

Chairman's Statement

This has been a good year for the steel industry in general and Tata Steel in particular.

The global and domestic steel industry saw a sharp recovery during the year. World-wide consumption of steel climbed to 86% of global capacity, and price realizations remained robust. Imports by China, the world's largest consumer of steel accounting for a quarter of the world's consumption, drove much of the increase in global demand, fuelled by its economic growth. China's steel demand will continue to be a matter of worldwide significance for the industry.

India's steel industry received a boost from the overall rebound of Indian industry, arising from the increase in infrastructure spending by the Government, growth in the automobile as well as appliance sectors, and higher demand from overseas markets.

Record Performance

For Tata Steel, the year has been a momentous one. The Company ended the year with the highest ever output, sales, revenues and profits in its entire history. The sharp increase in global spot steel prices over the year, and increase in the

global and domestic demand, were significant contributors to the Company's outstanding performance. One, however, needs to recognise the commendable achievements of the management in improving product mix, continued cost constriction, better working capital management, and reduction in staff costs. As a result, Tata Steel became EVA (Economic Value Added) positive this year, for the first time ever and well ahead of its target year of 2007.

Outlook for the Future

Last year's upswing in the industry is expected to continue this year with not much material change foreseen in steel demand or price. The Company expects continued buoyancy in exports and is well positioned to increase its market share in the domestic automobile, appliance and construction sectors. The Company also sees a significant business opportunity in the international market for iron ore and, drawing on its substantial iron ore reserves, has planned to double its export of iron ore this year. In the mid-term, it is expected that the demand for steel will continue to grow and it has,

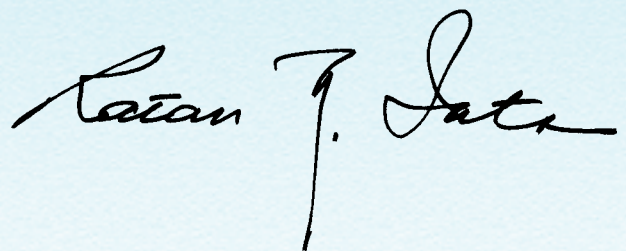
therefore, been decided to augment capacity at the Jamshedpur plant by adding a million tonnes. The Company is also commencing the project work in connection with its proposed ferro chrome plant in South Africa.

Perhaps the biggest challenge facing the Company at this juncture is to manage the inevitable volatility of industrial cycles. This will require it to continuously improve its product mix and to build long term relationships with major customers in India and abroad. To achieve this objective, Tata Steel will need to transition from merely being a steel supplier, and become instead a “solution provider”, working together with key customers to “design and deliver” steel solutions which improve the customer’s product more cost effectively.

Tata Steel’s greatest strength has always been the spirit of its people. As its management and staff bask in a glory they truly deserve this year, they must guard

against any creeping sense of complacency. Instead, the team at Tata Steel will need to utilise this time of achievement to establish new levels of performance and greater leadership.

Tata Steel has demonstrated time and again its ability to face challenges, overcome adversity and to lead. As India marches forward with renewed vigour, I feel confident that Tata Steel will be there – in front, as one of the leaders and example-setters in the development of India in the years to come.



Chairman

Mumbai, 17th June, 2003.