includes tax of Rs. 3781.33 lakhs on Dividends.  
x Includes tax of Rs. 4727.58 lakhs on Dividends.

**Financial Ratios**

	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
1. EBITDA/Turnover	<b>33.61%</b>	26.82%	20.23%	24.28%	23.12%	19.41%	18.62%	21.39%	22.31%	18.63%
2. PBT/Turnover	<b>24.59%</b>	14.39%	3.70%	8.74%	7.75%	5.49%	6.27%	9.49%	10.70%	6.68%
3. Return on Average Capital Employed	<b>28.12%</b>	16.29%	6.51%	10.33%	9.05%	6.97%	7.59%	10.75%	12.37%	8.81%
4. Return on Average Network	<b>46.28%</b>	35.88%	6.38%	14.38%	11.51%	7.65%	8.63%	12.91%	18.16%	10.93%
5. Asset Turnover	<b>89.96%</b>	78.16%	63.28%	63.59%	58.47%	55.44%	59.02%	64.54%	61.71%	55.41%
6. Average Inventory to Turnover	<b>7.37%</b>	7.72%	8.95%	9.01%	10.73%	12.39%	12.12%	12.67%	12.79%	13.56%
7. Average Debtors to Turnover	<b>6.75%</b>	10.38%	15.48%	15.86%	17.81%	20.14%	20.14%	19.52%	17.64%	18.40%
8. Gross Block to Net Block	<b>1.69</b>	1.64	1.56	1.49	1.44	1.42	1.42	1.42	1.37	1.34
9. Debt to Equity	<b>0.77</b>	1.33	1.92	1.18	1.32	1.37	1.22	1.10	1.07	1.34
10. Current Ratio	<b>1.02</b>	1.36	1.54	1.55	1.65	1.79	1.99	2.07	2.13	1.54
11. Interest Cover Ratio	<b>22.82</b>	5.14	1.68	2.60	2.32	2.05	2.40	2.98	3.02	2.10
12. Networth per share	<b>118.16</b>	86.35 <sup>#</sup>	66.81	128.10	118.74	98.17	102.35	100.39	97.09	78.57
13. Earnings per share	<b>47.32</b>	27.43	5.51	14.64	11.26	7.67	8.75	12.75	15.37	8.31
14. Dividend Payout	<b>23.84%</b>	32.90%	72.91%	39.32%	40.68%	57.86%	50.29%	38.84%	27.74%	42.06%
15. P/E Ratio	<b>7.25</b>	4.88	17.72	8.36	10.30	13.51	17.05	13.95	12.88	25.71

# after adjustment of Miscellaneous Expenditure against Securities Premium Account and Capital Redemption Reserve in 2002-03.

## Corporate Governance Report for the year 2003-04

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### 1. Company's Philosophy on Corporate Governance

The Company has set out to achieve its Vision 2007 i.e. to seize the opportunities of tomorrow and create a future that will make it an EVA positive Company and to continue to improve the quality of life of its employees and the communities it serves.

The Company has and will continue to focus its resources, strengths and strategies, in order to achieve this Vision, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Tata Group. The Company believes that good corporate governance practices enable the Management to direct and control the affairs of a company in an efficient manner and to achieve its ultimate goal of maximising value for all its stakeholders.

### 2. Board of Directors

The Company has a non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below :

Name	Category	No. of Board Meetings attended during 2003-04	Whether attended AGM held on 23rd July, 2003	No. of Directorships in other public companies		No. of Committee positions held in other public companies**	
				Chairman	Member	Chairman	Member
Mr. R.N. Tata (Chairman)	Promoter Not Independent Non-Executive	7	Yes	10	1	—	6
Mr. Keshub Mahindra	Independent Non-Executive	4	Yes	3	5	4	2
Mr. Nusli N. Wadia	-do-	5	Yes	5	5	1	3
Mr. S.M. Palia	-do-	7	Yes	1	4	3	2
Mr. P.K. Kaul Financial Institutions' Nominee *	-do-	7	Yes	2	7	3	4
Mr. Suresh Krishna	-do-	5	Yes	6	3	2	2
Mr. Kumar Mangalam Birla	-do-	—	No	6	6	—	1

Name	Category	No. of Board Meetings attended during 2003-04	Whether attended AGM held on 23rd July, 2003	No. of Directorships in other public companies		No. of Committee positions held in other public companies**	
				Chairman	Member	Chairman	Member
Mr. Ishaat Hussain	Promoter Not Independent Non-Executive	7	Yes	2	11	2	4
Dr. J.J. Irani	-do-	7	Yes	4	10	1	9
Mr. B. Jitender Financial Institutions' Nominee*	Independent Non-Executive	5	Yes	—	4	—	2
Mr. B. Muthuraman Managing Director	Not Independent Executive	7	Yes	2	2	—	2
Dr. T. Mukherjee Dy. Managing Director (Steel)	Not Independent Executive	7	Yes	1	7	—	5
Mr. A.N. Singh Dy. Managing Director (Corporate Services)	-do-	7	Yes	4	—	1	1

\* Appointed by IDBI as the lead institution.

\*\* Represents Chairmanships/Memberships of Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee.

**Seven** Board Meetings were held during the year 2003-04 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows:

29th May 2003, 23rd July 2003, 28th August 2003, 30th October 2003, 27th November 2003, 22nd January 2004 and 6th February 2004.

The information as required under Annexure I to Clause 49 is being made available to the Board.

During 2003-04, the Company did not have any material pecuniary relationship or transactions with Non Executive Directors, other than Dr.J.J.Irani, to whom the Company paid retiring benefits aggregating Rs.27.07 lakhs. The Company, with the approval of the Department of Company Affairs has also paid Rs.2.60 crores as transportation charges to M/s. Dimnar & Co., a firm, whose proprietor is related to Dr.Irani.

### 3. Audit Committee

The Company had constituted an Audit Committee in the year 1986. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee broadly are as under :



- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors;
- b) To review compliance with internal control systems;
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- d) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
- e) Recommending the appointment of statutory auditors and branch auditors and fixation of their remuneration.

Mr. P.K. Kaul, Chairman of the Audit Committee was present at the Annual General Meeting held on 23rd July, 2003.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during the year 2003-04
Mr. P.K. Kaul Chairman	Independent, Non-Executive	6
Mr. Ishaat Hussain, Member (Chartered Accountant)	Promoter Not Independent, Non-Executive	6
Mr. S.M. Palia, Member	Independent, Non-Executive	6

Audit Committee meetings are attended by the Vice-President (Finance), Chief (Corporate Audit) and Chief Financial Controller (Corporate) and Representatives of the Statutory Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

**Six** Audit Committee Meetings were held during 2003-04. The dates on which the said meetings were held were as follows :

28th May 2003, 25th June 2003, 22nd July 2003, 29th October 2003, 25th November 2003 and 21st January 2004.

The necessary quorum was present at the meetings.

#### 4. Remuneration Committee

The Company had constituted a Remuneration Committee in the year 1993. The broad terms of reference of the Remuneration Committee are to recommend to the Board salary (including annual increments), perquisites and commission to be paid to the Company's managing/whole-time directors (MD/WTDs), to finalise the perquisites package within the overall ceiling fixed by the Board, to recommend to the Board, retirement benefits to be paid to the MD and WTDs under the Retirement Benefit Guidelines adopted by the Board. The Remuneration Committee also functions as the Compensation Committee as per SEBI guidelines on the Employees' Stock Option Scheme. The Company, however, has not yet introduced the Employees' Stock Option Scheme.

The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below:

Names of Members	Category	No. of Meetings attended during the year 2003-04
Mr. Keshub Mahindra, Chairman	Independent, Non-Executive	1
Mr. R.N. Tata, Member	Promoter Not Independent Non-Executive	1
Mr. S.M. Palia, Member	Independent, Non-Executive	1

**One** meeting of the Remuneration Committee was held during 2003-04 on 29th May, 2003.

The Chairman of the Remuneration Committee, Mr. Keshub Mahindra was present at the Annual General Meeting held on 23rd July, 2003.

The Company has complied with the non-mandatory requirement of Clause 49 regarding the Remuneration Committee.

### Remuneration Policy

The Company while deciding the remuneration package of the senior management members takes into consideration the following items :

- a) employment scenario
- b) remuneration package of the industry and
- c) remuneration package of the managerial talent of other industries.

For the last few years, effort has also been made to link the annual variable pay of senior managers with the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas which are aligned to the Company's objectives.

The Non Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on 19th July 2001, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters other than at the meetings.

At the Board Meeting held on 28th August 2003, the sitting fees payable to the NEDs were partially revised. Accordingly, the Company pays sitting fees of Rs 10,000 per meeting to the NEDs for attending the meetings of the Board, Committee of the Board and Audit Committee. For other meetings, the Company continues to pay to the NEDs sitting fees of Rs. 5,000 per meeting.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to MD and WTDs. Salary is paid within the range approved by the Shareholders. Annual increments effective 1st April each year, as recommended by the Remuneration Committee, are approved by the Board. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the

prescribed ceiling, the perquisites package is approved by the Remuneration Committee. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

#### Details of remuneration for 2003-04

Non-Wholetime Directors

(Rs. lakhs)

Name of the Director	Commission*	Sitting Fees
1. Mr. R. N. Tata	24.70	1.10
2. Mr. Keshub Mahindra	3.00	0.30
3. Mr. Nusli N. Wadia	10.50	0.75
4. Mr. S.M. Palia	19.90	1.55
5. Mr. P.K. Kaul	11.20 **	1.00
6. Mr. Suresh Krishna	3.70	0.45
7. Mr. Kumar Mangalam Birla	—	—
8. Mr. Ishaat Hussain	21.65	1.15
9. Dr. J.J. Irani	21.65 @	1.10
10. Mr. B. Jitender	3.70 **	0.40 ***
<b>Total</b>	<b>120.00</b>	<b>7.80</b>

\* Payable in 2004-05.

\*\* Amount Payable to IDBI.

\*\*\* Amount Paid to IDBI.

@ Excluding the Retirement Benefits of Rs. 27.07 lakhs.

Managing and Whole-time Directors

Name	Salary Rs. lakhs	Perquisites & Allowances Rs. lakhs	Commission@ Rs. lakhs	Stock Options
Mr. B. Muthuraman Managing Director	36.56	10.91	90.00	Nil
Dr. T. Mukherjee Dy. Managing Director (Steel)	32.71	12.06	70.00	Nil
Mr. A.N. Singh Dy. Managing Director (Corporate Services)	29.82	10.58	50.00	Nil

@ Payable in 2004-05

Period of Contract of MD : 5 Years from 22.7.2001.  
The Contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

Severance fees - Nil

Period of Contract of Dy. MD (Steel) } : 5 years from 1.8.2000.  
Period of Contract of Dy. MD (Corporate Services) } The Contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

Severance fees - Nil

**5. Shareholders Committee**

An Investors' Grievance Committee was constituted on 23.3.2000 to specifically look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc.

**One** meeting of the Investors' Grievance Committee was held during the year 2003-04 on 22nd January, 2004.

The composition of the Investors' Grievance Committee and details of the meetings attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during the year 2003-04
Mr. Ishaat Hussain, Chairman	Promoter Not Independent Non-Executive	1
Mr. Suresh Krishna, Member	Independent Non-Executive	1

**Name, designation & address of Compliance Officer :** Mr. J.C. Bham  
Company Secretary  
Bombay House,  
24,Homi Mody Street, Fort,  
Mumbai 400 001.

**Phone :** (022) 5665 8282 Extn. 7279

**Fax :** (022) 5665 8113/18

**E-mail :** [cosectisco@tata.com](mailto:cosectisco@tata.com)

No. of complaints received from Shareholders comprises of correspondence identified as investor complaints i.e. letters received through statutory/ regulatory bodies and those related to loss of securities, Court/Consumer Forum matters, fraudulent encashment and non receipt of dividend amounts(where reconciliation of the payment was in progress at the time of receipt of the letters).

During the period 1st April, 2003 to 31st March, 2004, complaints identified as above and reported under Clause 41 of the Listing Agreements : 2565

No. not solved to the satisfaction of shareholders as on 31.3.2004 : 07

No. of pending share transfers as on 31.3.2004 : 469\*

\* Transfers lodged in the 2 last weeks of March 2004 and hence pending as on 31.3.2004.

In addition to the above Committees, the Board has constituted 3 more Committees, viz. Committee of the Board, Committee of Directors and the Ethics and Compliance Committee.

The terms of reference of the **Committee of the Board** (COB) are to approve capital expenditure schemes and donations within the stipulated limits and to recommend to the Board, capital budgets and other major capital schemes, to consider new businesses, acquisitions, divestments, changes in organisational structure and also to periodically review the Company's business plans and future strategies.

The composition of the COB and details of the meetings attended by the Directors are given below :

Names of Members	No. of Meetings attended during the year 2003-04
Mr. R.N. Tata, Chairman	6
Mr. Nusli N. Wadia, Member	5
Mr. S.M. Palia, Member	6
Dr. J.J. Irani, Member	6
Mr. B. Muthuraman, Member	6

**Six** COB Meetings were held during the year 2003-04. The dates on which the said meetings were held were as follows :

27th May 2003, 25th August 2003, 9th September 2003, 28th October 2003, 25th November 2003 and 20th January 2004.

The **Committee of Directors** has been constituted to approve of certain routine matters such as Opening and Closing of Bank Accounts of the Company, to grant limited Powers of Attorney to the Officers of the Company, to appoint proxies to attend general meetings on behalf of the Company etc. The Members of this Committee are – Mr. R.N. Tata, (Chairman), Mr. Ishaat Hussain and Dr. J.J.Irani. The business of the Committee is transacted by passing Circular Resolutions which are placed before the Board at its next meeting.

### **Ethics and Compliance Committee**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The Code is based on the principle that Directors, Officers and Employees of a Tata Company owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's securities.

In terms of the said Code, a Committee has been constituted on 30th May 2002, called Ethics and Compliance Committee.

**One** meeting of the Ethics and Compliance Committee was held during the year 2003-04 on 22nd January 2004.

The composition of the Ethics and Compliance Committee and the details of the meetings attended by the Directors are given below :

Names of Members	Category	No. of meetings attended during the year 2003-04
Mr. Ishaat Hussain, Chairman	Promoter, Not Independent, Non-Executive	1
Mr. Suresh Krishna, Member	Independent, Non-Executive	1

The Board has also appointed the Vice President (Finance) as the Compliance Officer to ensure compliance and effective implementation of the Regulations and also the Code across the Company.

## 6. General Body Meetings

Location and time, where last three Annual General Meetings (AGMs) were held :

The last three AGMs were held on – 23.7.2003, 24.7.2002 and 19.7.2001.

at *Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, at 3.30 p.m.*

Whether Special Resolutions –

- |  |    |
|--|----|
| (a) Were put through postal ballot last year –           | No |
| Details of voting pattern –                              | NA |
| Person who conducted the postal ballot exercise –        | NA |
| (b) Are proposed to be conducted through postal ballot – | No |
| Procedure for postal ballot –                            | NA |

## 7. Disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None.

### Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 8. Means of Communication

Half-yearly report sent to each household of shareholders –	Yes
Quarterly Results –	
Which newspapers normally published in –	<b>Free Press Journal</b> <b>Nava Shakti</b>
Any website, where displayed –	www.tatasteel.com
Whether it also displays official news releases; and the presentations made to institutional investors or to analysts	Yes
Whether MD&A is a part of annual report or not.	Yes

## 9. General Shareholder Information

AGM : Date, time and venue –	22.7.2004 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.
------------------------------	--

As required under Clause 49 VI(A) , particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 22nd July, 2004.

<b>Financial Calendar –</b>	Year ending	March 31
	AGM	July
	Dividend Payment	Generally in July
<b>Date of Book Closure –</b>	10.6.2004 to 30.6.2004 (both days inclusive)	
<b>Dividend Payment Date –</b>	The dividend warrants will be posted on or after 23.7.2004.	

Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31.3.1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims in prescribed Form No. II to The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to

Office of Registrar of Companies  
Central Government Office Bldg., 'A' Wing,  
2nd floor, Next to Reserve Bank of India  
CBD, Belapur 400 614.

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Accordingly, the Company has transferred to IEPF all unclaimed/unpaid dividends in respect of the financial year 31.3.1996.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.3.1997 onwards, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31.3.1997 is due for transfer to the IEPF on 18th September, 2004.

