

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 Group") as at 31st March, 2003, 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 and the Tata SSL Branch audited by other auditors. 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 the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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) The financial statements of certain subsidiaries which in the aggregate represent as at 31st March, 2003, total assets (net) of Rs. 187.66 crores, total revenues for the year ended on that date of Rs. 442.43 crores and the Group's share of profit (net) for the year of Rs. 7.83 crores have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements.
- (b) As stated in Note 7(a) and 7(b) of Schedule M, the valuation of investments under the equity method has been done based on the last available audited financial statements for the period ended 31st March, 2002 in respect of Adityapur Toll Bridge Company Limited and in respect of Nicco Jubilee Park Limited on the basis of unaudited financial results for the period ended 31st March, 2003.
- (c) As stated in Note 1(e) of Schedule M, the investments in certain associates have been valued at Re 1 as the share of losses exceeded the carrying amount of investment based on the last available financial statements.
4. Subject to our remarks in para 3 (b) and 3 (c) above :
 - (a) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21, Consolidated Financial Statements, Accounting Standard-23, Accounting for Investment in Associates in Consolidated Financial Statements and Accounting Standard-27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of

Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries, associates and joint ventures.

- (b) On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associates, in our opinion, the 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 consolidated state of affairs of the Group as at 31st March, 2003;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

A. K. MAHINDRA
Partner.

Mumbai, 3rd June, 2003.

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

Y. H. MALEGAM
Partner.

Consolidated Balance Sheet as at 31st March, 2003

Schedule	Page	FUNDS EMPLOYED :		Rupees crores	Rupees crores
A	99	1.	SHARE CAPITAL	368.24	367.97
B	99	2.	RESERVES AND SURPLUS	2926.16	3150.58
		3.	TOTAL SHAREHOLDERS' FUNDS	3294.40	3518.55
		4.	MINORITY INTEREST	30.97	23.63
		5.	LOANS		
C	100	a	Secured	3747.44	4232.50
D	100	b	Unsecured	<u>567.64</u>	<u>760.73</u>
		c	Total Loans	4315.08	4993.23
		6.	DEFERRED TAX LIABILITY (NET) (SEE NOTE 19, PAGE 112)	859.53	1409.42
		7.	PROVISION FOR EMPLOYEE SEPARATION COMPENSATION	1463.36	1008.67
		8.	TOTAL FUNDS EMPLOYED	9963.34	<u>10953.50</u>
			APPLICATION OF FUNDS :		
E	101	9.	FIXED ASSETS		
		a	Gross Block	12635.66	12213.16
		b	Less — Depreciation	<u>4975.58</u>	<u>4440.90</u>
		c	Net Block	7660.08	7772.26
F	102	10.	INVESTMENTS	1211.19	789.23
		11.	GOODWILL	0.41	1.66
		12.	A. CURRENT ASSETS		
		a	Stores and spare parts	325.64	360.62
G	102	b	Stock-in-trade	887.83	820.36
H	103	c	Sundry debtors	1058.52	1289.09
		d	Interest accrued on investments	3.56	0.11
I	103	e	Cash and Bank balances	<u>410.30</u>	<u>247.31</u>
				2685.85	2717.49
J	103	B.	LOANS AND ADVANCES	<u>1192.30</u>	<u>844.84</u>
				3878.15	3562.33
		13.	Less : CURRENT LIABILITIES AND PROVISIONS		
K	104	A.	Current Liabilities	2012.55	1838.60
L	104	B.	Provisions	<u>784.19</u>	<u>345.16</u>
				2796.74	2183.76
		14.	NET CURRENT ASSETS	1081.41	1378.57
		15.	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	10.25	1011.78
			Employee Separation Compensation (See Note 5, Page 107)		
		16.	TOTAL ASSETS (Net)	9963.34	<u>10953.50</u>
M	105		Contingent Liabilities (See Note 4, Page 107)		
			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,
Y. H. MALEGAM
Partner.

