

## 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
			Employee Separation Compensation		
		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		
P K KAUL		
SURESH KRISHNA		
ISHAAT HUSSAIN		
JAMSHED J IRANI	}	Executive Directors
B JITENDER		
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)

	Rupees crores	Previous Year Rupees crores
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
	<u>1942.38</u>	<u>1675.22</u>
(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
	<u>1401.78</u>	<u>1255.31</u>
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)]	<u>533.93</u>	<u>439.31</u>
	<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 .....	<u>720.95</u>	<u>610.51</u>
	<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
	<b>810.23</b>	<b>1172.60</b>
Less — Provision for doubtful debts .....	54.17	114.08
	<b>756.06</b>	<b>1058.52</b>
	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
	<b>810.23</b>	<b>1172.60</b>

### 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
	<b>277.87</b>	<b>410.30</b>

### 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
	<b>2030.88</b>	<b>1232.88</b>
Less — Provision for doubtful advances .....	68.98	40.58
	<b>1961.90</b>	<b>1192.30</b>
	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
	<b>2030.88</b>	<b>1232.88</b>

## 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		

Mumbai, 7th June, 2004.

J.C. BHAM  
Company Secretary

**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

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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

#### 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

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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

#### 19. Managerial Remuneration in the Company

	31.3.2004 Rs. crores	31.3.2003 Rs. crores
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	2002-03 Rs. crores
(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	31.03.2003 Rs. crores
<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.