**Listing on Stock Exchanges –**

During the year under review, the Company applied for delisting of its shares from seven Stock Exchanges, viz. Cochin Stock Exchange Ltd., Cochin, Magadh Stock Exchange Assn., Patna, The Calcutta Stock Exchange Assn.Ltd., Kolkata, The Delhi Stock Exchange Assn.Ltd., New Delhi, The Stock Exchange, Ahmedabad, Pune Stock Exchange Ltd., Pune and The Uttar Pradesh Stock Exchange Assn. Ltd., Kanpur.

The Company's Ordinary Shares have been delisted from six Stock Exchanges. The application for delisting from The Calcutta Stock Exchange Assn. Ltd. is pending.

The Company's securities are now listed on the following 3 Stock Exchanges in India :

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001.

National Stock Exchange of India Ltd.  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.

The Calcutta Stock Exchange Assn. Ltd.,  
7, Lyons Range,  
Kolkata 700 001.

Global Depository Receipts (GDRs) issued by the Company in the International Market have been listed on the Luxembourg Stock Exchange.

The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2003-04.

**Stock Codes / Symbol –**

The Stock Exchange Mumbai :

Ordinary Shares (physical form)	...	...	470
(demat form)	...	...	500470
National Stock Exchange of India Ltd.	...	...	TISCO EQ

The following Privately Placed Debentures issued by the Company are listed on the Whole-Sale Debt Market Segment of the National Stock Exchange of India Ltd.:

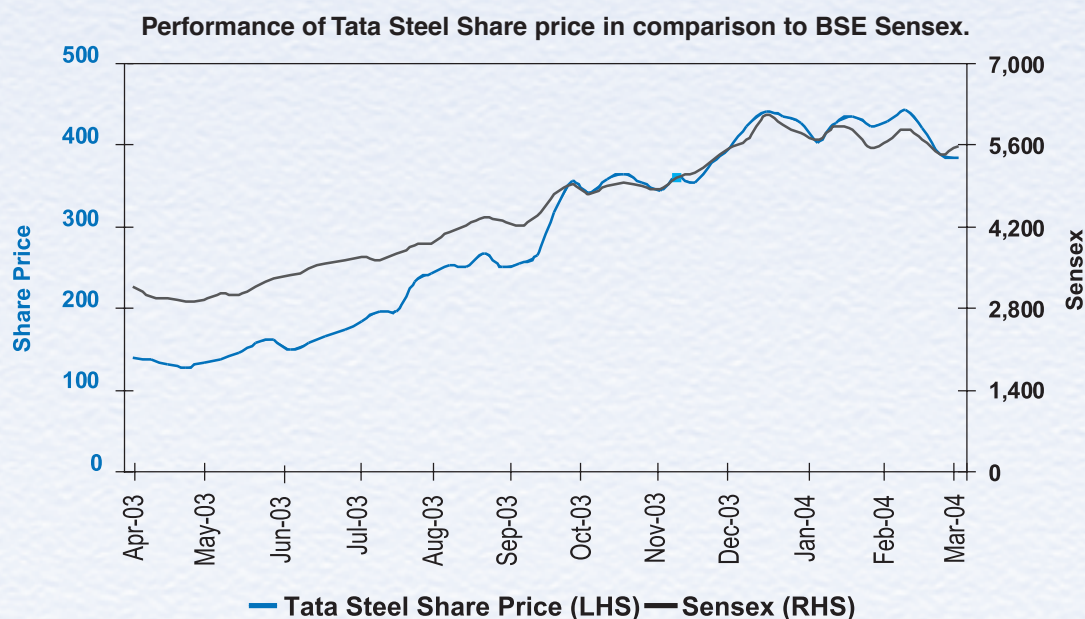
- 12.60% Secured Redeemable Non-Convertible Debentures aggregating Rs. 150 crores.
- 9.90% Secured Redeemable Non-Convertible Debentures aggregating Rs. 100 crores.
- 9.50% Secured Redeemable Non-Convertible Debentures aggregating Rs. 100 crores.
- 9.45% Secured Redeemable Non-Convertible Debentures aggregating Rs. 50 crores.
- 9.50% Secured Redeemable Non-Convertible Debentures aggregating Rs. 50 crores.
- 9.25% Secured Redeemable Non-Convertible Debentures aggregating Rs. 100 crores.
- 9.50% Secured Redeemable Non-Convertible Debentures aggregating Rs. 50 crores.
- 9.50% Secured Redeemable Non-Convertible Debentures aggregating Rs. 50 crores.
- 10.05% Secured Redeemable Non-Convertible Debentures aggregating Rs. 100 crores.



### Market Information –

Market Price Data : High, Low (based on the closing prices) and average volume, average number of trades and average value of shares traded during each month in last financial year.

Month	High Rs.	Low Rs.	Avg. Volume per day (No. of Shares)	Avg. No. of Trades per day	Avg. Value per day (Rs. lakhs)
Apr-03	145.90	125.65	846494	4439	1133
May-03	160.20	131.00	977647	4734	1418
Jun-03	171.75	147.35	1433352	6999	2265
Jul-03	213.40	167.75	2558183	12355	4909
Aug-03	265.50	208.25	3895809	18565	9337
Sep-03	275.30	243.00	4474199	21707	11575
Oct-03	363.45	269.10	6632115	32676	21957
Nov-03	390.00	333.00	4770292	24947	17209
Dec-03	445.35	352.35	3286257	17670	12805
Jan-04	466.45	386.35	4333339	24177	18992
Feb-04	456.95	382.50	5592750	33816	23905
Mar-04	451.80	352.15	4816954	31510	19548



**Registrar and Transfer Agents :** Tata Share Registry Ltd. (TSRL)  
 Army & Navy Bldg.,  
 148, Mahatma Gandhi Road,  
 Fort, Mumbai 400 001.  
**Tel : (022) 5656 8484**  
**Fax : (022) 5656 8494 / 5656 8496**  
**E-mail : csg-unit@tatashare.com**  
**website : [www.tatashare.com](http://www.tatashare.com)**

For the convenience of shareholders based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSRL :

**Branches of TSRL**

- |  |   |
|--|---|
| <p>1. Tata Share Registry Limited<br/>503, Barton Centre, 5th floor,<br/>84, Mahatma Gandhi Road,<br/>Bangalore 560 001.<br/>Tel : 080 532 0321<br/>Fax : 080 558 0019<br/>E-mail : tsrlbang@bgl.vsnl.net.in</p> | <p>2. Tata Share Registry Limited<br/>Bungalow No.1, 'E' Road,<br/>Northern Town, Bistupur,<br/>Jamshedpur 831 001.<br/>Tel : 0657 2426616<br/>Fax : 0657 2426937<br/>E-mail : tsrljsr@sify.com</p>               |
| <p>3. Tata Share Registry Limited<br/>Tata Centre, 1st floor,<br/>43, Jawaharlal Nehru Road,<br/>Kolkata 700 071.<br/>Tel : 033 22883087<br/>Fax : 033 22883062<br/>E-mail : tsrlcal@cal2.vsnl.net.in</p>        | <p>4. Tata Share Registry Limited<br/>Plot No. 2/42, Sant Vihar,<br/>Ansari Road, Darya Ganj,<br/>New Delhi 110 002.<br/>Tel : 011 23271805<br/>Fax : 011 23271802<br/>E-mail : tsrlidel@giasd101.vsnl.net.in</p> |

**Agent of TSRL**

Shah Consultancy Services Limited  
1, Sumatinath Complex, 2nd Dhal,  
Pritamnagar, Ellisbridge,  
Ahmedabad 380 006  
Tel : 079 26575094  
Fax : 079 26576038  
E-mail : shahconsultancy@hotmail.com

Share Transfer System : Share Transfers in physical form can be lodged with the Tata Share Registry Ltd. at the above mentioned addresses.

The Transfers are normally processed within 10-12 days from the date of receipt if the documents are complete in all respects. Certain Directors and the Company Secretary are severally empowered to approve transfers.

**Distribution of Shareholding :**

Number of Ordinary Shares Held	Number of Shareholders	
	31-3-2004 %	31-3-2003 %
<b>1 to 100</b>	<b>71.54</b>	71.99
<b>101 to 500</b>	<b>22.07</b>	22.00
<b>501 to 1000</b>	<b>3.50</b>	3.35
<b>1001 to 10000</b>	<b>2.71</b>	2.51
<b>Over 10000</b>	<b>0.18</b>	0.15
	<b>100.00</b>	100.00

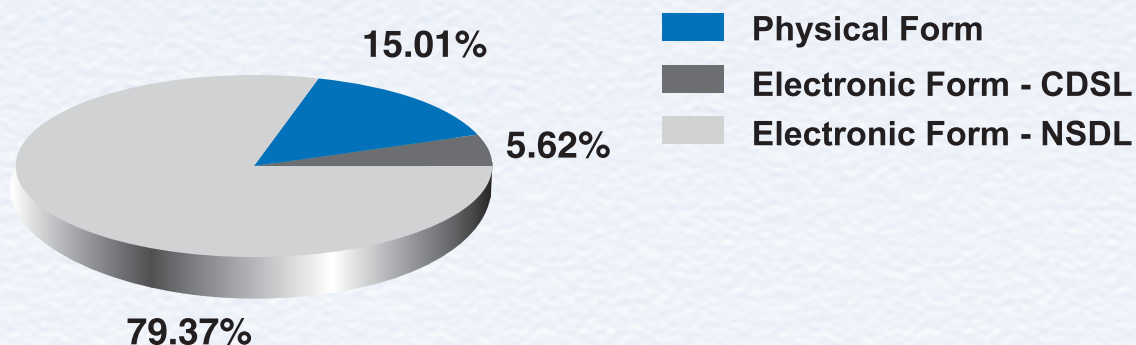
### Categories of Shareholders

Category	Number of Shareholders		Voting Strength %		Number of Ordinary Shares Held	
	31-3-2004	31-3-2003	31-3-2004	31-3-2003	31-3-2004	31-3-2003
Individuals	557,584	657,767	28.49	32.46	105,124,034	119,365,229
Unit Trust of India	1	1	1.50	2.59	5,552,742	9,535,395
Life Insurance Corporation of India	1	1	12.72	13.43	46,930,800	49,402,824
Govt. & Other Public Financial Institutions	65	64	6.21	6.82	22,938,129	25,046,145
Tata Group Companies	15	17	26.29	26.41	97,014,942	97,133,796
Companies	6193	6,547	6.36	5.85	23,449,193	21,510,823
Nationalised Banks, Mutual Funds and Trusts	274	94	5.11	7.68	18,842,100	28,258,644
Foreign Institutional Investors	185	72	13.32	4.76	49,129,964	17,519,045
<b>TOTAL</b>	<b>564,318</b>	<b>664,563</b>	<b>100.00</b>	<b>100.00</b>	<b>368,981,904</b>	<b>367,771,901</b>

Dematerialisation of shares as on 31st March, 2004 and Liquidity :

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). 313,594,757 Ordinary Shares of the Company representing 84.99% of the Company's share capital is dematerialised as on 31st March, 2004.

The Company's shares are regularly traded on The Stock Exchange, Mumbai, as is seen from the volume of shares indicated in the Table containing Market Information.



Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 081A01012.

## Shares held in electronic form

Shareholders holding shares in electronic form may please note that :

- i) Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.
- ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.
- iv) The Company provides ECS facility for shares held in electronic form and shareholders are urged to avail of this facility.

**Outstanding GDRs/ADRs/  
Warrants or any Convertible  
instruments, conversion date  
and likely impact on equity**

- : 2578 GDRs (each GDR representing 1 Ordinary Share of the Company)  
The Company had issued detachable warrants (alongwith Secured Premium Notes) for subscribing to 1 Ordinary Share of Rs. 10 each at a premium of Rs. 70 per share. In respect of approximately 12,446 detachable warrants applicable to matters which are in dispute, the option to get the shares is kept alive for the time being.

**Plant Locations**

- : Company's Steel Works and
- |                              |  |
|------------------------------|--|
| Tubes Division               | .. Jamshedpur (Jharkhand)                        |
| Bearings Division            | .. Kharagpur (West Bengal)                       |
| Ferro Manganese Plant        | .. Joda (Orissa)                                 |
| Charge Chrome Plant          | .. Bamnival (Orissa)                             |
| Cold Rolling Complex         | .. Tarapur (Maharashtra),<br>Sisodra (Gujarat)   |
| Mines, Collieries & Quarries | .. States of Jharkhand, Orissa<br>and Karnataka. |
| Wire Division                | .. Borivli (Mumbai)<br>Tarapur (Maharashtra)     |

**Address for correspondence**

- : The Tata Iron and Steel Company Limited  
Bombay House, 24, Homi Mody Street,  
Fort, Mumbai 400 001.  
**Tel : (022) 5665 8282,**  
**Fax : (022) 5665 8113 / 5665 8118**  
**E-mail : [tatasteelho@tata.com](mailto:tatasteelho@tata.com)**  
**Website : [www.tatasteel.com](http://www.tatasteel.com)**

## **CERTIFICATE**

**To the Members of  
THE TATA IRON AND STEEL COMPANY LIMITED**

We have examined the compliance of conditions of Corporate Governance by The Tata Iron and Steel Company Limited, for the year ended on 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that while the Shareholders/Investor Grievance Committee has not maintained records to show the investor grievances pending for a period of one month against the Company, the Registrars of the Company have maintained the records of investor grievances and certified that as at 31st March, 2004 there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A.F. FERGUSON & CO.**  
Chartered Accountants

For **S.B. BILLIMORIA & CO.**  
Chartered Accountants

**A.K. MAHINDRA**  
Partner

**P. R. RAMESH**  
Partner

Mumbai : 20th May, 2004

**Statement pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Companies**

Name of the Subsidiary	Tata Refractories Limited	The Tata Pigments Limited	Kalimati Investment Company Limited	Tata Korf Engineering Services Limited	Tata Incorporated	Stewarts & Lloyds of India Limited	TM International Logistics Limited	Jamshedpur Utilities and Services Co. Limited	The Indian Steel and Wire Products Limited	Lanka Special Steels Limited
Financial year of the subsidiary ended on	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004
1. Shares of the subsidiary held by the Company on the above date :										
(a) Number	5,609,670 Ordinary Shares of Rs. 10 each	75,000 Ordinary Shares of Rs. 100 each	16,387,469 Equity Shares of Rs. 10 each	240,386(b) Equity Shares of Rs. 10 each	1,500 US\$1000 each	299,925(a) Equity Shares of Rs. 10 each	91,80,000 Equity Shares of Rs. 10 each	49,940 (d) Equity Shares of Rs. 10 each	54,74,130(d) Ordinary Shares of Rs. 10 each	25,00,000(d) Equity Shares of Rs. 10 each
(b) Extent of holding	51%	100%	100%	60.10%(b)	100%	10%(a)	51%	99.88%(d)	91.36%(d)	100%(d)
2. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company :										
(a) dealt with in the accounts of the Company for the year ended 31st March, 2004 (Rs. lakhs)	Nil	Nil	81.93	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2004 (Rs. lakhs)	843.89	173.75	670.68	(95.28)	US\$ (7.49,186) (Rs. -323.24 lakhs)(e)	41.87	479.04	(16.01)	930.72	LKR (21.34) (Rs. -9.65 lakhs)(e)
3. Net aggregate amount of profits/(losses) for previous years of the subsidiary, since it became a subsidiary so far as they concern members of the Company :										
(a) dealt with in the accounts of the Company for the year ended 31st March, 2004 (Rs. lakhs)	89.76	30.00	Nil	Nil	Nil	6.00	45.90	Nil	Nil	Nil
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2004 (Rs. lakhs)	67.32	30.00	71.37	(137.51)	Nil	6.00	Nil	Nil	Nil	Nil
4. Net aggregate amount of profits/(losses) for previous years of the subsidiary, since it became a subsidiary so far as they concern members of the Company :										
(a) dealt with in the accounts of the Company for the year ended 31st March, 2004 (Rs. lakhs)	1,946.95	784.13	5,633.02	(346.91)	US\$ 64,84,693 (Rs. 2,930.11 lakhs)(e)	62.29	247.53	Nil	Nil	Nil
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2004 (Rs. lakhs)	1,693.20	707.90	5,396.92	(209.40)	US\$ 64,24,417 (Rs. 3,081.15 lakhs)(e)	54.12	Nil	Nil	Nil	Nil

(a) 299,925 Shares of Rs. 10 each, 150,075 Shares of Rs. 10 each and 1,197,000 Shares of Rs. 10 each, in Stewarts & Lloyds of India Limited are held by the Company. Tata Refractories Limited and Kalimati Investment Company Limited, subsidiaries of the Company, respectively. The combined holdings of the Company and its two subsidiaries aforesaid amount to 54.90% of the nominal value of the equity share capital of Stewarts & Lloyds of India Limited is a subsidiary of the Company by virtue of provisions of Section 41 (b)(ii) read with Section 4(3)(b)(i) of the Companies Act, 1956.