J.C. BHAM
Company Secretary

For and on behalf of the Board

RATAN N. TATA
Chairman

B. MUTHURAMAN
Managing Director

Consolidated Profit and Loss Account for the year ended 31st March, 2003

Schedule	Page	INCOME :	Rupees crores	Rupees crores
1	97	1. SALE OF PRODUCTS & SERVICES	10229.96	8401.25
		Less — EXCISE DUTY	1093.14	983.75
			9136.82	7417.50
2	97	2. OTHER INCOME	46.55	93.86
			9183.37	7511.36
		EXPENDITURE :		
4	98	3. MANUFACTURING AND OTHER EXPENSES	6847.60	6147.97
		4. DEPRECIATION	569.69	547.32
			7417.29	6695.29
		5. Less — EXPENDITURE (OTHER THAN INTEREST) TRANSFERRED TO CAPITAL AND OTHER ACCOUNTS	61.82	45.92
			7355.47	6649.37
3	97	6. INTEREST	315.39	403.15
		7. TOTAL EXPENDITURE	7670.86	7052.52
		PROFIT BEFORE TAXES AND EXCEPTIONAL/ EXTRAORDINARY ITEMS	1512.51	458.84
		8. EMPLOYEE SEPARATION COMPENSATION	(232.51)	(232.28)
		9. PROFIT ON SALE OF LONG TERM INVESTMENTS	—	15.71
		10. PROVISION FOR CONTINGENCIES	(1.04)	—
		PROFIT BEFORE TAXES	1278.96	242.27
		11. TAXES		
		(a) CURRENT TAX (See Note 20, Page 112)	267.59	16.52
		(b) DEFERRED TAX	(10.91)	32.18
			256.68	48.70
		PROFIT AFTER TAXES	1022.28	193.57
		12. Less — MINORITY INTEREST	6.76	1.15
		13. Add — SHARE OF PROFITS OF ASSOCIATES	15.13	—
		PROFITS AFTER MINORITY INTEREST AND SHARE OF PROFIT OF ASSOCIATES	1030.65	192.42
		14. Add — AMOUNT TRANSFERRED FROM DEBENTURE REDEMPTION RESERVE	—	310.00
		15. Add — AMOUNT TRANSFERRED FROM INVESTMENT ALLOWANCE (UTILISED) RESERVE	—	75.55
			1030.65	577.97
		16. Less — AMOUNT TRANSFERRED TO CAPITAL REDEMPTION RESERVE	—	140.00
			1030.65	437.97
		17. BALANCE BROUGHT FORWARD FROM LAST YEAR	221.90	232.68
		18. Add — SHARE OF PROFIT/(LOSS) OF ASSOCIATES UPTO 31ST MARCH, 2002	11.43	—
		19. Less — DEFERRED TAX ADJUSTMENT ON INITIAL ADOPTION (See Note 19, Page 112)	2.63	—
		AMOUNT AVAILABLE FOR APPROPRIATIONS	1261.35	670.65
		20. APPROPRIATIONS :		
		(a) INTERIM DIVIDENDS ON PREFERENCE SHARES	—	2.07
		(b) INTERIM DIVIDENDS ON ORDINARY SHARES	—	147.11
		(c) PROPOSED DIVIDENDS	295.19	—
		(d) TAX ON DIVIDENDS	38.27	0.21
			333.46	149.39
		(e) SPECIAL RESERVE	0.87	0.12
		(f) GENERAL RESERVE	599.01	301.20
			933.34	450.71
		BALANCE CARRIED TO BALANCE SHEET	328.01	219.94
		Basic and Diluted Earnings per Share (Rs.) (Refer Note 18, Page 112)	28.00	5.17
M	105	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,
Y. H. MALEGAM
Partner.

J.C. BHAM
Company Secretary

For and on behalf of the Board

RATAN N. TATA
Chairman

B. MUTHURAMAN
Managing Director

Consolidated Cash Flow Statement for the year ended 31st March, 2003

		Rs. crores
A. Cash Flow from Operating Activities :		
Net Profit before tax	(1)	1278.96
Adjustments for :		
Depreciation		569.69
(Profit)/Loss on sale of Assets/Discarded Assets written off		20.77
(Profit)/Loss on sale of investments		(5.39)
Provision for diminution in value of investments		1.04
Interest income		(34.64)
Dividend income		(17.18)
Amount received on cancellation of swaps		(4.57)
Interest charged to Profit and Loss Account		353.57
Goodwill/Miscellaneous Expenditure (amortised)		235.29
Refund of sales tax and interest		(2.09)
Provision for future expenses on erection contracts		0.05
Provision for Wealth Tax		0.60
	(2)	1117.14
Operating Profit before Working Capital Changes	(3=1+2)	2396.10
Adjustments for :		
Trade and Other Receivables		171.95
Inventories		(26.66)
Trade Payables and Other Liabilities		117.87
	(4)	263.16
Cash Generated from Operations	(5=3+4)	2659.26
Direct Taxes (paid)/refund		(234.13)
Sales Tax Refund		1.08
	(6)	(233.05)
Cash Flow before Extraordinary Items	(7=5+6)	2426.21
Employee Separation Compensation paid		(280.37)
Net Cash Flow from Operating Activities	(8)	2145.84
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets		(469.82)
Sale of Fixed Assets		40.73
Purchase of Investments		(1825.50)
Sale of Current Investments		1413.50
Intercorporate Deposits		(27.55)
Interest received		31.09
Dividend received		17.18
Extraordinary Items :		
Other Miscellaneous Expenditure		(0.57)
Sale of long term investments		0.31
Net Cash Flow used in Investing Activities	(9)	(820.63)
C. Cash Flow from Financing Activities :		
Issue of Equity Capital		22.00
Capital contribution received		20.66
Proceeds from borrowings		596.95
Repayment of borrowings		(1310.60)
Dividends paid		(146.71)
Amount received on cancellation of swaps		4.57
Interest paid		(352.42)
Net Cash Flow from Financing Activities	(10)	(1165.55)
Net increase/(decrease) in Cash and Cash equivalents	(11=8+9+10)	159.66
Cash and Cash equivalents as at 1st April, 2002		250.64
Cash and Cash equivalents as at 31st March, 2003		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. 9.76 crores (2001-2002 : Rs. 16.01 crores).

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

For S. B. BILLIMORIA & CO.,
Chartered Accountants,
Y. H. MALEGAM
Partner.

J.C. BHAM
Company Secretary

Mumbai, 3rd June, 2003

For and on behalf of the Board

RATAN N. TATA
Chairman

B. MUTHURAMAN
Managing Director

Mumbai, 3rd June, 2003

Schedules forming part of the Consolidated profit and loss account

SCHEDULE 1 : SALE OF PRODUCTS AND SERVICES :— (Item No. 1, Page 95)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Sale of products	9609.44	7903.37
(b) Sale of power and water	312.74	323.50
(c) Income from services, sale of miscellaneous goods and stores, rent etc.	307.78	174.38
	<u>10229.96</u>	<u>8401.25</u>

SCHEDULE 2 : OTHER INCOME :— (Item No. 2, Page 95)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Income from Investments	18.43	51.66
(b) Profit on sale of current investments	5.64	7.35
(c) Profit on sale of capital assets	22.26	34.80
(d) Net surplus on cancellation of Foreign Exchange Forward Contracts	0.22	0.05
	<u>46.55</u>	<u>93.86</u>

SCHEDULE 3 : INTEREST :— (Item No. 6, Page 95)

	Rupees crores	As at 31-3-2002 Rupees crores
1. Interest on		
(i) Debentures and Fixed Loans	343.57	410.52
(ii) Others	19.76	39.39
	<u>363.33</u>	<u>449.91</u>
Less — Interest capitalised	9.76	16.01
	<u>353.57</u>	<u>433.90</u>
2. Less :		
Interest received on sundry advances, deposits, customers' balances etc.,	33.61	27.41
Amount received on cancellation of swaps	4.57	3.34
	<u>38.18</u>	<u>30.75</u>
	<u>315.39</u>	<u>403.15</u>

Schedule forming part of the Consolidated profit and loss account

SCHEDULE 4 : MANUFACTURING AND OTHER EXPENSES :— (Item No. 3, Page 95)