(b) 240,386 Shares of Rs. 10 each, 159,600 Shares of Rs. 10 each in Tata Korf Engineering Services Limited are held by the Company and Kalimati Investment Company Limited, subsidiary of the Company, respectively. The combined holdings of the Company and its subsidiary amount to 99.99% of the nominal value of the equity share capital of Tata Korf Engineering Services Limited.

(c) The amounts shown under 3(b) and 4(b) above represent the net aggregate amounts of profits/(losses) of the subsidiary attributable to the direct holding of the Company.

(d) 49,940 equity shares of Rs. 10 each in Jamshedpur Utilities and Services Company Ltd., 25,00,000 equity shares of Rs. 10 each in Lanka Special Steels Ltd. and 54,74,130 ordinary shares of The Indian Steel & Wire Products Ltd. were subscribed by the Company during the year.

(e) Converted at the average rate of exchange of US \$ = Rs. 45:185 and LKR = Rs. 0.45 as on 31.3.2004. (Previous Year US \$ 1 = Rs. 47.960 and Nil as on 31.3.2003).

(f) Figures in italics are in respect of the previous year.

For and on behalf of the Board

RATAN N TATA Chairman

KESHUB MAHINDRA  
NUSLIN WADIA  
S M PALLA  
P K KAUL Directors

ISHAAT HUSSAIN  
JAWSHED J IRANI

B MUTHURAMAN  
T MUKHERJEE Executive Directors

A N SINGH

J.C. BHAM  
Company Secretary

## Summary of Financial Information of Subsidiary Companies

Rs. Crores

Name of the Subsidiary	Tata Refractories Limited	The Tata Pigments Limited	Kalimati Investment Company Limited	Tata Korf Engineering Services Limited	Tata Incorporated	Stewarts & Lloyds of India Limited	TM International Logistics Limited	Jamshedpur Utilities and Services Co. Limited	The Indian Steel and Wire Products Limited	Lanka Special Steels Limited
<b>Funds Employed:</b>										
A. Capital	11.00	0.75	16.39	0.40	6.47	3.00	18.00	0.35	5.99	1.13
B. Reserves	38.63	8.68	127.14	(7.61)	22.48	8.58	14.87	(0.16)	(39.84)	(0.03)
C. Liabilities										
Secured Loans	40.87	0.37	—	—	5.52	1.18	6.44	—	7.46	5.71
Unsecured Loans	10.36	—	0.75	2.43	—	—	—	—	13.57	—
Deferred Tax Liability	8.65	0.38	—	—	(1.66)	0.17	1.19	—	—	—
Provision for Employee Separation Compensation	18.75	—	—	—	—	—	—	—	—	—
Total Liabilities	78.63	0.75	0.75	2.43	3.86	1.35	7.63	—	21.03	5.71
D. Total Funds Employed	128.26	10.18	144.28	(4.78)	32.81	12.93	40.50	0.19	(12.82)	6.81
<b>Application of Funds:</b>										
E. Assets										
Net Block (Including Capital WIP)	75.65	4.42	0.24	0.03	0.27	2.78	13.12	—	14.38	5.45
Investments	1.20	1.61	144.02	—	0.56	—	20.33	—	—	—
Net Current Assets	51.41	4.15	0.02	(4.81)	31.98	10.09	6.98	0.19	(27.20)	1.36
Miscellaneous Expenditure (to the extent not written off)	—	—	—	—	—	0.06	0.07	—	—	—
Total Assets (Net)	128.26	10.18	144.28	(4.78)	32.81	12.93	40.50	0.19	(12.82)	6.81
F. Turnover	280.53	17.87	6.59	0.05	131.52	53.88	113.16	0.55	5.55	1.81
G. Profit before Taxation	26.59	2.80	6.79	(1.59)	(4.80)	5.08	13.36	(0.16)	13.06	(0.10)
H. Provision for Taxation	10.04	1.06	0.08	—	(1.57)	0.89	1.70	—	—	—
I. Profit after Taxation	16.55	1.74	6.71	(1.59)	(3.23)	4.19	11.66	(0.16)	13.06	(0.10)
J. Proposed Dividend	3.30	0.45	1.64	—	—	0.75	1.35	—	—	—

## Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS  
THE TATA IRON AND STEEL COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of THE TATA IRON AND STEEL COMPANY LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2004, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns from the Singapore Branch audited by another auditor. These financial statements are the responsibility of the Company's management 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 63.93 crores as at 31st March, 2004, total revenue of Rs. 521.57 crores and net cash flows amounting to Rs. 22.57 crores for the year then ended. Those 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 reports of other auditors.  
(b) As stated in Note 1 of Schedule M, in case of certain associates, the financial statements as on 31st March, 2004 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, 2004.  
(c) Attention is invited to Note 14 of Schedule M, regarding the preparation of the financial statements of The Indian Steel and Wire Products Limited, a subsidiary on a going concern basis with available documents and information and the basis for recording certain liabilities.
4. Subject to the matters referred to in paragraphs 3 (b) and 3 (c) above :
  - (a) We report that the Consolidated Financial Statements have been prepared by the Company's, management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements,



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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, 2004;
  - (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 A. F. FERGUSON & CO.,  
*Chartered Accountants,*

A. K. MAHINDRA  
*Partner.*  
*Membership No. : 10296*

*Mumbai, 7th June, 2004.*

For S. B. BILLIMORIA & CO.,  
*Chartered Accountants,*

P. R. RAMESH  
*Partner.*  
*Membership No. : 70928*

## Consolidated Balance Sheet as at 31st March, 2004

Schedule	Page	FUNDS EMPLOYED :		Rupees crores	As at 31.3.2003 Rupees crores
A	118	1.	SHARE CAPITAL .....	368.24	368.24
B	118	2.	RESERVES AND SURPLUS .....	4288.44	2926.16
		3.	TOTAL SHAREHOLDERS' FUNDS .....	4656.68	3294.40
		4.	MINORITY INTEREST .....	48.66	30.97
		5.	LOANS		
C	119	a	Secured .....	3111.75	3747.44
D	119	b	Unsecured .....	377.27	567.64
		c	Total Loans .....	3489.02	4315.08
		6.	DEFERRED TAX LIABILITY (NET) (SEE NOTE 21, PAGE 136)	851.96	859.53
		7.	PROVISION FOR EMPLOYEE SEPARATION COMPENSATION .....	1581.81	1463.36
		8.	TOTAL FUNDS EMPLOYED .....	10628.13	9963.34
			<b>APPLICATION OF FUNDS :</b>		
E	120	9.	FIXED ASSETS		
		a	Gross Block .....	13606.29	12635.66
		b	Less — Depreciation .....	5589.06	4975.58
		c	Net Block .....	8017.23	7660.08
F	121	10.	INVESTMENTS .....	2254.97	1211.19
		11.	GOODWILL .....	0.41	0.41
		12.	A. CURRENT ASSETS		
		a	Stores and spare parts .....	336.46	325.64
G	121	b	Stock-in-trade .....	1037.58	887.83
H	122	c	Sundry debtors .....	756.06	1058.52
		d	Interest accrued on investments .....	0.29	3.56
I	122	e	Cash and Bank balances .....	277.87	410.30
				2408.26	2685.85
J	122	B.	LOANS AND ADVANCES .....	1961.90	1192.30
				4370.16	3878.15
		13.	Less : CURRENT LIABILITIES AND PROVISIONS		
K	123	A.	Current Liabilities .....	2368.20	2012.55
L	123	B.	Provisions .....	1802.54	784.19
				4170.74	2796.74
		14.	NET CURRENT ASSETS .....	199.42	1081.41
		15.	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) .....	156.10	10.25
		16.	TOTAL ASSETS (Net) .....	10628.13	9963.34
M	124		Contingent Liabilities (See Note 3, Page 127) NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT		

As per our report attached  
For A. F. FERGUSON & CO.,  
Chartered Accountants,  
A. K. MAHINDRA  
Partner.

For S. B. BILLIMORIA & CO.,  
Chartered Accountants,  
P. R. RAMESH  
Partner.

J.C. BHAM  
Company Secretary

For and on behalf of the Board

RATAN N TATA	}	Chairman
KESHUB MAHINDRA		}
NUSLI N WADIA	Directors	
P K KAUL		
SURESH KRISHNA		
ISHAAT HUSSAIN		
JAMSHED J IRANI		
B JITENDER	}	Executive Directors
B MUTHURAMAN		
T MUKHERJEE		
A N SINGH		

Mumbai, 7th June, 2004

## Consolidated Profit and Loss Account for the year ended 31st March, 2004

Schedule	Page	INCOME :	Rupees crores	Previous Year Rupees crores
1	116	1. SALE OF PRODUCTS & SERVICES .....	12372.53	10229.96
		Less — EXCISE DUTY .....	1243.09	1093.14
			11129.44	9136.82
2	116	2. OTHER INCOME .....	142.70	46.55
			<b>11272.14</b>	<b>9183.37</b>
		<b>EXPENDITURE :</b>		
4	117	3. MANUFACTURING AND OTHER EXPENSES .....	7741.65	6847.60
		4. DEPRECIATION .....	640.55	569.69
			8382.20	7417.29
		5. Less — EXPENDITURE (OTHER THAN INTEREST) TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS .....	164.64	61.82
			8217.56	7355.47
3	116	6. INTEREST .....	129.30	315.39
		7. TOTAL EXPENDITURE .....	<b>8346.86</b>	<b>7670.86</b>
		<b>PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS</b> .....	<b>2925.28</b>	<b>1512.51</b>
		8. EMPLOYEE SEPARATION COMPENSATION .....	(233.90)	(232.51)
		9. PROFIT ON SALE OF LONG TERM INVESTMENTS .....	8.15	—
		10. PROVISION FOR CONTINGENCIES .....	(1.96)	(1.04)
		11. LIABILITY WRITTEN BACK (See Note 15, Page 129) ...	17.30	—
		<b>PROFIT BEFORE TAXES</b> .....	<b>2714.87</b>	<b>1278.96</b>
		12. TAXES		
		(a) CURRENT TAX .....	937.19	267.59
		(b) DEFERRED TAX .....	(0.94)	(10.91)
			<b>936.25</b>	<b>256.68</b>
		<b>PROFIT AFTER TAXES</b> .....	<b>1778.62</b>	<b>1022.28</b>
		13. Less — MINORITY INTEREST .....	19.28	6.76
		14. Add — SHARE OF PROFITS OF ASSOCIATES .....	29.44	15.13
			<b>10.16</b>	<b>8.37</b>
		<b>PROFITS AFTER MINORITY INTEREST AND SHARE OF PROFIT OF ASSOCIATES</b> .....	<b>1788.78</b>	<b>1030.65</b>
		15. BALANCE BROUGHT 'FORWARD		
		(a) FROM LAST YEAR .....	328.01	221.90
		(b) BALANCE OF THE INDIAN STEEL AND WIRE PRODUCTS LIMITED THAT HAS BECOME A SUBSIDIARY FROM 19TH DECEMBER, 2003 ..	(2.87)	—
			<b>325.14</b>	<b>221.90</b>
		16. Add — SHARE OF PROFIT/(LOSS) OF ASSOCIATES UPTO 31ST MARCH, 2002 .....	—	11.43
		17. Less — DEFERRED TAX ADJUSTMENT ON INITIAL ADOPTION .....	—	2.63
		<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b> .....	<b>2113.92</b>	<b>1261.35</b>
		18. APPROPRIATIONS :		
		(a) PROPOSED DIVIDENDS .....	368.05	295.19
		(b) TAX ON DIVIDENDS .....	48.41	38.27
			<b>416.46</b>	<b>333.46</b>
		(c) SPECIAL RESERVE .....	1.34	0.87
		(d) GENERAL RESERVE .....	1023.65	599.01
			<b>1024.99</b>	<b>933.34</b>
		<b>BALANCE CARRIED TO BALANCE SHEET</b> .....	<b>672.47</b>	<b>328.01</b>
		<b>Basic and Diluted Earnings per Share</b> (Rs.) (Refer Note 20, Page 136)	<b>48.60</b>	<b>28.00</b>
M	124	NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT		

As per our report attached  
to the Balance Sheet  
For A. F. FERGUSON & CO.,  
Chartered Accountants,  
A. K. MAHINDRA  
Partner.  
For S. B. BILLIMORIA & CO.,  
Chartered Accountants,  
P. R. RAMESH  
Partner.

J.C. BHAM  
Company Secretary

For and on behalf of the Board

RATAN N TATA	Chairman
KESHUB MAHINDRA	}
NUSLI N WADIA	
P K KAUL	
SURESH KRISHNA	
ISHAAT HUSSAIN	
JAMSHED J IRANI	Directors
B JITENDER	}
B MUTHURAMAN	
T MUKHERJEE	
A N SINGH	Executive Directors

Mumbai, 7th June, 2004

## Consolidated Cash Flow Statement for the year ended 31st March, 2004

	Year Ended 31-3-2004 Rs. crores	Year Ended 31-3-2003 Rs. crores
<b>A. Cash Flow from Operating Activities :</b>		
Profit before taxes, minority interest & share of profits of associates	2714.87	1278.96
Adjustments for :		
Depreciation	640.55	569.69
Income from investments	(98.51)	(17.18)
(Profit)/Loss on sale of investments	(15.91)	(5.39)
(Profit)/Loss on sale of discarded assets	(35.88)	20.77
Amount received on cancellation of swaps	—	(4.57)
Interest income	(19.13)	(34.64)
Interest charged to Profit and Loss Account	148.43	353.57
Provision for diminution in value of investments	26.67	1.04
Goodwill on consolidation written off	33.17	—
Employee Separation Compensation	233.90	235.29
Provision for contingencies	1.96	—
Liability written back	(17.30)	—
Refund of sales tax and interest	—	(2.09)
Provision for future expenses on erection contracts	—	0.05
Provision for Wealth Tax	0.70	0.60
Provision for amortisation of long term loan expenses	5.82	—
	<u>904.47</u>	<u>1117.14</u>
Operating Profit before Working Capital Changes	3619.34	2396.10
Adjustments for :		
Trade and Other Receivables	400.81	171.95
Inventories	(154.68)	(26.66)
Trade Payables and Other Liabilities	350.99	117.87
	<u>597.12</u>	<u>263.16</u>
Cash Generated from Operations	4216.46	2659.26
Direct Taxes paid	(942.34)	(234.13)
Sales Tax Refund	—	1.08
	<u>(942.34)</u>	<u>(233.05)</u>
Cash Flow before Exceptional Items	3274.12	2426.21
Employee Separation Compensation paid	(271.10)	(280.37)
<b>Net Cash from Operating Activities</b>	<u>3003.02</u>	<u>2145.84</u>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(1008.21)	(469.82)
Sale of Fixed Assets	58.48	40.73
Purchase of Investments	(4730.89)	(1825.50)
Sale of Investments	3540.16	1413.50
Intercompany Deposits (net)	48.56	(27.55)
Interest received	22.46	31.09
Income from investments	98.51	17.18
	<u>(1970.93)</u>	<u>(820.37)</u>
<b>Exceptional Items :</b>		
Sale of long term investments	9.31	0.31
Other Miscellaneous Expenditure	—	(0.57)
<b>Net Cash From Investing Activities</b>	<u>(1961.62)</u>	<u>(820.63)</u>

## Consolidated Cash Flow Statement for the year ended 31st March, 2004

	Year Ended 31-3-2004 Rs. crores	Year Ended 31-3-2003 Rs. crores
<b>C. Cash Flow from Financing Activities :</b>		
Issue of Equity Capital	—	22.00
Capital contribution received	0.41	20.66
Proceeds from borrowings	352.70	596.95
Repayment of borrowings	(1081.89)	(1310.60)
Interest paid	(152.63)	(352.42)
Dividends paid	(292.80)	(146.71)
Amount received on cancellation of swaps	—	4.57
<b>Net Cash from Financing Activities</b>	<b>(1174.21)</b>	<b>(1165.55)</b>
<b>Net increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(132.81)</b>	159.66
<b>Cash and Cash equivalents as at 1st April, 2003</b> (as per Schedule I, Page No. 122)	(v) <b>410.68</b>	250.64
<b>Cash and Cash equivalents as at 31st March, 2004</b> (as per Schedule I, Page No. 122)	<b>277.87</b>	410.30

- Notes :** (i) Figures in brackets represent outflows.
- (ii) Interest paid is exclusive of, and purchase of Fixed Assets is inclusive of, interest capitalised **Rs. 3.44** crores (2002-2003 : *Rs. 9.76 crores*).
- (iii) Interest paid during the year is net of **Rs. 86.31** crores reversed during the year for interest upto 31st March, 2003 in respect of loans from Steel Development Fund (SDF) which has been adjusted against the outstanding of loans from SDF.
- (iv) Proceeds from borrowing includes translation loss on foreign currency loans **Rs. 11.25** crores (2002-2003 : *Rs. 60.69 crores*) which has been included in purchase of Fixed Assets.
- (v) Includes **Rs. 0.38** crore of Cash and Cash equivalents as at 19th Decemeber, 2003 in the books of The Indian Steel and Wire Products Limited that became a subsidiary on that date.

As per our report attached  
to the Balance Sheet

For A. F. FERGUSON & CO.,  
*Chartered Accountants,*  
A. K. MAHINDRA  
*Partner.*

For S. B. BILLIMORIA & CO.,  
*Chartered Accountants,*  
P. R. RAMESH  
*Partner.*

Mumbai, 7th June, 2004

J.C. BHAM  
*Company Secretary*

For and on behalf of the Board

RATAN N TATA *Chairman*

KESHUB MAHINDRA  
NUSLI N WADIA  
P K KAUL  
SURESH KRISHNA  
ISHAAT HUSSAIN  
JAMSHED J IRANI  
B JITENDER *Directors*

B MUTHURAMAN  
T MUKHERJEE  
A N SINGH *Executive  
Directors*

## Schedules forming part of the Consolidated profit and loss account

### SCHEDULE 1 : SALE OF PRODUCTS AND SERVICES :— (Item No. 1, Page 113)

	Rupees crores	Previous Year Rupees crores
(a) Sale of products .....	11708.00	9609.44
(b) Sale of power and water .....	314.46	312.74
(c) Income from services, sale of miscellaneous goods and stores, rent etc. ....	350.07	307.78
	<u>12372.53</u>	<u>10229.96</u>

### SCHEDULE 2 : OTHER INCOME :— (Item No. 2, Page 113)

	Rupees crores	Previous Year Rupees crores
(a) Income from Investments .....	98.51	18.43
(b) Profit on sale of current investments .....	7.76	5.64
(c) Profit on sale of capital assets .....	35.88	22.26
(d) Gain from swaps .....	0.55	0.22
	<u>142.70</u>	<u>46.55</u>

### SCHEDULE 3 : INTEREST :— (Item No. 6, Page 113)

	Rupees crores	Previous Year Rupees crores
1. Interest on		
(i) Debentures and Fixed Loans .....	233.51	343.57
(ii) Others .....	4.72	19.76
	<u>238.23</u>	<u>363.33</u>
Less — Interest on loans from Steel Development Fund (net of reversal of Interest capitalised in earlier years Rs. 9.02 crores) .....	<u>86.31*</u>	—
	<u>151.92</u>	<u>363.33</u>
Less — Interest capitalised .....	3.49	9.76
	<u>148.43</u>	<u>353.57</u>
2. Less :		
Interest received on sundry advances, deposits, customers' balances etc., .....	19.13	33.61
Amount received on cancellation of swaps .....	—	4.57
	<u>19.13</u>	<u>38.18</u>
	<u>129.30</u>	<u>315.39</u>

\* Represents net reduction in interest upto 31st March, 2003 due to change in rates sanctioned by Joint Plant Committee with effect from 1.4.1998 in respect of loans from Steel Development Fund.

## Schedule forming part of the Consolidated profit and loss account

### SCHEDULE 4 : MANUFACTURING AND OTHER EXPENSES :—

(Item No. 3, Page 113)

	<b>Rupees crores</b>	<i>Previous Year Rupees crores</i>
1. PURCHASE OF FINISHED, SEMI-FINISHED STEEL AND OTHER PRODUCTS .....	<b>941.71</b>	625.52
2. RAW MATERIALS CONSUMED :		
(a) Stock on 1st April, 2003 .....	277.66 <sup>®</sup>	221.74
(b) Add — (i) Taken over on amalgamation of erstwhile Tata SSL Ltd. ....	—	2.78
(ii) Purchases .....	1201.57	1125.64
(iii) Cost of raw materials produced .....	463.15	325.06
	1942.38	1675.22
(c) Less — Stock on 31st March, 2004 .....	316.63	277.32
	<b>1625.75</b>	1397.90
3. PAYMENTS TO AND PROVISION FOR EMPLOYEES :		
(a) Wages and salaries, including bonus .....	1141.49	1055.32
(b) Company's contributions to provident and other funds .....	260.29	199.99
	<b>1401.78</b>	1255.31
4. OPERATION AND OTHER EXPENSES :		
(a) Stores consumed .....	431.87	460.56
(b) Fuel oil consumed .....	84.16	77.57
(c) Repairs to buildings .....	24.20	16.44
(d) Repairs to machinery .....	562.60	470.51
(e) Relining expenses .....	61.14	37.75
(f) Conversion charges .....	409.66	272.11
(g) Purchase of power .....	674.20	744.02
(h) Rent .....	32.49	29.74
(i) Royalty .....	137.91	115.42
(j) Rates and taxes .....	43.78	35.85
(k) Insurance charges .....	13.55	12.44
(l) Commission, discounts and rebates .....	83.82	88.27
(m) Provision for wealth tax .....	0.70	0.60
(n) Short debits in previous years (net) .....	(43.34)	(47.20)
(o) Other expenses [including provision for diminution in the value of investments <b>Rs. 26.67</b> crores, (previous year Rs. 1.04 crores) and goodwill written off <b>Rs. 33.17</b> crores, (previous year Rs. 1.04 crores)]	533.93	439.31
	<b>3050.67</b>	2753.39
5. FREIGHT AND HANDLING CHARGES .....	<b>752.09</b>	733.14
6. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES .....	<b>77.79</b>	94.56
	<b>7849.79</b>	6859.82
7. REDUCTION/(ACCRETION) TO STOCKS OF FINISHED AND SEMI-FINISHED PRODUCTS AND WORK-IN-PROGRESS ADDED/(DEDUCTED):		
(a) Opening Stock .....	612.81 <sup>®®</sup>	507.33
(b) Taken over on amalgamation of erstwhile Tata SSL Ltd. ....	—	90.96
(c) Less — Closing Stock .....	720.95	610.51
	<b>(108.14)</b>	(12.22)
	<b>7741.65</b>	6847.60

<sup>®</sup> Includes Rs. 0.34 crores for The Indian Steel and Wire Products Limited that has become a subsidiary with effect from 19th December, 2003.

<sup>®®</sup> Includes Rs. 2.30 crores for The Indian Steel and Wire Products Limited that has become a subsidiary with effect from 19th December, 2003.

## Schedules forming part of the Consolidated balance sheet

### SCHEDULE A : SHARE CAPITAL :— (Item No. 1, Page 112)

**Authorised :**  
**440,000,000** Ordinary Shares of Rs. 10 each .....  
**25,000,000** Cumulative Redeemable Preference Shares of Rs. 100 each

**Issued :**  
**368,647,943<sup>®</sup>** Ordinary Shares of Rs. 10 each (31.3.2003 :  
 368,373,977 Ordinary shares of Rs. 10 each) .....

**Subscribed :**  
**368,045,867<sup>®</sup>** Ordinary Shares of Rs. 10 each fully paid up (31.3.2003 :  
 367,771,901 Ordinary shares of Rs. 10 each)  
 Add — Amount paid up on 389,516  
 Ordinary Shares forfeited .....

Capital Suspense <sup>®</sup>  
 273,966 Ordinary Shares of Rs. 10 each fully paid up to  
 be issued to the Shareholders of erstwhile Tata SSL Ltd.  
 pursuant to the Scheme of Amalgamation sanctioned by  
 the High Court of Judicature, Bombay. ....

<sup>®</sup> Excludes 936,037 Ordinary Shares issued to a Subsidiary.

	Rupees crores	As at 31-3-2003 Rupees crores
	440.00	440.00
	250.00	250.00
	<u>690.00</u>	<u>690.00</u>
	<u>368.65</u>	<u>368.37</u>
	368.04	367.77
	0.20	0.20
	<u>368.24</u>	<u>367.97</u>
	—	0.27
	<u>368.24</u>	<u>368.24</u>

### SCHEDULE B : RESERVES AND SURPLUS :— (Item No. 2, Page 112)

(a) Securities Premium Account .....

(b) Amalgamation Reserve .....

(c) Debenture Redemption Reserve .....

(d) Capital Redemption Reserve .....

(e) Capital Reserve .....

(f) Capital Reserve (arising on Consolidation) .....

(g) General Reserve .....

(h) Investment Allowance (Utilised) Reserve .....

(i) Export Profits Reserve .....

(j) Foreign Exchange Fluctuations Reserve .....

(k) Contributions for Capital Expenditure .....

(l) Foreign Currency Translation Reserve (arising on Consolidation) ...

(m) Revaluation Reserve .....

(n) Special Reserve .....

(o) Contingency Reserve .....

(p) Debenture Forfeiture Account .....

(q) Profit and Loss Account .....

	Rupees crores	As at 31-3-2003 Rupees crores
	1013.47	1019.75
	1.12	1.12
	646.00	646.00
	20.78	20.78
	0.55	1.88
	9.27	8.52
	1767.86	745.48
	0.39	0.16
	1.25	1.25
	14.00	14.00
	35.84	35.43
	1.14	0.28
	—	0.54
	4.26	2.92
	100.00	100.00
	0.04	0.04
	<u>672.47</u>	<u>328.01</u>
	<u>4288.44</u>	<u>2926.16</u>



## Schedules forming part of the Consolidated balance sheet

### SCHEDULE C : SECURED LOANS :—

(Item No. 5(a), Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Banks and Financial Institutions .....	608.80	873.26
(b) Joint Plant Committee-Steel Development Fund [including funded interest Rs. 194.63 crores (31.03.2003 : Rs. 262.62 crores)] .....	1453.75	1514.81
(c) Privately Placed Non-Convertible Debentures .....	815.00	1060.00
(d) Working Capital Demand Loan/Term Loans from Banks .....	66.34	60.00
(e) Cash credits from Banks .....	167.68	239.35
(f) Government of India .....	0.02	0.02
(g) Assets under lease .....	0.16	—
	<b>3111.75</b>	<b>3747.44</b>

### SCHEDULE D : UNSECURED LOANS :—

(Item No. 5(b), Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Fixed Deposits (including interest accrued and due) .....	107.79	123.05
(b) Inter Corporate Deposits .....	0.49	3.18
(c) Banks and Financial Institutions .....	240.24	388.58
(d) Housing Development Finance Corporation Ltd. ....	18.71	21.46
(e) Government of Orissa .....	7.11	10.67
(f) Non-Convertible Debentures (privately placed) .....	—	20.00
(g) Interest Free Loans Under Sales Tax Deferral Scheme .....	0.47	0.70
(h) Others .....	2.46	—
	<b>377.27</b>	<b>567.64</b>

## Schedules forming part of the Consolidated balance sheet

SCHEDULE E : FIXED ASSETS :—  
(Item No. 9, Page 112)

Fixed Assets	Rupees crores								
	(2)Gross Block as at 31.3.2003	Assets of The(1) Indian Steel and Wire products Ltd. as on take over date	(3) & (4) Additions	Deductions(5)	(2)Gross Block as at 31.3.2004	Accumulated(1) depreciation of The Indian Steel and Wire Products Ltd. as on take over date	Depreciation for 2003-2004	Total Depreciation to 31.3.2004	Net Block as at 31.3.2004
1. Land and Roads (6) .....	161.06	—	19.40	0.60	179.86	—	1.41	8.94	170.92
	193.67	—	10.70	43.31	161.06	—	0.97	7.55	153.51
2. Buildings (7) & (8) .....	836.81	3.08	18.40	6.28	852.01	1.83	22.30	210.89	641.12
	819.70	—	19.19	2.08	836.81	—	23.44	192.22	644.59
3. Leaseholds .....	4.79	0.07	—	0.08	4.78	—	0.11	0.90	3.88
	4.79	—	—	—	4.79	—	0.11	0.82	3.97
4. Railway Sidings .....	95.09	0.01	(0.40)	—	94.70	—	4.13	46.25	48.45
	95.11	—	(0.02)	—	95.09	—	4.23	42.11	52.98
5. Plant and Machinery (9) .....	11107.06	42.96	374.71	57.07	11467.66	33.61	597.31	5191.91	6275.75
	10612.53	—	543.10	48.57	11107.06	—	526.45	4612.17	6494.89
6. Furniture, Fixtures and Office Equipments .....	95.05	0.38	6.56	1.56	100.43	0.33	5.48	57.13	43.30
	89.94	—	6.04	0.93	95.05	—	5.44	52.33	42.72
7. Development of Property (10)	36.67	—	1.19	4.37	33.49	—	3.36	25.77	7.72
	36.67	—	—	—	36.67	—	3.44	26.64	10.03
8. Livestock and Vehicles .....	95.23	1.80	24.36	17.50	103.89	1.48	6.45	47.27	56.62
	77.83	—	25.22	7.82	95.23	—	5.61	41.74	53.49
	<u>12431.76</u>	<u>48.30</u>	<u>444.22</u>	<u>87.46</u>	<u>12836.82</u>	<u>37.25</u>	<u>640.55</u>	<u>5589.06</u>	<u>7247.76</u>
	11930.24	—	604.23	102.71	12431.76	—	569.69	4975.58	7456.18
9. Buildings, Plant and Machinery, etc. under erection (including advances for capital expenditure <b>Rs. 168.99</b> crores - As at 31.03.2003 : Rs. 38.73 crores)					769.47			—	769.47
					203.90			—	203.90
					<u>13606.29</u>			<u>5589.06</u>	<u>8017.23</u>
					<u>12635.66</u>			<u>4975.58</u>	<u>7660.08</u>

- (1) Assets of The Indian Steel and Wire Products Limited that has become a subsidiary with effect from 19th December, 2003.
- (2) Gross Block is at cost except for item 8 which is shown at written down value to 31st March, 1956 plus subsequent additions at cost.
- (3) Additions include adjustments for inter se transfers.
- (4) Please See Note 12, Page 128 for effect of realignment of the value of foreign currency loans on fixed assets.
- (5) Deductions include cost of assets scrapped/sold/surrendered during the year.
- (6) Includes land at Gopalpur for which registration of conveyance is under process.
- (7) Buildings include **Rs. 2.32** crores (31.03.2003 : Rs. 2.32 crores) being cost of shares in Co-operative Housing Societies and Limited Companies.
- (8) Buildings include gross block **Rs. Nil** (31.03.2003 : Rs. 5.23 crores) and net block **Rs. Nil** (31.03.2003 : Rs. Nil) in respect of expenditure incurred on capital assets whose ownership does not vest in the Company.
- (9) Plant and Machinery includes wagons given on lease to Railways under Own Your Wagon Scheme **Rs. 20.20** crores (31.03.2003 : Rs. 20.20 crores).
- (10) Development of property represents expenditure incurred on development of mines / collieries.