	Rupees crores	As at 31-3-2002 Rupees crores
1. PURCHASE OF FINISHED, SEMI-FINISHED STEEL AND OTHER PRODUCTS	625.52	254.52
2. RAW MATERIALS CONSUMED :		
(a) Stock on 1st April, 2002	221.74	229.40
(b) Add — (i) Taken over on amalgamation of erstwhile Tata SSL Ltd.	2.78	—
(ii) Purchases	1125.64	1293.05
(iii) Cost of raw materials produced	325.06	276.06
	1675.22	1798.51
(c) Less — Stock on 31st March, 2003	277.32	222.61
	1397.90	1575.90
3. PAYMENTS TO AND PROVISION FOR EMPLOYEES :		
(a) Wages and salaries, including bonus	1055.32	1010.10
(b) Company's contributions to provident and other funds	199.99	170.06
	1255.31	1180.16
4. OPERATION AND OTHER EXPENSES :		
(a) Stores consumed	460.56	387.12
(b) Fuel oil consumed	77.57	47.43
(c) Repairs to buildings	16.44	14.71
(d) Repairs to machinery	470.51	415.95
(e) Relining expenses	37.75	23.07
(f) Conversion charges	272.11	223.86
(g) Purchase of power	744.02	790.74
(h) Rent	29.74	29.57
(i) Royalty	115.42	99.59
(j) Rates and taxes	35.85	32.23
(k) Insurance charges	12.44	8.61
(l) Commission, discounts and rebates	88.27	76.59
(m) Provision for wealth tax	0.60	0.60
(n) Short debits in previous years (net)	(47.20)	(19.26)
(o) Other expenses (including provision for diminution in the value of investments Rs. 1.04 crores, previous year Rs. 21.32 crores)	439.31	393.48
	2753.39	2524.29
5. FREIGHT AND HANDLING CHARGES	733.14	599.45
6. PROVISION FOR DOUBTFUL DEBTS AND ADVANCES	94.56	46.16
	6859.82	6180.48
7. REDUCTION/(ACCRETION) TO STOCKS OF FINISHED AND SEMI-FINISHED PRODUCTS AND WORK-IN-PROGRESS ADDED/(DEDUCTED):		
(a) Opening Stock	507.33	563.77
(b) Taken over on amalgamation of erstwhile Tata SSL Ltd.	90.96	—
(c) Less — Closing Stock	610.51	596.28
	(12.22)	(32.51)
	6847.60	6147.97

Schedules forming part of the Consolidated balance sheet

SCHEDULE A : SHARE CAPITAL :— (Item No. 1, Page 94)

		<i>As at 31-3-2002 Rupees crores</i>
Authorised :		
440,000,000	Ordinary Shares of Rs. 10 each	440.00
25,000,000	Cumulative Redeemable Preference Shares of Rs. 100 each	250.00
		<u>690.00</u>
Issued :		
368,373,977	Ordinary Shares of Rs. 10 each	368.37
Subscribed :		
367,771,901	Ordinary Shares of Rs. 10 each fully paid up	367.77
	<i>Add</i> — Amount paid up on 389,516 Ordinary Shares forfeited	0.20
		<u>367.97</u>
	Capital Suspense 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. Excludes 936,037 Ordinary Shares to be issued to a Subsidiary.	0.27
		<u>368.24</u>

SCHEDULE B : RESERVES AND SURPLUS :— (Item No. 2, Page 94)

	Rupees crores	<i>As at 31-3-2002 Rupees crores</i>
(a) Share Premium Account	1019.75	1763.40
(b) Amalgamation Reserve	1.12	1.12
(c) Debenture Redemption Reserve	646.00	639.17
(d) Capital Redemption Reserve	20.78	170.30
(e) Capital Reserve	1.88	1.77
(f) Capital Reserve (arising on Consolidation)	8.52	8.74
(g) General Reserve	745.48	212.39
(h) Investment Allowance (Utilised) Reserve	0.16	0.16
(i) Export Profits Reserve	1.25	1.25
(j) Foreign Exchange Fluctuations Reserve	14.00	14.00
(k) Contributions for Capital Expenditure	35.43	14.77
(l) Foreign Currency Translation Reserve (arising on Consolidation)	0.28	1.28
(m) Revaluation Reserve	0.54	0.24
(n) Special Reserve	2.92	2.05
(o) Contingency Reserve	100.00	100.00
(p) Debenture Forfeiture Account	0.04	—
(q) Profit and Loss Account	328.01	219.94
	<u>2926.16</u>	<u>3150.58</u>