## Schedules forming part of the Consolidated balance sheet

### SCHEDULE F : INVESTMENTS :— (Item No. 10, Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
<b>A. LONG TERM INVESTMENTS</b>		
At Cost less provision for diminution in value		
1. In Associates		
Cost of investment .....	63.96	64.37
(including <b>Rs. 6.13</b> crores (2002-03 : Rs. 6.14 crores) of goodwill net of Capital Reserve arising on acquisition)		
Add : Share of post acquisition profit /loss (net) .....	<u>42.78</u>	<u>21.02</u>
	<b>106.74</b>	<b>85.39</b>
2. OTHERS		
(a) Shares (Quoted) .....	<b>282.03</b>	249.45
(b) Shares (Unquoted) .....	<b>281.14</b>	262.10
<b>B. CURRENT INVESTMENTS</b> (at lower of cost and fair value)		
(Quoted)		
3. Units in Unit Trust of India .....	0.01	9.65
[Diminution in value <b>Rs. Nil</b> (2002-03 : Rs. 0.08 crore) provided during the year]		
4. Others .....	<u>12.01</u>	<u>150.33</u>
(Unquoted)		
5. Investment in Mutual Funds .....	1573.04	443.09
6. Others .....	<u>—</u>	<u>11.18</u>
	<b>1573.04</b>	<b>454.27</b>
	<b>2254.97</b>	<b>1211.19</b>

### SCHEDULE G : STOCK-IN-TRADE :— (Item No. 12A(b), Page 112)

	Rupees crores	As at 31-3-2003 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) .....	<b>704.88</b>	593.01
(b) Work-in-progress (at lower of cost and net realisable value) .....	<u>16.07</u>	<u>17.50</u>
	<b>720.95</b>	<b>610.51</b>
(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) .....	<b>316.63</b>	277.32
	<u>1037.58</u>	<u>887.83</u>

## Schedules forming part of the Consolidated balance sheet

### SCHEDULE H : SUNDRY DEBTORS :— (Item No. 12A(c), Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Over six months old .....	112.35	239.86
(b) Others .....	697.88	932.74
	<u>810.23</u>	<u>1172.60</u>
Less — Provision for doubtful debts .....	54.17	114.08
	<u>756.06</u>	<u>1058.52</u>
	Rupees crores	As at 31-3-2003 Rupees crores
Sundry debts, secured and considered good .....	0.20	43.38
Sundry debts, unsecured and considered good .....	755.86	1015.14
Sundry debts, considered doubtful .....	54.17	114.08
	<u>810.23</u>	<u>1172.60</u>

### SCHEDULE I : CASH AND BANK BALANCES :— (Item No. 12A(e), Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Cash in hand (including cheques in hand <b>Rs. 98.07</b> crores As at 31.03.2003 : Rs. 124.52 crores) .....	99.28	149.15
(b) Remittance in transit .....	57.86	49.66
(c) With Scheduled Banks .....	120.41	211.30
(d) With Other Banks .....	0.32	0.19
	<u>277.87</u>	<u>410.30</u>

### SCHEDULE J : LOANS AND ADVANCES :— (Item No. 12B, Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Advances with public bodies .....	187.59	166.24
(b) Other advances .....	512.71	633.07
(c) Advance payment against taxes .....	1330.58	433.57
	<u>2030.88</u>	<u>1232.88</u>
Less — Provision for doubtful advances .....	68.98	40.58
	<u>1961.90</u>	<u>1192.30</u>
	Rupees crores	As at 31-3-2003 Rupees crores
Loans and Advances, secured and considered good .....	0.03	—
Loans and Advances, unsecured and considered good .....	1961.87	1192.30
Loans and Advances, considered doubtful .....	68.98	40.58
	<u>2030.88</u>	<u>1232.88</u>

## Schedules forming part of the Consolidated balance sheet

### SCHEDULE K : CURRENT LIABILITIES :— (Item No. 13A, Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Acceptances .....	<b>9.76</b>	1.61
(b) Sundry creditors :		
(i) For goods supplied .....	792.97	513.86
(ii) For accrued wages and salaries .....	473.70	490.39
(iii) For other liabilities .....	874.92	830.56
	<b>2141.59</b>	1834.81
(c) Interest accrued but not due .....	<b>44.45</b>	47.15
(d) Advances received from customers .....	<b>145.82</b>	99.32
(e) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956		
Due as on 31.3.2004		
(i) Unpaid Dividends .....	—	—
(ii) Application Money Pending Refund .....	—	—
(iii) Unclaimed Matured Deposits .....	0.02	—
(iv) Unclaimed Matured Debentures .....	—	—
(v) Interest Accrued on (i) to (iv) above .....	0.03	—
	<b>0.05</b>	—
Not Due as on 31.3.2004		
(i) Unpaid Dividends .....	14.31	11.92
(ii) Application Money Pending Refund .....	0.01	0.03
(iii) Unclaimed Matured Deposits .....	2.11	2.29
(iv) Unclaimed Matured Debentures .....	6.69	10.48
(v) Interest Accrued on (i) to (iv) above .....	3.41	4.94
	<b>26.53</b>	29.66
	<b>2368.20</b>	2012.55

### SCHEDULE L : PROVISIONS :— (Item No. 13B, Page 112)

	Rupees crores	As at 31-3-2003 Rupees crores
(a) Provision for retiring gratuities .....	<b>5.60</b>	1.74
(b) Provision for taxation .....	<b>1425.23</b>	485.56
(c) Proposed dividends .....	<b>368.05</b>	295.19
(d) Provision for contingencies .....	<b>3.66</b>	1.70
	<b>1802.54</b>	784.19

Signatures to Schedules 1 to 4 and  
A to L and Notes on pages 124 to 136

For and on behalf of the Board

RATAN N TATA	}	Chairman
KESHUB MAHINDRA	}	Directors
NUSLI N WADIA		
P K KAUL		
SURESH KRISHNA		
ISHAAT HUSSAIN		
JAMSHED J IRANI		
B JITENDER		
B MUTHURAMAN	}	Executive Directors
T MUKHERJEE		
A N SINGH		

J.C. BHAM  
Company Secretary

Mumbai, 7th June, 2004.

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04**

**1. Principles of Consolidation :**

The Consolidated Financial Statements relate to The Tata Iron and Steel Company Limited ("the Company") and its majority owned 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 subsidiary, 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 (arising on Consolidation).
- 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, 2004, except for certain associates ( as indicated # below) for which financial statements as on reporting date are not available, 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	
	2003-04	2002-03
<b>Subsidiaries</b>		
Jamshedpur Utilities and Services Company Limited	99.88	—
Kalimati Investment Company Limited	100.00	100.00
Lanka Special Steels Limited	100.00	—
Stewarts & Lloyds of India Limited	54.90 (a)	54.90 (a)
Tata Incorporated	100.00	100.00
Tata Korf Engineering Services Limited	99.99 (b)	99.99 (b)
Tata Refractories Limited	51.00	51.00
The Indian Steel and Wire Products Limited	91.36	—
The Tata Pigments Limited	100.00	100.00
TM International Logistics Limited	51.00	51.00
International Shipping Logistics FZE (100% Subsidiary of TM International Logistics Limited)	100.00	—
<b>Joint Ventures</b>		
metaljunction.com Private Limited	50.00	50.00
Tata Ryerson Limited	50.00	50.00

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR 2003-04 :- 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) for the year ended 31.03.04	Carrying amount of Investments on 31.03.04
		Rs. crores	Rs. crores	Rs. crores	Rs. crores
Adityapur Toll Bridge Company Limited (Re.1/-)(c)#	49.18 49.18	0.35 0.35	— —	(0.35) —	— 0.35
Almora Magnesite Limited	39.00 39.00	0.78 0.78	— —	(0.45) (0.78)	0.33 —
Indian Steel Rolling Mills Limited (Re.1/-)(c)#	20.56 20.56	— —	— —	— —	— —
Jamshedpur Injection Powder Limited	30.00 30.00	3.28 3.28	0.01 0.01	5.73 5.36	9.01 8.64
Kalinga Aquatics Limited (Re.1/-)(c)#	30.00 30.00	— —	— —	— —	— —
Kumardhubi Fireclay & Silica Works Limited (Re.1/-)(c)#	27.78 27.78	— —	— —	— —	— —
Kumardhubi Metal Casting & Engineering Limited (Re.1/-)(c)#	49.31 49.31	— —	— —	— —	— —
Metal Corporation of India Limited (Re.1/-)(c)#	44.59 —	— —	— —	— —	— —
Nicco Jubilee Park Limited	21.60 21.60	0.35 0.35	— —	(0.04) (0.02)	0.31 0.33
Nilachal Refractories Limited (Re.1/-)(c)#	49.63 49.63	— —	— —	— —	— —
Rujuvalika Investments Limited	24.12 24.12	0.60 0.60	(0.29) (0.29)	0.35 0.13	0.95 0.73
Srutech Tubes (India) Private Limited (Re.1/-)	20.00 20.00	— —	— —	0.01 —	0.01 —
Tata Construction & Projects Limited (Re.1/-)(c)#	29.66 29.66	— —	— —	— —	— —
Tata Metaliks Limited	46.66 46.66	11.80 11.80	0.01 0.01	18.12 9.91	29.92 21.71
Tata Services Limited *	— 21.34	— 0.19	— —	— (0.19)	— —
Tata Sponge Iron Limited	39.74 39.74	7.20 7.20	6.29 6.29	33.86 23.53	41.06 30.73
Tayo Rolls Limited	36.53 36.53	3.36 3.36	0.03 0.03	7.46 6.35	10.82 9.71
Tinplate Company of India Limited (c)	31.89 31.89	30.09 30.09	— —	(30.09) (30.09)	— —
TKM Overseas Limited	49.00 49.00	1.13 1.13	— —	(0.57) 0.14	0.56 1.27
TKM Transport Management Services Private Limited	49.77 49.77	0.06 0.06	(0.46) (0.46)	0.65 (0.06)	0.71 —
TRF Limited	36.32 37.43	4.96 5.18	0.54 0.55	8.10 6.74	13.06 11.92
<b>Total</b>		<b>63.96</b> <b>64.37</b>	<b>6.13</b> <b>6.14</b>	<b>42.78</b> <b>21.02</b>	<b>106.74</b> <b>85.39</b>

\* ceased to be an associate during the year

- 299,925 Shares (31.03.2003 : 299,925 Shares), 150,075 Shares (31.03.2003 : 150,075 Shares) and 1,197,000 Shares (31.03.2003 : 1,197,000 Shares) of Rs. 10 each, in Stewarts & Lloyds of India Limited are held by the Company, Tata Refractories Limited and Kalimati Investment Company Limited, respectively.
- 240,386 Shares (31.03.2003 : 240,386 Shares) and 159,600 Shares (31.03.2003 : 159,600 Shares) of Rs. 10/- each in Tata Korf Engineering Services Limited are held by the Company and by Kalimati Investment Company Limited, respectively.
- The investments in these associates have been reported at Nil value as the Company's share of losses exceeds the carrying amount of investment.

Each of the above companies is incorporated in India except :

- Tata Incorporated, which is incorporated in the United States of America.
- TKM Overseas Limited, which is incorporated in the United Kingdom.
- International Shipping Logistics FZE, which is incorporated in Dubai.
- Lanka Special Steels Limited, which is incorporated in Sri Lanka.

**2. Accounting Policies :**

- General :** The financial statements are prepared under the historical cost convention on an accrual basis and in conformity with accounting standards issued by The Institute of Chartered Accountants of India. Financial Statements of a foreign subsidiary, prepared in accordance with the accounting standards of that country have been recast for the purpose of consolidation with the Indian parent.

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued**

- (ii) **Sale of Products and Services** : Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions. Export incentive under Duty Entitlement Pass Book Scheme has been recognized on the basis of credits afforded in the pass book.
- (iii) **Gratuity** : Provision for gratuity liability to employees is made on the basis of actuarial valuation.
- (iv) **Leave Salaries** : Provision is made for value of unutilised leave due to employees at the end of the year.
- (v) **Relining Expenses** : Relining expenses other than expenses on Blast Furnace relining are charged as an expense in the year in which they are incurred.
- (vi) **Research and Development** : Research and Development costs (other than the cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.
- (vii) **Depreciation** :
- (I) Capital assets whose ownership does not vest in the Company have been depreciated on a straight line basis over the estimated period of their utility 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 as under :
- a) In respect of plant and machinery, railway siding, building and vehicles acquired before 01.04.1993 the specified period has been recalculated by applying the revised rates in force in terms of the notification dated 16.12.1993 and the unamortised value of the asset has been allocated equally over the remaining part of the specified period and on assets acquired after 31.03.1993 at the revised rates.  
For the purposes of determining the appropriate depreciation rates plant and machinery falling in the category of continuous process plants has been identified on the basis of technical opinion obtained by the Company. Extra shift depreciation, wherever applicable is calculated on actual shift basis in respect of each mill/shop/unit.
- b) In respect of furniture, fixtures and office equipment acquired before 01.04.1993 at the rates in force prior to the above mentioned notification and at the revised rates for assets acquired thereafter.
- c) Development of property and mining rights are depreciated over the useful life of the mine or lease period whichever is shorter.
- d) Blast Furnace relining is depreciated over a period of 10 years (average expected life).
- e) Freehold land and leasehold land are not depreciated.
- In some subsidiaries, joint ventures and associates depreciation is calculated on written down value basis and lease hold land is amortised over the period of lease. The depreciation charge in respect of these units is not significant in the context of the consolidated financial statements.
- (viii) **Foreign Exchange Transactions** : Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates.  
The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those related to fixed assets are recognised in the Profit and Loss Account.  
In respect of transactions covered by forward exchange contracts, the difference 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, except in the case of liabilities incurred for acquiring fixed assets.  
Exchange differences (including arising out of forward exchange contracts) in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.
- (ix) **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. For assets identified for replacement during future relining, the written down value is depreciated proportionately over the period to the planned relining date.
- (x) **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 part of the cost of acquisition of the convertible portion of the debenture.
- (xi) In one subsidiary, revenue from erection contracts are recognised on the percentage of completion method, in proportion that the contract costs incurred for work performed (as techno-commercially assessed by the management) upto the reporting date bear to the estimated total contract costs, hitherto recognised only when the stage of completion was 30% or more. Contract revenue earned in excess of billing and billing in excess of contract revenue as per revised Accounting Standard 7 have been included under "Loans and Advances" and "Current Liabilities" respectively in the Balance Sheet. Escalation and other claims in respect of these contracts are accounted for on their acceptance by the customers. Adequate provision for foreseeable losses are made in the accounts.  
Sales from erection services in the subsidiary during the year amounted to **Rs. 22.55** crores (2002-03 : *Rs. 16.39 crores*).
- (xii) 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 in proportion to the number of voyage days still to be completed at the balance sheet date. Despatch Earning is accounted for on receipt basis.  
Sales from Port related services and Freight income amounted to **Rs. 103.50** crores (2002-03 : *Rs. 72.13 crores*).
- (xiii) **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.



**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued**

Stores and spare parts are carried at or below cost.

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.

- (xiv) **Miscellaneous Expenditure** : In respect of the schemes of Early Separation Compensation, introduced after 31st March, 2003 net present value of the future liability for pension payable is amortised equally over five years.

The increase in the Net present value of the future liability for pension payable to employees who have opted for retirement under the Early Separation Scheme (ESS) of the Company upto 31st March, 2003 is charged to the Profit and Loss account.

- (xv) Compensation to employees who have been separated under the Employees Family Benefit Scheme is calculated on the basis of the net present value of the future monthly payments and charged to profit and loss account.

- (xvi) **Deferred Tax** : is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

**3. Contingent Liabilities**

	<b>2003-04</b>	<i>2002-03</i>
	<b>Rs. crores</b>	<i>Rs. crores</i>
A) Guarantees to banks and financial institutions on behalf of others	<b>189.16</b>	<i>165.29</i>
B) Claims for taxes and miscellaneous items (net of taxes)	<b>1043.31</b>	<i>608.88</i>
C) Other claims not acknowledged as debts	<b>6.04</b>	<i>5.07</i>
D) Claim by a party arising out of conversion arrangement	<b>195.82</b>	<i>195.82</i>
E) Uncalled liability on partly paid shares and debentures	<b>0.01</b>	<i>0.01</i>
F) Bills Discounted	<b>177.32</b>	<i>98.36</i>
G) Cheques Discounted : Amount Indeterminate		

4. Excise duty is inclusive of excise duty on captive consumption.

5. The Indian Steel and Wire Products Limited, Jamshedpur Utilities and Services Company Limited, Lanka Special Steels Limited became subsidiaries of the Company during the year. The financial position and results of these subsidiaries are given below :

Rs. crores

	<b>The Indian Steel and Wire Products Ltd.</b>	<b>Jamshedpur Utilities and Services Company Ltd.</b>	<b>Lanka Special Steels Ltd.</b>
<b>LIABILITIES</b>			
Reserves & Surplus	(39.84)	(0.16)	(0.03)
Secured Loans	7.46	—	5.71
Unsecured Loans	13.57	—	—
Current Liabilities	42.53	0.43	3.52
Provisions	0.30	0.03	—
<b>ASSETS</b>			
Fixed Assets	14.38	—	5.45
Investments	—	—	—
Current Assets	10.12	0.61	4.34
Loans & Advances	5.52	0.04	0.54
<b>INCOME</b>			
Sale of products and other services	5.55	0.55	1.81
<b>EXPENSES</b>			
Manufacturing and other expenses	9.22	0.71	1.73
Depreciation	0.52	—	0.04
Interest	0.05	—	0.14
Exceptional items	(17.30)	—	—
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>13.06</b>	<b>(0.16)</b>	<b>(0.10)</b>

**6. Undertakings:**

The Company and its Subsidiaries have given undertakings to lending banks and institutions in respect of its investments of **Rs. 59.80 crores** (31.03.2003 : Rs. 59.80 crores) in : (a) Tinplate Company of India Limited, (b) The Indian Steel Rolling Mills Limited, (c) Wellman Incandescent Limited, (d) Standard Chrome Limited, (e) Tata Metaliks Limited not to dispose of its investments in the said companies 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 five companies remains outstanding. The Company has also furnished a Security Bond in respect of its immovable property to the extent of **Rs. 20 crores** (31.03.2003 : Rs. 20 crores) in favour of the Registrar of the Delhi High Court and has given an undertaking not to sell or otherwise dispose of the said property. The Company has given undertaking to International Finance Corporation (Washington) [IFC(W)], to maintain the combined shareholding of the Company and Tata Sons Ltd. at 26% of the total issued capital of Tata Motors Ltd. on a best efforts basis until the IFC(W) loan of US\$ 50 million availed by Tata Motors Ltd. is fully repaid.

7. Estimated amount of contracts remaining to be executed on Capital Account and not provided for : **Rs. 1121.67 crores** (31.03.2003 : Rs. 267.82 crores).

8. The Company has taken on lease Plant and Machinery, having an aggregate cost of **Rs. 58.01 crores** (31.03.2003 : Rs. 67.63 crores). Future obligations by way of lease rentals in respect of these lease agreements (net of provisions made) amount to **Rs. 16.20 crores** (31.03.2003 : Rs. 33.20 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 for the year is **Rs. 15.03 crores** (2002-03 : Rs. 18.50 crores).

9. The long-term Wage Agreements entered into by the Company with the employees at Jamshedpur and certain other locations expired

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued**

during 1996-97. The new long-term Wage Agreements entered into by the Company for these locations have been implemented with effect from 1st January, 2001. The long-term Wage Agreements for the employees of the Collieries expired on 30th June, 2001.

During the year, Agreements were signed with Unions and the outstanding issues regarding arrear payments were settled. The consequential additional liability of **Rs. 74.68** crores on such settlements over and above the provision available has been charged to the Profit and Loss Account for the year.

10. a) During the year, the Company has changed its accounting policy for the Early Separation Scheme (ESS). Compensation to employees who have opted for retirement under the ESS which hitherto was amortised over 120 months is now being amortised equally over five years in line with the period of 5 years specified under the Income Tax Act. Consequent to this change, the profit for the year end and Miscellaneous expenditure (to the extent not written off or adjusted) is lower by **Rs. 26.98** crores. The aggregate provision as at 31.03.2004 of **Rs. 1563.06** crores (31.03.2003 : Rs. 1444.02 crores) includes **Rs. 194.95** crores (31.03.2003 : Rs. 252.27 crores) in respect of schemes introduced during the year.
- Consequent to the general reduction in interest rates, the basis of calculation of the present value in respect of provision for ESS payable under the Schemes has been revised. As a result, there is an additional charge of **Rs. 142.33** crores to the Profit and Loss account for the year.
- b) The amounts payable within one year under the ESS aggregate to **Rs. 244.29** crores (31.03.2003 : Rs. 256.26 crores).
- c) The amounts shown under Miscellaneous expenditure on this account represents the balance amount to be amortised over the future years.
- d) In one subsidiary, liability towards employee separation schemes, which was hitherto being charged to the profit and loss account over periods upto 120 months, on payment basis, is now charged fully in the year in which the employee is relieved from the Company, Consequent upon the change, profit before tax for the year is lower by **Rs. 2.89** crores.
- The Shareholders of this subsidiary, at the Extra-Ordinary General meeting held on 27th November, 2003 approved and the Honourable High Court of Judicature of Cuttack vide its order passed on 17th January, 2004 confirmed the adjustment of Miscellaneous Expenditure representing employee separation cost up to Rs. 19.21 crores, against the Securities Premium Account in accordance with the provision of Section 78 and 80 read with Section 100 to 103 of the Companies Act, 1956. Accordingly an amount of Rs. 19.21 crores representing unamortised employee separation cost as on 31.03.2003 has been adjusted against Securities Premium Account [Rs. 12.32 crores (net of deferred tax assets of Rs. 6.89 crores)] during the year.
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, 2004 exceed its paid up Share capital. The Company has substantially reduced the scale of 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 contain an audit qualification on this account.
- Tata Korf Engineering Services Limited has a negative net worth as on 31.03.2004 of **Rs. 7.21** crores. (31.03.2003 : of Rs. 5.62 crores.)
12. Consequent on the realignment of the value of foreign currency loans, the rupee liability of the Company in respect of such loans has increased by a net amount of **Rs. 11.25** crores (2002-03 : Rs. 60.69 crores). This increase has been adjusted in the carrying cost of the fixed assets to the extent of **Rs. 11.25** crores (2002-03 : Rs. 60.69 crores) and **Rs. Nil** (2002-2003 : Rs. Nil) charged to revenue.
13. In one subsidiary, in terms of the Licence Agreement of 29th January, 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 (in Rs. crores)			
		within 18 months	Within 25 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
	<b>Total</b>	<b>23.06</b>	<b>5.56</b>	<b>1.45</b>	<b>30.07</b>

As at 31st March, 2004 the subsidiary's investments in equipments and infrastructure (including Capital Work in Progress) aggregate to Rs. 4.09 crores. In the event of the subsidiary not fulfilling the investment obligations, the subsidiary is liable to be penalised (including termination of the Licence Agreement). The management of the subsidiary Company has requested to the Port Trust Authorities for suitable modification to the investment obligations in view of the changes in the business and economic scenario.

14. The Indian Steel and Wire Products Limited became the subsidiary of The Tata Iron and Steel Company Limited from 19th December, 2003. The Board for Industrial and Financial Reconstruction (BIFR) sanctioned a scheme vide its orders dated 22nd October, 2003, 21st November, 2003 and 18th December, 2003 for rehabilitation of The Indian Steel and Wire Products Limited by takeover of its management by The Tata Iron and Steel Company Limited. The Company was declared sick industrial company within the meaning of Section 3(i)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

The significant notes appearing in the accounts of The Indian Steel and Wire Products Limited are given below :

- a) The erstwhile management had not prepared the accounts of the Company for the year ended 31st March, 2003. The present management, immediately after assuming the office, completed the accounts for the Financial Year 2002-03 on a going concern basis based on available documents and information. Similarly, the Management has prepared the Annual Reports and Accounts for the Financial Year ended 2003-04 on a going concern basis on the basis of available documents and information.
- b) 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 the accounts would be the personal responsibility of the erstwhile promoters to discharge. In the light of the above, the following liabilities which were not disclosed in the said balance sheet including the notes on the accounts have not been provided for or recognised in the accounts for financial year 2002-03 as well as accounts for financial year 2003-04.

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued**

Particulars	Amount (in Rs. crores)
Show cause notices/Demand raised by Central Excise Authorities (Under Appeal)	3.46
The Sales Tax Assessment is pending from the year 1998-99 onwards.	
Additional liability pending assessment (Under Appeal)	1.67
Employee State Insurance demand (Under Appeal)	1.95
Labour court cases	0.18
Income tax demand (Under Appeal)	2.43
Liability for Gratuity (Rolls Division)	0.60
Promoter of flats at Alipore, Kolkatta	2.60
Liability for loan for Learject Aircraft purchase	1.49
Arrear bill for interest and maintenance charges for railway siding	0.04

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.

No Provision for salary, wages and other dues, if any, for the period 1st April 2003 to 19th December 2003 has been made for the Wire Division of the Company as the factory was closed during the same period.

Arrears for Gratuity Liabilities amounting to Rs. 0.60 crores for Rolls Division pertaining to the period prior to 31st March, 2002 have not been provided for.

- c) Sundry Debtors and Creditors balances, including Advances to and from parties are subject to confirmation from the parties.  
d) Out of the total Investment of Rs. 2.96 crores the following share certificates are not physically available.

	Face value	Book value
i) 946680 shares of Metal Corporation of India Ltd.	Rs. 0.95 crore	—
ii) 1494900 shares of Brahma Steyr Tractors Ltd.	Rs. 1.49 crores	—
iii) 1400-4% Debentures in Assam Bengal Cement Company Ltd.	Rs. 0.07 crore	—

- e) As the Company has no management control over M/s Metal Corporation of India Ltd., an associate of the Company, the Consolidated Financial Statement has not been prepared for Financial year 2003-04.

- f) Wherever the information/documents are not available the same has been considered on the basis of audited accounts for the year 2001-02 including notes to the accounts or to the extent of information available from the records.

15. Net liabilities amounting to Rs. 17.30 crores have been written back in the books of the Indian Steel and Wire Products Limited in accordance with the BIFR order.

16. The Company has the following joint ventures as on 31st March, 2004 and its percentage holding is given below :

Name of the Joint Venture	% holding
Tata Ryerson Limited	50%
metaljunction.com Private Limited	50%

The proportionate share of assets, liabilities, income and expenditure of the above joint venture companies included in these consolidated financial statements are given below :

	2003-04	Rs. crores 2002-03
<b>ASSETS</b>		
Net Block (including Capital WIP)	43.30	45.93
Investments	13.38	5.99
Current Assets	46.19	26.68
Loans & Advances	3.58	6.26
Miscellaneous Expenditure	—	0.38
	<b>106.45</b>	<b>85.24</b>
<b>LIABILITIES</b>		
Reserves & Surplus	15.19	4.34
Secured Loans	34.02	31.36
Unsecured Loans	0.08	0.06
Deferred Tax Liability	3.27	4.10
Current Liabilities	15.80	10.80
Provisions	5.60	2.08
	<b>73.96</b>	<b>52.74</b>
<b>INCOME</b>		
Sale of products and other services	173.32	96.03
Other Income	0.74	3.63
	<b>174.06</b>	<b>99.66</b>
<b>EXPENSES</b>		
Manufacturing and other expenses	149.34	83.49
Depreciation	5.04	4.58
Provision for contingencies	1.96	1.04
Interest	1.97	3.19
Taxes – Current Taxes	5.14	0.83
– Deferred Taxes	(0.83)	1.52
	<b>162.62</b>	<b>94.65</b>

Name of the Joint Venture Company	Contingent Liabilities Rs. crores	Capital Commitment Rs. crores
Tata Ryerson Ltd. (incorporated in India)	1.07	0.05
metaljunction.com Pvt. Ltd. (incorporated in India)	0.57	0.13
	—	0.05
	—	0.02

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### SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued

#### 17. Information about Primary Business Segments :

Particulars

	Business Segments		Unallocable Rs. crores	Eliminations Rs. crores	Total Rs. crores
	Steel Rs. crores	Others Rs. crores			
<b>Revenue :</b>					
<b>Total External Sales</b> .....	<b>9,371.31</b>	<b>1,758.13</b>	—	—	<b>11,129.44</b>
	7,741.66	1,395.16	—	—	9,136.82
Add : Inter segment sales .....	<b>534.02</b>	<b>246.08</b>	—	—	<b>780.10</b>
	395.42	183.77	—	—	579.19
<b>Total Revenue</b> .....	<b>9,905.33</b>	<b>2,004.21</b>	—	—	<b>11,909.54</b>
	8,137.08	1,578.93	—	—	9,716.01
Less : Inter segment sales .....	<b>534.02</b>	<b>246.08</b>	—	—	<b>780.10</b>
	395.42	183.77	—	—	579.19
<b>Total sales</b> .....	<b>9,371.31</b>	<b>1,758.13</b>	—	—	<b>11,129.44</b>
	7,741.66	1,395.16	—	—	9,136.82
<b>Segment result before interest, exceptional items and tax</b> .....	<b>2,788.02</b>	<b>251.88</b>	<b>42.53</b>	<b>(27.85)</b>	<b>3,054.58</b>
	1,705.14	120.91	14.43	(12.58)	1,827.90
Less : Interest .....					<b>129.30</b>
					315.39
Profit before Exceptional items and tax .....					<b>2,925.28</b>
					1,512.51
<b>Exceptional items</b>					
Less : Employee's Separation Compensation .....					<b>(233.90)</b>
					(232.51)
Less : Provision for Contingencies .....					<b>(1.96)</b>
					(1.04)
Add : Liability Written back as per BIFR order .....					<b>17.30</b>
					—
Add : Profit on Sale of Long Term Investments .....					<b>8.15</b>
					—
<b>Profit before Tax</b> .....					<b>2,714.87</b>
					1,278.96
Taxes .....					<b>936.25</b>
					256.68
<b>Profit after Taxes</b> .....					<b>1,778.62</b>
					1,022.28
Segment Assets .....	<b>10,093.12</b>	<b>1,003.12</b>	<b>1,507.13</b>	<b>(71.96)</b>	<b>12,531.41</b>
	9,875.95	1,008.31	680.22	(26.25)	11,538.23
Segment Liabilities .....	<b>1,979.56</b>	<b>360.52</b>	<b>1,915.02</b>	<b>(84.36)</b>	<b>4,170.74</b>
	1,657.29	269.81	891.21	(21.57)	2,796.74
Total Cost incurred during the year to acquire Segment assets	<b>967.65</b>	<b>42.14</b>	—	—	<b>1,009.79</b>
	440.71	33.21	—	(3.88)	470.04
Segment Depreciation .....	<b>612.46</b>	<b>28.09</b>	—	—	<b>640.55</b>
	541.27	28.42	—	—	569.69
Non-Cash Expenses other than depreciation .....	<b>85.47</b>	<b>15.90</b>	<b>49.87</b>	—	<b>151.24</b>
	113.37	43.66	0.35	—	157.38

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR 2003-04 :- continued**

<b>Information about Secondary Segments : Geographical</b>	<b>2003-04 Rs. crores</b>	<i>2002-2003 Rs. crores</i>
Revenue by Geographical Market		
India .....	<b>9,380.97</b>	7,542.14
Outside India .....	<b>1,748.47</b>	1,594.68
	<b>11,129.44</b>	9,136.82
Additions to Fixed Assets and Intangible Assets		
India .....	<b>1,004.10</b>	469.83
Outside India .....	<b>5.69</b>	0.21
	<b>1,009.79</b>	470.04
Carrying Amount of Segment Assets		
India .....	<b>12,463.60</b>	11,496.92
Outside India .....	<b>67.81</b>	41.31
	<b>12,531.41</b>	11,538.23

**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. Other business segments comprise Tubes, Bearings and Ferro Alloys and Minerals Division, 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) Unallocable assets exclude :	<b>2003-04 Rs. crores</b>	<i>2002-03 Rs. crores</i>
Investments .....	<b>2,110.95</b>	1,071.44
Miscellaneous expenditure .....	<b>156.10</b>	10.25
Goodwill .....	<b>0.41</b>	0.41
	<b>2,267.46</b>	1,082.10
Total Unallocable Liabilities exclude :		
Secured Loans .....	<b>3,111.75</b>	3,747.44
Unsecured Loans .....	<b>377.27</b>	567.64
Provision for Employee Separation Compensation .....	<b>1,581.81</b>	1,463.36
Deferred Tax Liability (Net) .....	<b>851.96</b>	859.53
Minority Interest .....	<b>48.66</b>	30.97
	<b>5,971.45</b>	6,668.94

- (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 M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR 2003-04 :- continued**

18. Related Party Disclosures :

(a) List of Related Parties and Relationships

Party	Relationship
<b>A.</b> Adityapur Toll Bridge Company Ltd. Almora Magnesite Ltd. Indian Steel Rolling Mills Ltd. Jamshedpur Injection Powder Ltd. Kalinga Aquatics Ltd. Kumardhubi Fireclay & Silica Works Ltd. Kumardhubi Metal Casting & Engineering Ltd. Nicco Jubilee Park Ltd. Nilachal Refractories Ltd. Rujivalika Investments Ltd. Srutech Tubes (India) Pvt. Ltd. Tata Construction & Projects Ltd. Tata Metaliks Ltd. Tata Services Ltd.* Tata Sponge Iron Ltd. Tayo Rolls Ltd.® Tinsplate Company of India Ltd. TRF Ltd. TKM Overseas Ltd. TKM Transport Management Services Pvt. Ltd. Metal Corporation Ltd.	Associate - Shareholding of the Company on its own or along with Subsidiaries is 20% or more
<b>B.</b> metaljunction.com Pvt. Ltd. Tata Ryerson Ltd.	Joint Ventures
<b>C.</b> Tata Sons Ltd.	Promoter, holding together with its Subsidiaries is more than 20%
<b>D. Key Management Personnel</b> Mr. B. Muthuraman Dr. T. Mukherjee Mr. A.N. Singh Mr. C.D. Kamath Dr. A.K. Chattopadhyay Mr. B.P.S. Panwar Mr. Satish Chandra Saxena Mr. Utpal Dhar* Dr. B.P. Sabberwal* Mr. Sanjiv Paul* Mr. Carlos Campos Mr. Bharat Wakhlu	Whole Time Directors
<b>E.</b> Relative of Key Management Personnel Ms. Sumathi Muthuraman Ms. Pallavi Arun Ms. Shuvra Mukherjee Ms. Ipshita Kamra Ms. G.D. Kamath	Relatives of Whole Time Directors

\* Part of the year.