Schedules forming part of the Consolidated balance sheet

SCHEDULE C : SECURED LOANS :—

(Item No. 5(a), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Banks and Financial Institutions	873.26	980.23
(b) Joint Plant Committee-Steel Development Fund [including funded interest Rs. 262.62 crores (31.03.2002 : Rs. 245.10 crores)]	1514.81	1430.29
(c) Privately Placed Non Convertible Debentures	1060.00	1274.62
(d) Working Capital Demand Loan/Term Loans from Banks	60.00	61.00
(e) Cash credits from Banks	239.35	486.34
(f) Government of India	0.02	0.02
	<u>3747.44</u>	<u>4232.50</u>

SCHEDULE D : UNSECURED LOANS :—

(Item No. 5(b), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Fixed Deposits (including interest accrued and due)	123.05	128.72
(b) Inter Corporate Deposits	3.18	14.42
(c) Banks and Financial Institutions	388.58	460.21
(d) Housing Development Finance Corporation Ltd.	21.46	22.72
(e) Government of Orissa	10.67	14.23
(f) Commercial Papers (net of discount charges remaining to be written off)	—	99.60
(g) Non-Convertible Debentures (privately placed)	20.00	20.00
(h) Interest Free Loans Under Sales Tax Deferral Scheme	0.70	0.83
	<u>567.64</u>	<u>760.73</u>

Schedules forming part of the Consolidated balance sheet

SCHEDULE E : FIXED ASSETS :-

(Item No. 9, Page 94)

Fixed Assets	Gross Block(1) as at 31.3.2002 Rupees crores	(2),(3) & (4) Additions Rupees crores	Deductions(4) Rupees crores	Gross Block(1) as at 31.3.2003 Rupees crores	Depreci- ation for 2002-2003 Rupees crores	Total Depreciation to 31.3.2003 Rupees crores	Net Block as at 31.3.2003 Rupees crores
1. Land and Roads	193.67(6)	10.70(10)	43.31(11)	161.06	0.97	7.55	153.51
	<i>52.27</i>	<i>140.19(6)</i>	<i>0.05</i>	<i>192.41</i>	<i>0.64</i>	<i>2.72</i>	<i>189.69</i>
2. Buildings (7) & (8)	819.70	19.19	2.08	836.81	23.44	192.22	644.59
	<i>800.97</i>	<i>6.51</i>	<i>0.96</i>	<i>806.52</i>	<i>21.14</i>	<i>171.55</i>	<i>634.97</i>
3. Leaseholds	4.79	—	—	4.79	0.11	0.82	3.97
	<i>4.38</i>	<i>—</i>	<i>—</i>	<i>4.38</i>	<i>—</i>	<i>0.71</i>	<i>3.67</i>
4. Railway Sidings	95.11	(0.02)	—	95.09	4.23	42.11	52.98
	<i>88.30</i>	<i>6.94</i>	<i>0.13</i>	<i>95.11</i>	<i>4.24</i>	<i>36.33</i>	<i>58.78</i>
5. Plant and Machinery (9)	10612.53	543.10	48.57	11107.06	526.45	4612.17	6494.89
	<i>10088.04</i>	<i>538.69</i>	<i>49.43</i>	<i>10577.30</i>	<i>508.57</i>	<i>4122.73</i>	<i>6454.57</i>
6. Furniture, Fixtures and Office Equipments	89.94	6.04	0.93	95.05	5.44	52.33	42.72
	<i>78.89</i>	<i>4.83</i>	<i>0.47</i>	<i>83.25</i>	<i>4.26</i>	<i>44.97</i>	<i>38.28</i>
7. Development of Property	36.67	—	—	36.67	3.44	26.64	10.03
	<i>30.00</i>	<i>6.67</i>	<i>—</i>	<i>36.67</i>	<i>3.44</i>	<i>23.20</i>	<i>13.47</i>
8. Livestock and Vehicles	77.83	25.22	7.82	95.23	5.61	41.74	53.49
	<i>78.03</i>	<i>2.32</i>	<i>2.45</i>	<i>77.90</i>	<i>5.03</i>	<i>38.69</i>	<i>39.21</i>
	11930.24	604.23	102.71	12431.76	569.69	4975.58	7456.18
	<i>11220.88</i>	<i>706.15</i>	<i>53.49</i>	<i>11873.54</i>	<i>547.32</i>	<i>4440.90</i>	<i>7432.64</i>
9. Buildings, Plant and Machinery, etc. under erection (including advances for capital expenditure Rs. 38.73 crores - As at 31.03.2002 : Rs. 81.10 crores)				203.90		—	203.90
				<i>339.62</i>		<i>—</i>	<i>339.62</i>
				12635.66		4975.58	7660.08
				<i>12213.16</i>		<i>4440.90</i>	<i>7772.26</i>