® Formerly known as Tata Yodogawa Ltd.

**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR 2003-04 :- continued**

18. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
<b>Purchase of Goods</b>					
Jamshedpur Injection Powder Limited	43.27	—	—	—	43.27
	40.27	—	—	—	40.27
Tata Sponge Iron Limited	73.19	—	—	—	73.19
	66.22	—	—	—	66.22
Others	23.55	—	—	—	23.55
	43.20	—	—	—	43.20
	<b>140.01</b>	—	—	—	<b>140.01</b>
	149.69	—	—	—	149.69
<b>Sale of Goods</b>					
Tata Ryerson Limited	255.54	—	—	—	255.54
	104.33	—	—	—	104.33
Tinplate Company of India Limited	144.79	—	—	—	144.79
	76.01	—	—	—	76.01
Others	77.30	—	—	—	77.30
	41.44	—	—	—	41.44
	<b>477.63</b>	—	—	—	<b>477.63</b>
	221.78	—	—	—	221.78
<b>Sale of Securities</b>					
Tata Sons Limited	—	—	—	0.03	0.03
	—	—	—	—	—
	—	—	—	<b>0.03</b>	<b>0.03</b>
	—	—	—	—	—
<b>Purchase of Fixed Assets</b>					
TRF Limited	31.95	—	—	—	31.95
	11.69	—	—	—	11.69
Others	—	—	—	—	—
	0.11	—	—	0.80	0.91
	<b>31.95</b>	—	—	—	<b>31.95</b>
	11.80	—	—	0.80	12.60
<b>Sale of Assets</b>					
Tata Ryerson Limited	0.60	—	—	—	0.60
	—	—	—	—	—
	<b>0.60</b>	—	—	—	<b>0.60</b>
	—	—	—	—	—
<b>Rendering of Services to</b>					
Tayo Rolls Limited	2.46	—	—	—	2.46
	3.43	—	—	—	3.43
Others	3.01	—	—	0.08	3.09
	36.41	—	—	0.08	36.49
	<b>5.47</b>	—	—	<b>0.08</b>	<b>5.55</b>
	39.84	—	—	0.08	39.92
<b>Receiving of Services from</b>					
Tata Ryerson Limited	57.81	—	—	—	57.81
	49.75	—	—	—	49.75
Tinplate Company of India Limited	112.79	—	—	—	112.79
	115.20	—	—	—	115.20
Others	8.88	0.01	0.01	1.48	10.38
	23.47	0.03	0.03	2.95	26.48
	<b>179.48</b>	<b>0.01</b>	<b>0.01</b>	<b>1.48</b>	<b>180.98</b>
	188.42	0.03	0.03	2.95	191.43
<b>Leasing or Hire purchase arrangements</b>					
Tata Sponge Iron Limited	0.63	—	—	—	0.63
	—	—	—	—	—
	<b>0.63</b>	—	—	—	<b>0.63</b>
	—	—	—	—	—
<b>Agency arrangements (income)</b>					
	0.12	—	—	—	0.12
<b>Finance provided (including loans and equity contributions in cash or in kind)</b>					
Tata Sons Limited	—	—	—	50.00	50.00
	—	—	—	124.00	124.00
Tinplate Company of India Limited	18.00	—	—	—	18.00
	37.00	—	—	—	37.00
Others	12.42	—	—	—	12.42
	10.50	—	—	—	10.50
	<b>30.42</b>	—	—	<b>50.00</b>	<b>80.42</b>
	47.50	—	—	124.00	171.50

## Ninety seventh annual report 2003-04

### SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued

#### 18. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
<b>Interest income during the year</b>					
Rujuvalika Investments Company Limited	0.18	—	—	—	0.18
	<i>0.03</i>	—	—	—	<i>0.03</i>
Tinplate Company of India Limited	0.21	—	—	—	0.21
	<i>4.25</i>	—	—	—	<i>4.25</i>
Others	0.11	—	—	0.02	0.13
	<i>0.17</i>	—	—	<i>0.24</i>	<i>0.41</i>
	<b>0.50</b>	—	—	<b>0.02</b>	<b>0.52</b>
	<i>4.45</i>	—	—	<i>0.24</i>	<i>4.69</i>
<b>Finance received (including Loans and equity contribution in cash or in kind)</b>					
Ms G D Kamath	—	—	0.09	—	0.09
	—	—	<i>0.02</i>	—	<i>0.02</i>
Others	—	—	—	—	—
	—	—	—	10.00	10.00
	—	—	<b>0.09</b>	—	<b>0.09</b>
	—	—	<i>0.02</i>	10.00	<i>10.02</i>
<b>Interest paid during the year</b>					
Ms G D Kamath	—	—	0.01	—	0.01
	—	—	<i>0.01</i>	0.01	<i>0.02</i>
Others	—	—	—	—	—
	<i>0.01</i>	—	—	—	<i>0.01</i>
	—	—	<b>0.01</b>	—	<b>0.01</b>
	<i>0.01</i>	—	<i>0.01</i>	0.01	<i>0.03</i>
<b>Guarantees given during the year</b>	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—
<b>Management Contracts including deputation of employees</b>					
Tata Sons Limited	—	—	—	22.71	22.71
	—	—	—	<i>18.35</i>	<i>18.35</i>
Others	0.07	—	—	—	0.07
	<i>0.02</i>	—	—	—	<i>0.02</i>
	<b>0.07</b>	—	—	<b>22.71</b>	<b>22.78</b>
	<i>0.02</i>	—	—	<i>18.35</i>	<i>18.37</i>
<b>Dividend income</b>					
Jamshedpur Injection Powder Limited	1.91	—	—	—	1.91
	<i>0.64</i>	—	—	—	<i>0.64</i>
Tata Metaliks Limited	2.95	—	—	—	2.95
	<i>2.65</i>	—	—	—	<i>2.65</i>
Tata Sponge Iron Limited	1.84	—	—	—	1.84
	<i>1.22</i>	—	—	—	<i>1.22</i>
Others	0.79	—	—	—	0.79
	<i>1.01</i>	—	—	—	<i>1.01</i>
	<b>7.49</b>	—	—	—	<b>7.49</b>
	<i>5.52</i>	—	—	—	<i>5.52</i>
<b>Provision for receivables made during the year</b>					
Nilachal Refractories Limited	9.09	—	—	—	9.09
	—	—	—	—	—
Others	2.23	—	—	0.01	2.24
	<i>1.84</i>	—	—	—	<i>1.84</i>
	<b>11.32</b>	—	—	<b>0.01</b>	<b>11.33</b>
	<i>1.84</i>	—	—	—	<i>1.84</i>
<b>Agency commission paid</b>	—	—	—	—	—
	0.04	—	—	—	0.04
<b>Dividend paid to shareholders</b>					
Tata Sons Limited	—	—	—	58.44	58.44
	—	—	—	<i>29.22</i>	<i>29.22</i>
Others	0.62	*	**	—	0.62
	<i>0.31</i>	—	—	—	<i>0.31</i>
	<b>0.62</b>	—	—	<b>58.44</b>	<b>59.06</b>
	<i>0.31</i>	—	—	<i>29.22</i>	<i>29.53</i>
<b>Unsecured advances/deposits accepted</b>					
Nicco Jubilee Park Limited	0.52	—	—	—	0.52
	—	—	—	—	—
Tata Sponge Iron Limited	1.99	—	—	—	1.99
	—	—	—	—	—
Others	—	—	—	0.10	0.10
	—	—	—	—	—
	<b>2.51</b>	—	—	<b>0.10</b>	<b>2.61</b>
	—	—	—	—	—

\* Rs.14,832, \*\* Rs. 14,888



**SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR 2003-04 :- continued**

18. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
<b>Remuneration paid</b>					
Mr B Muthuraman	—	1.37	—	—	1.37
	—	0.72	—	—	0.72
Dr T Mukherjee	—	1.15	—	—	1.15
	—	0.62	—	—	0.62
Mr A N Singh	—	0.90	—	—	0.90
	—	0.57	—	—	0.57
Others	—	2.18	0.03	—	2.21
	—	1.06	0.01	—	1.07
	—	<b>5.60</b>	<b>0.03</b>	—	<b>5.63</b>
	—	2.97	0.01	—	2.98
<b>Bad debts written off</b>					
Nilachal Refractories Limited	9.05	—	—	—	9.05
	—	—	—	—	—
Tata Constructions and Projects Limited	4.01	—	—	—	4.01
	—	—	—	—	—
Others	0.36	—	—	—	0.36
	11.90	—	—	—	11.90
	<b>13.42</b>	—	—	—	<b>13.42</b>
	11.90	—	—	—	11.90
<b>Liabilities written back</b>					
	—	—	—	—	—
	2.51	—	—	—	2.51
<b>Provision for diminution in value of Investments made during the year</b>					
Others	0.35	—	—	—	0.35
	—	—	—	—	—
	<b>0.35</b>	—	—	—	<b>0.35</b>
	—	—	—	—	—
<b>Guarantees Outstanding as on 31.3.2004</b>					
Tinplate Company of India Limited	70.00	—	—	—	70.00
	70.00	—	—	—	70.00
Others	1.44	—	—	—	1.44
	1.44	—	—	—	1.44
	<b>71.44</b>	—	—	—	<b>71.44</b>
	71.44	—	—	—	71.44
<b>Debit balances outstanding as on 31.3.2004</b>					
<b>Outstanding receivables</b>					
Tata Ryerson Limited	20.43	—	—	—	20.43
	14.70	—	—	—	14.70
Tinplate Company of India Limited	27.66	—	—	—	27.66
	42.63	—	—	—	42.63
Others	20.44	0.01	0.01	1.72	22.18
	24.99	—	0.11	1.58	26.68
	<b>68.53</b>	<b>0.01</b>	<b>0.01</b>	<b>1.72</b>	<b>70.27</b>
	82.32	—	0.11	1.58	84.01
<b>Provision for outstanding receivables</b>					
	—	—	—	—	—
Others	5.03	—	—	0.01	5.04
	13.62	—	—	—	13.62
	<b>5.03</b>	—	—	<b>0.01</b>	<b>5.04</b>
	13.62	—	—	—	13.62
<b>Credit balances outstanding as on 31.3.2004</b>					
<b>Outstanding payables</b>					
Tata Ryerson Limited	17.68	—	—	—	17.68
	12.38	—	—	—	12.38
Tata Sons Limited	—	—	—	26.58	26.58
	—	—	—	22.36	22.36
Tinplate Company of India Limited	11.75	—	—	—	11.75
	7.54	—	—	—	7.54
Others	20.12	2.35	0.09	—	22.56
	22.31	0.90	—	—	23.21
	<b>49.55</b>	<b>2.35</b>	<b>0.09</b>	<b>26.58</b>	<b>78.57</b>
	42.23	0.90	—	22.36	65.49

## Ninety seventh annual report 2003-04

### SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2003-04 :- continued

#### 19. Managerial Remuneration in the Company

	31.3.2004 Rs. crores	<i>31.3.2003</i> <i>Rs. crores</i>
Salaries (including Company's Contribution to Provident and Superannuation Fund)	0.99	0.81
Commission .....	3.30	1.25
Perquisites .....	0.34	0.20
Directors' Sitting Fees .....	0.08	0.07
<b>Total</b> .....	<b>4.71</b>	<b>2.33</b>

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 contribution to Gratuity Fund, as separate figures are not available for the Managing Director and other Whole-time Directors, retirement benefits of **Rs. 0.21 crore** (2002-2003 : *Rs. 0.02 crore*) relating to a former director, retirement benefits of **Rs. 0.27 crore** (2002-2003 : *Rs. 0.28 crore*) to a former Managing Director.

#### 20. Earnings per Share (EPS) :

	2003-04 Rs. crores	<i>2002-03</i> <i>Rs. crores</i>
(i) Profit after Tax and Minority Interest .....	1,788.78	1030.65
Profit attributable to ordinary shareholders .....	1,788.78	1030.65
	<b>Nos.</b>	<b>Nos.</b>
(ii) Weighted Average No. of Ordinary Shares for Basic EPS .....	368,045,867@	368,045,867@
<i>Add : Adjustment for Options relating to 12,446 (2002-03 : 12,446)</i>		
Detachable Warrants .....	9,850	5,002
Weighted Average No. of Ordinary Shares for Diluted EPS .....	368,055,717	368,050,869
(iii) Nominal Value of Ordinary Shares .....	Rs. 10.00	Rs. 10.00
(iv) Basic/Diluted Earnings per Ordinary Share .....	Rs. 48.60	Rs. 28.00

@ excludes 936,037 shares issued to Kalimati Investments Company Limited on amalgamation of the Company with erstwhile Tata SSL Limited.

#### 21. Deferred Tax Liability (net) :

	31.03.2004 Rs. crores	<i>31.03.2003</i> <i>Rs. crores</i>
<b>Deferred Tax Liabilities</b>		
Difference between book and tax depreciation .....	1708.63	1690.28
Amortisation of Miscellaneous/Prepaid Expenditure .....	4.25	10.36
<b>Sub-Total (A)</b> .....	<b>1712.88</b>	<b>1700.64</b>
<b>Deferred Tax Assets</b>		
Early Separation Scheme .....	(148.77)	(128.30)
Wage Provision .....	(0.57)	(20.76)
Past Losses and unabsorbed depreciation .....	(3.07)	(3.29)
Provision for doubtful debts and advances .....	(40.27)	(54.58)
Provision for Leave Salary .....	(94.89)	(71.66)
Miscellaneous expenditure adjusted against Securities Premium Account .....	(535.95)	(541.22)
Other Deferred Tax Assets .....	(37.40)	(21.30)
<b>Sub-Total (B)</b> .....	<b>(860.92)</b>	<b>(841.11)</b>
<b>Deferred Tax Liability (net) (A-B)</b> .....	<b>851.96</b>	<b>859.53</b>

22. 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.

23. Previous year's figures have been recast/restated wherever necessary.

24. Figures in italics are in respect of the previous year.

## EVA positive core business

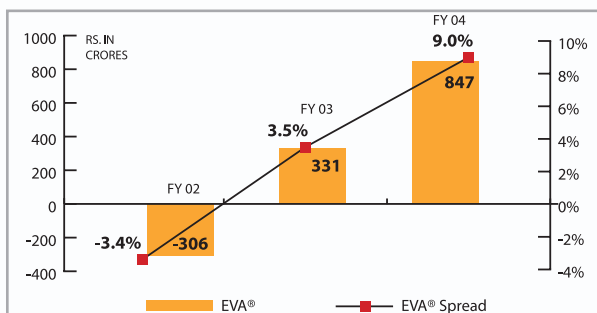
- An enriched product mix, branding, continuous efforts to remain the lowest cost producer and better realisations created an incremental **EVA of Rs.516 crores**.
- Sales volume of Branded Steel Products** increased by 98% at 0.70 million tonnes and turnover increased by 129% at Rs. 1738 crores.
- To remain the lowest cost producer of steel, several initiatives were undertaken :-
  - Raw material consumption** was reduced to 3.12 tons/tss as against 3.18 tons/tss in the previous year.
  - Specific Refractory consumption** came down to 6.58 kg/tcs as against 7.77 kg/tcs in the previous year.
  - Ash content** in clean coal was reduced from 17% to 16% enhancing hot metal production.
  - Net Working Capital** dropped by Rs. 873 crores to Rs. 84.22 crores (16 days of sales) as against Rs. 957.52 crores (38 days of sales) during FY'03.
  - Debtors** dropped to Rs. 651.30 crores (25 days of sales) as against Rs. 958.47 crores (38 days of sales) during FY'03.
  - Credit sales** were converted into **cash sales** by increasing channel financing for OEM customers through banks and distributor financing through metaljunction.com Pvt. Ltd.
  - High interest bearing loans** of Rs. 852 crores were repaid. Gross Interest and Net Interest was reduced by Rs. 122 crores and Rs. 96 crores respectively (before taking credit for reduction in SDF interest by Rs. 86.31 crores).
  - CRISIL upgraded the **credit rating** of long-term debts to AAA (highest safety) from AA+ (high safety).
- Implementation of Total Operational Performance (TOP) programme, ASPIRE, Strategic Sourcing, Customer Value Management (CVM), Retail Value Management (RVM), and Customer Product Optimisation and other initiatives were the key drivers for creating incremental EVA®.

improved products, processes and performance

lower working capital

efficient treasury management

upgraded credit rating



## Continue to be lowest cost producer of steel

→ improvement initiatives

→ systematic process analysis

→ lowest cost, highest quality

→ cost competitive

- One of the critical factors for our success is our focused effort to continue to be the lowest cost producer of steel. This has helped us achieve the objective of making our Company **EVA+ under normal (average) steel prices**, one of the firsts for any steel company in the world.
- **ASPIRE** will enable us to consolidate our years of experience through different improvement initiatives. The **Total Operational Performance (TOP)** programme has given us immense value by training employees in the rigors of systematic process analysis and cost reduction.
- Iron Ore & Coal, at lowest costs and highest quality, from our iron ore mines at Noamundi and Joda and coal mines at West Bokaro and Jharia provide a worldwide **cost competitive advantage** to our coke making, sinter making and Hot Metal production units.
- Other measures taken towards **maintaining lowest cost producer status** include scientific and sustainable mining, waste recycling, strategic sourcing, e-procurement and reverse auctions, improved and integrated IT and automation systems, technical partnerships, training for process knowledge and other initiatives.