- (1) Current year's figures are in accordance with Accounting Standard-21 and Accounting Standard-27. Accordingly, figures for the previous year are not comparable as these were prepared considering only Accounting Standard-21.
- (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 13, Page 108 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 being cost of shares in Co-operative Housing Societies and Limited Companies.
- (8) Buildings include gross block **Rs. 5.23** crores and net block **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 (31.03.2002 : Rs. 20.79 crores).
- (10) Includes Rs. 3.57 crores being surplus resulting from revaluation carried out on 31.12.1988, relating to land taken over on amalgamation of Tata SSL Ltd.
- (11) Includes expenditure of Rs. 43.00 crores capitalised in the past in respect of Gopalpur project written off.

Schedules forming part of the Consolidated balance sheet

SCHEDULE F : INVESTMENTS :—
(Item No. 10, Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
A. LONG TERM INVESTMENTS		
At Cost less provision for diminution in value		
1. In Associates		
Cost of investment	64.37	
(including Rs. 6.14 crores of goodwill net of Capital Reserve arising on acquisition)		
Add : Share of post acquisition profit /loss (net)	21.02	60.94
	85.39	
2. OTHERS		
(a) Shares (Quoted)	249.45	250.05
(b) Shares (Unquoted)	262.10	287.49
B. CURRENT INVESTMENTS (at lower of cost and fair value)		
(Quoted)		
3. Units in Unit Trust of India	9.65	9.83
(Diminution in value of Rs. 0.08 crore provided during the year)		
4. Others	150.33	1.54
	159.98	
(Unquoted)		
5. Investment in Mutual Funds	443.09	179.73
Less : Diminution in value	—	0.37
	443.09	179.36
6. Others	11.18	0.02
	454.27	
	1211.19	789.23

SCHEDULE G : STOCK-IN-TRADE :—
(Item No. 12A(b), Page 94)

	Rupees crores	As at 31-3-2002 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)	593.01	551.30
(b) Work-in-progress (at lower of cost and net realisable value)	17.50	45.00
	610.51	596.30
(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)	277.32	222.61
(d) Current Investments held as stock-in-trade	—	1.45
	887.83	820.36

Schedules forming part of the Consolidated balance sheet

SCHEDULE H : SUNDRY DEBTORS :— (Item No. 12A(c), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Over six months old	239.86	380.98
(b) Others	932.74	1053.41
	1172.60	1434.39
Less — Provision for doubtful debts	114.08	145.30
	1058.52	1289.09
	Rupees crores	As at 31-3-2002 Rupees crores
Sundry debts, secured and considered good	43.38	108.35
Sundry debts, unsecured and considered good	1015.14	1180.74
Sundry debts, considered doubtful	114.08	145.30
	1172.60	1434.39

SCHEDULE I : CASH AND BANK BALANCES :— (Item No. 12A(e), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Cash in hand (including cheques in hand Rs. 124.52 crores As at 31.03.2002 : 111.11 crores)	149.15	133.41
(b) Remittance in transit	49.66	45.46
(c) With Scheduled Banks	211.30	67.92
(d) With Other Banks	0.19	0.52
	410.30	247.31

SCHEDULE J : LOANS AND ADVANCES :— (Item No. 12(B), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Advances with public bodies	166.24	180.08
(b) Other advances	633.07	500.31
(c) Advance payment against taxes	433.57	200.03
	1232.88	880.42
Less — Provision for doubtful advances	40.58	35.58
	1192.30	844.84
	Rupees crores	As at 31-3-2002 Rupees crores
Loans and Advances, secured and considered good	—	0.04
Loans and Advances, unsecured and considered good	1192.30	844.80
Loans and Advances, considered doubtful	40.58	35.58
	1232.88	880.42

Schedules forming part of the Consolidated balance sheet

SCHEDULE K : CURRENT LIABILITIES :—
(Item No. 13(A), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Acceptances	1.61	3.43
(b) Sundry creditors :		
(i) For goods supplied	513.86	488.31
(ii) For accrued wages and salaries	490.39	449.22
(iii) For other liabilities	830.56	730.77
	1834.81	1668.30
(c) Interest accrued but not due	47.15	42.79
(d) Advances received from customers	99.32	88.76
(e) Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
(i) Unpaid Dividends	11.92	10.48
(ii) Application Money Pending Refund	0.03	0.35
(iii) Unclaimed Matured Deposits	2.29	2.54
(iv) Unclaimed Matured Debentures	10.48	13.20
(v) Interest Accrued on (i) to (iv) above	4.94	8.75
	29.66	35.32
	2012.55	1838.60

SCHEDULE L : PROVISIONS :—
(Item No. 13(B), Page 94)

	Rupees crores	As at 31-3-2002 Rupees crores
(a) Provision for retiring gratuities	1.74	17.69
(b) Provision for taxation	485.56	180.36
(c) Proposed dividends	295.19	—
(d) Provision for interim dividends	—	147.11
(e) Provision for contingencies	1.70	—
	784.19	345.16

Signatures to Schedules 1 to 4 and
A to L and Notes on pages 105 to 112

For and on behalf of the Board,

RATAN N. TATA
Chairman

B. MUTHURAMAN
Managing Director

J.C. BHAM
Company Secretary

Mumbai, 3rd June, 2003.

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03

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.
- 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 upto the same reporting date as that of the company i.e. 31st March, 2003 except TM International Logistics Ltd. which has been accounted based on results of 15 months since the incorporation date of 1st January, 2002.
- The excess of cost to the Company, of its investment in the Subsidiary Company and Joint Ventures 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 ventures as at the date of its investment is treated as Capital Reserve.
- Minority interest in the net assets of consolidated subsidiaries consist 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	
	2002-03	2001-02
Subsidiaries		
Kalimati Investment Company Limited	100.00	100.00
Stewarts & Lloyds of India Limited	54.90	54.90 (a)
Tata Incorporated	100.00	100.00
Tata Korf Engineering Services Limited	99.99	99.99 (b)
Tata Refractories Limited	51.00	51.00
The Tata Pigments Limited	100.00	100.00
Tata SSL Limited	—	94.69 (c)
TM International Logistics Limited	51.00	—
Joint Ventures (d)		
metaljunction.com Private Limited	50.00	
Tata Ryerson Limited	50.00	

The Associates of the Company and the ownership interest are as follows :