Iron ore mining

## Value creating partnerships with customers & suppliers

- A **strategic alliance** with Nippon Steel Corporation, Japan and Arcelor, Europe to jointly work on technical co-operation and customer service enables us to provide the Indian automotive industry with effective steel solutions.
- We have signed a **galvanization technology license agreement** with Arcelor to manufacture Hot Dip Galvanized (HDG) products for the automotive industry. We have also acquired a license for the use of Arcelor's proprietary product, Extragal™ - including the trademark and associated know-how.
- **Tata Shaktee Haat and Mela Campaign** reached out to over 5,00,000 retail customers.
- **Knowledge Sharing sessions** with retail customers help them understand the Tata Steelium brand and its applications.
- **The Value Management roll out** is being implemented phase wise across the country for the CR customers.
- **Retail Value Management** for optimal structuring of the retail network has ensured higher capacity and reach, high visibility across the retail chain, systematic measurement of intangibles like distributor capability, Retail CAM capability, etc.
- **The Customer Value Management** (CVM) programme to create value for customers and to transform relationships from being transactional to value-creating and strategic has further strengthened our customer focus.

effective steel solutions

direct customer contact

retail value management

improved customer service levels

## Sustainable growth

→ energy conservation and environmental quality improvement

→ world-class products and services

→ project management skills

- Our efforts in **energy conservation and environmental quality improvement** have been further strengthened by a model that we created in partnership with NEDO - Japan, to use sensible heat of the 'G' BF waste gas.
- In pursuit of our goal to provide world-class products and services to the automobile and appliances industries, an **Electrolytic Cleaning Line (ECL)** has been installed. This will enhance the surface appearance and cleanliness of the Cold Rolled sheets and improve the paintability and productivity at the customer's end.



- The **one million tonnes per annum expansion programme** is well on schedule. It is a challenging project and bears testimony to Tata Steel's world-class project management skills.

## Move from commodities to brands

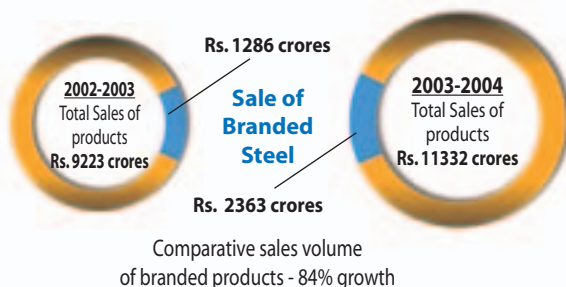
- The **turnover** of all branded products increased by 84% from Rs. 1286 crores in FY03 to Rs. 2363 crores in FY04.
- The **turnover** of all branded products as a percentage of total turnover, jumped from 14% to 22%.

### **Branded Flat Products**

- The sales of Branded Flat Products (Tata Steelium and Tata Shaktee) **increased by 186%** to 4.4 lakh tonnes, of which Tata Steelium accounted for over 2.8 lakh tonnes. Tata Steelium is the only branded Cold Rolled Steel in India.
- The turnover of Branded Flat Products as a percentage of Total Turnover of All Flat Products, has **grown from 11% to 25%**.
- Sales of Tata Shaktee **increased to 1.6 lakh tonnes**, a 22% increase over last year.
- Tata Shaktee introduced Wide GC Sheets (1220 mm) for the first time in the country, resulting in greater **value for the consumer** through cost savings.

### **Branded Long Products**

- The sales of Branded Long Products **increased by 30%** to 2.6 lakh tonnes.
- The turnover of Branded Long Products as a percentage of total turnover of all Long Products, **increased from 19% to 31%**.
- To make sure that each consumer of our Tata Tiscon rebars gets the right price, a **"Recommended Consumer Price"** is fixed from time to time. Our retailers are expected to sell Tata Tiscon only at this price.



improved sales

greater customer value

price transparency

## Unleash people's potential and create leaders who will build the future

→ competency enhancement

- The **Tisco Management Development Centre** completed 50 years of its existence with the introduction of 11 new programmes designed specifically to enhance competencies.

→ leadership grooming

- In an effort to **promote achievers from within the organisation**, a batch of 29 workers and supervisors were selected and suitably trained to take on higher responsibilities.

→ performance management

- Our Performance Management System has been repositioned as **EDGE (Ensuring Development and Growth of Employees)**. Workshops were conducted for all executives to optimally use this tool to identify and plan their development.

- The second batch of **Tejaswini** was selected and 10 female employees were trained in the various trades of mechanical maintenance. It is our intention to continue this initiative to ensure growth opportunities for our women employees.



→ growth opportunities for women

- We have been ranked the **sixth Best Employer in the country** from amongst more than 200 companies surveyed.



## Encourage innovation

- Our work culture encourages innovation by recognising projects to achieve aspirational targets as well as the smallest of efforts at the grassroots level. We have done this through the **ASPIRE movement, TPM, Quality Circles and the instant rewards scheme - Shabash.**
- Innovations in product development have led to successful customer trials and commercialisation of :
  - **Galvanised bake hardening steel** for dent-resistant automotive use.
  - **Semi processed electrical grade** for use in electric motors.
  - **High cromated coating** on cold rolled, galvanized steel for fuel tank application.
- The Construction Solutions Group is constantly looking to find **innovative applications of steel.** Besides steel intensive bus shelters and garages, India's first steel intensive bungalows have been constructed.
- Continuous R & D efforts in process improvement include :
  - Improvement in steel ladle life through **Dolo-carbon refractory bricks.**
  - **Genetic Algorithms** for optimisation in hot rolling.
  - **Phase Field and Cellular Automata** for modelling and predicting microstructure development in steel.
- **"Learning From Failures" (LFF) sessions** are conducted to inculcate a culture of freedom from failure and learning from it.
- Impetus has been given to **Intellectual Property Rights.** We have 133 active and filed patents and copyrights, out of which 42 were filed in 2003-04.

aspirational  
targets

product  
development

intellectual  
property rights

## Excel at TBEM

### business excellence

- The **Tata Business Excellence Model** continues to be our guiding framework for business excellence.

- The TBEM practices have won Tata Steel the most prestigious recognition and accolades in **Business Excellence**, which include :

- The **Prime Minister's Trophy** for the Best Integrated Steel Plant for the 4th time.

- TBEM rating as the Industry Leader. Won the **Sustained Excellence Award**.

- TERI CSR Award.

- The coveted **TS 16949 certificate** for the Flat Products Complex and the Bearings Division.

- Tata Steel rated **one of the top three best steel companies of the world**-rating by the World Steel Dynamics.

- **Business Excellence Awareness Module** was launched to enhance understanding of excellence across the Company. Over 2000 officers have been trained on the module.

- **"TBEM Mujhse Shuru"** was launched to enhance the understanding of the excellence framework at the worker level. It is a unique attempt to communicate business excellence in the regional language and how each and everyone contributes to excellence in business.

- During the year, we extended the Tata Business Excellence Model to the schools of Jamshedpur under **"Excellence in Education"** programme. This is a unique corporate initiative.

- **ASPIRE** programme launched during the year, has given a new dimension to the improvement initiatives adopting best practices from TOP in Marketing, Six Sigma, TPM etc.

- We continue to bring world-class **knowledge and practices** in business excellence e.g. balanced score card in collaboration with BSC Col, USA, Practices of Deming model with JUSE Japan, Leadership System with VMG, USA etc.

### best integrated steel plant

### good corporate citizenship

## Manage knowledge

- We have won the **MAKE (Most Admired Knowledge Enterprise) Asia Award** for the year 2003.
- We have been selected as the **Best Practice partner** for the study conducted by APQC (American Productivity and Quality Centre) - the only Indian company and only steel company among the five companies selected for the study.
- The Knowledge Management Programme has gained momentum at Tata Steel and has attracted the **participation of more than 7500 employees**.
- Shop-floor employees were exposed to Knowledge Management through a new process called "**Aspire Knowledge Manthan**". By using story telling methods, employees share best practices and experience deployment of the ideas generated.
- The Knowledge Management Programme not only focuses on building and improving the knowledge level of employees on current processes to remain competitive, but also takes care of the **future knowledge needs** of the organisation.

knowledge enterprise

best practices

deployment of ideas

improved knowledge levels

## Ensure safety and environmental sustainability

→ preservation of assets

→ energy management

→ year of safety

- The steel industry is capital intensive, and **preservation of assets** is both crucial to its sustenance and simultaneously expensive. Several strategic measures have been taken to address these issues:
  - A shift from predominantly preventive maintenance approach to **condition based maintenance approach**.
  - Agreement with Nippon Steel Corporation (NSC) for diagnostic study of our maintenance systems, for achieving **world-class standards in sustenance**.
  - Use of latest technological aids for reaching world-class productivity in sustenance activities.
  - Vigorous introduction of **Total Productive Maintenance (TPM)** on the shop floor.
- We have taken significant initiatives both from a financial perspective as well as for sustainability of the environment.
  - **Waste heat recovery** from hot stoves at 'G' Blast furnace, a Green Aid Plan project in collaboration with NSC and New Energy and Industrial Technology Development Organization (NEDO), Japan.
  - Harnessing of **natural light** to replace artificial illumination on the shop floor.
  - Efficient **use of byproduct gases** to reduce fossil fuel consumption (lowest ever coal middling consumption).
- Tata Steel has been awarded **"Excellence in Energy Management - 2003"** from CII.
- The year 2004 has been declared as the **"Year of Safety"**.
  - The aim is to achieve OHSAS-18001 certification for the Steel Works at Jamshedpur.
  - We have won several safety awards, the most recent being "Ispat Suraksha Puraskar" (West Bokaro).
  - A movement has been initiated for attitudinal transformation of the workforce and power of IT has been extensively deployed for comprehensive monitoring and management of every single unsafe event.
  - M/s. DuPont, industry leader in safety development culture, have been engaged to accelerate the process.

### KEY INDICATORS

(change over 5 years)

Specific Energy consumption	↓ 9%	Carbon dioxide emission	↓ 15%
Specific Power consumption	↓ 7%	Water consumption	↓ 21%
Specific Petro fuel consumption	↓ 82%	Waste utilisation	↑ 20%

## Enthusied and happy employees

- This year marked **75 years of industrial harmony** between the Management & Union at Jamshedpur. His Excellency, Dr. A.P.J. Abdul Kalam, the President of India, visited the Tata Steel Works to commemorate this occasion.
- The **R D Tata Technical Education Center** - the outcome of a tie-up between Nettur Technical Training Foundation (NTTF) and Tata Steel was set up to impart technical education to the children of employees.



The R D Tata Technical Education Center

- **Visual Workplace Management** provides a safe, clean and aesthetic workplace enhancing employee morale. This enables better safety levels, improved quality, a reduction in inventory levels, on-time deliveries and availability of information. It will also translate into immediate results such as decreased process time and machine down-time.
- By applying **Ergonomics** to create a well designed workplace, employee morale has been further boosted. This has affected overall time efficiencies, elimination of fatigue, higher productivity, etc.
- For the first time in the Company, ergonomically designed “air-conditioned” dumpers and locomotive engines with video cameras fitted in the front and back and a monitor within the cabin, was commissioned within the Steel Works. The cameras and monitor provide a 360° view around the dumper and will **reduce the hazard of accidents** due to inadequate visibility.

industrial  
harmony

world-class  
polytechnic

visual  
workplace  
management

ergonomic  
workplace

# 75 years of

A singular occasion on the industrial landscape of Indian Commerce and Industry. His Excellency, Dr. A.P.J. Abdul Kalam, the President of India, visited Tata Steel Works during the celebrations to mark 75 Years of Industrial Harmony at Jamshedpur.



On this occasion, the President spoke of the great vision of the Founder of Tata Steel, Jamsetji Nusserwanji Tata, whom he called the “leader of the economic freedom movement in India”. Other dignitaries present at the occasion included His Excellency, the Governor of Jharkhand, Mr. Ved Marwah, His Excellency, the Governor of West Bengal, Mr. Viren Shah, and the Honourable Chief Minister of Jharkhand, Mr. Arjun Munda. It was a celebration of the commitment, trust, transparency and understanding that is shared between the Management and the Union.

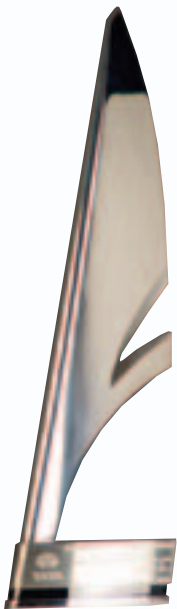
# industrial harmony

As a Company, we owe our leadership to the superior quality of our human resources. It is they who have built the foundation of excellence and led the Company from the front. We hold our people in the highest regard and are committed to providing opportunities for their growth and development on technical, professional and personal fronts.

This milestone has restrengthened our resolve and rekindled our passion to continue to strive for excellence and innovate continuously in our persistent pursuit of meaningful employee empowerment to surpass the expectations of our stakeholders.



# a testimony



“Sustained  
Excellence”  
Award in the  
ninth **JRD QV  
Award**  
Ceremony.



The **Prime Minister's  
Trophy** for the Best  
Integrated Steel Plant  
for the fourth time.



Ranked sixth on  
the list of top ten  
employers in  
India in a study  
conducted by  
**Hewitt  
Associates.**



**NASSCOM-  
Economic Times  
Best IT User in  
Manufacturing**  
Award 2003.



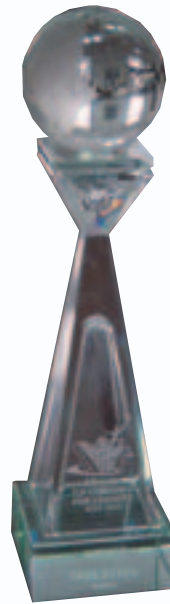
# to excellence



**Global Business Coalition Award for Business Excellence** in the Community for HIV / AIDS.



**Asia's Most Admired Knowledge Enterprise (MAKE)** 2003 by Teleos, an independent knowledge management research company at World Knowledge Forum, Seoul, Korea.



Placed second in Leadership Development among companies in Asia Pacific in a study conducted by **Hewitt Associates.**



Recipient of the coveted **TERI award** for CSR 2002-2003 in recognition of corporate leadership for good corporate citizenship and sustainable initiatives.



## A TRIBUTE TO THE FOUNDER

“When you have to give the lead in action, in ideas — a lead which does not fit in with the very climate of opinion — that is true courage, physical or mental or spiritual, call it what you like, and it is this type of courage and vision that Jamsetji Tata showed. It is right that we should honour his memory and remember him as one of the big founders of modern India.”

— **Jawaharlal Nehru**



“While many others worked on loosening the chains of slavery and hastening the march towards the dawn of freedom, Jamsetji dreamed of and worked for life as it was to be fashioned after liberation. Most of the others worked for freedom from a bad life of servitude; Jamsetji worked for freedom for fashioning a better life of economic independence.”

— **Dr. Zakir Hussain, the former President of India**



“No Indian of the present generation had done more for the commerce and industry of India.”

— **Lord Curzon, the Viceroy of India, following Jamsetji Tata's demise**



“That he was a man of destiny is clear. It would seem, indeed, as if the hour of his birth, his life, his talents, his actions, the chain of events which he set in motion or influenced, and the services he rendered to his country and to his people, were all pre-destined as part of the greater destiny of India.”

— **JRD Tata**





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