Name of the Company	% Share held	Original Cost of Investment Rs. crores	Goodwill/(Capital Reserve) Rs. crores	Accumulated Profit/(loss) at the year end Rs. crores	Carrying amount of Investments on 31.03.03 Rs. crores
Associates (d)					
Adityapur Toll Bridge Company Limited	49.18	0.35	—	—	0.35
Jamshedpur Injection Powder Limited	29.13	3.28	0.01	5.36	8.64
Nicco Jubilee Park Limited	21.60	0.35	—	(0.02)	0.33
Rujvalika Investments Limited	24.12	0.60	(0.29)	0.13	0.73
Tata Metaliks Limited	46.66	11.80	0.01	9.91	21.71
Tata Sponge Iron Limited	39.74	7.20	6.29	23.53	30.73
Tata Yodogawa Limited	36.53	3.36	0.03	6.35	9.71
TKM Overseas Limited	49.00	1.13	—	0.14	1.27
TKM Transport Management Services Private Limited	49.77	0.06	(0.46)	(0.06)	—
TRF Limited	37.43	5.18	0.55	6.74	11.92
Almora Magnesite Limited	39.00	0.78	—	(0.78)	—
Tata Services Limited	21.34	0.19	—	(0.19)	—
Tinplate Company of India Limited	31.91	30.09	—	(30.09)	—
Nilachal Refractories Limited (Re.1/-) (e)	49.63	—	—	—	—
Tata Construction & Projects Limited (Re.1/-) (e)	26.48	—	—	—	—
Kalinga Aquatics Limited (Re.1/-) (e)	30.00	—	—	—	—
Kumardhubi Fireclay & Silica Works Limited (Re.1/-) (e)	30.00	—	—	—	—
Kumardhubi Metal Casting & Engineering Limited (Re.1/-) (e)	49.31	—	—	—	—
Indian Steel Rolling Mills Limited (Re.1/-) (e)	20.56	—	—	—	—
Srutech Tubes India Private Limited (Re.1/-) (e)	20.00	—	—	—	—
Total		64.37	6.14	21.02	85.39

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03

- a) 299,925 Shares (31.03.2002 : 299,925 Shares), 150,075 Shares (31.03.2002 : 1,50,075 Shares) and 1,197,000 Shares (31.03.2002 : 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.
- b) 240,386 Shares (31.03.2002 : 240,386 Shares) and 159,600 Shares in Tata Korf Engineering Services Limited (31.03.2002 : 159,600 Shares) of Rs. 10/- each are held by the Company and by Kalimati Investment Company Limited, respectively.
- c) Tata SSL Limited merged with the Company w.e.f. 1st April, 2002 pursuant to the shareholders' approval at the court convened meeting of the Company held on 18th December, 2002 and the sanction of the Honourable Bombay High Court to the Scheme of Amalgamation. As on 31st March, 2002; 25,336,193 Shares of Rs. 10 each and 4,680,197 Shares of Rs. 10 each in Tata SSL Limited were held by the Company and Kalimati Investment Company Limited respectively.
- d) Previous years' figures do not include figures for associates and joint ventures.
- e) 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 :

- i) Tata Incorporated which is incorporated in the United States of America.
- ii) TKM Overseas Limited which is incorporated in the United Kingdom.

2. Accounting Policies :

- (i) **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.
- (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 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 un-amortized 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 and associates depreciation is calculated on written down value basis. 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 capitalized. 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.
- (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.

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03

- (xi) In one subsidiary, Profit on Erection Contracts are recognised on percentage completion method. Profit on erection contract is recognised only when the stage of completion (as techno-commercially assessed by the management) is 30% or more. 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. 16.39** crores (2001-02 : Rs. 21.37 crores).
- (xii) **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.
- (xiii) **Employee Separation Compensation** : Compensation to employees who have opted for retirement under the Employee Separation Schemes of the Company is amortised over 120 months.
- (xiv) 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.
- (xv) **Secured Loans** : Discount Charges on Discount Bonds are written off over the period of the Bonds.
- (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. As this is the first year of adoption of Accounting Standard-23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard-27 – Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India, figures for the previous year are not strictly comparable.

4. Contingent Liabilities

	2002-03	<i>2001-02</i>
	Rs. crores	<i>Rs. crores</i>
A) Guarantees to banks and financial institutions on behalf of others	165.29	<i>94.54</i>
B) Claims for taxes and miscellaneous items (net of taxes)	608.34	<i>746.00</i>
C) Other claims not acknowledged as debts	5.07	<i>7.75</i>
D) Claim by a party arising out of conversion arrangement	195.82	<i>195.82</i>
E) Uncalled liability on partly paid shares and debentures	0.01	<i>0.10</i>
F) Bills Discounted	98.33	<i>80.86</i>
G) Cheques Discounted : Amount Indeterminate		

5. The Shareholders of the Company at the Extra-Ordinary General meeting held on 19th March, 2003 approved and the Honourable High Court of Judicature at Bombay vide its order passed on 7th May, 2003 confirmed the adjustment of Miscellaneous Expenditure representing employee separation cost upto Rs. 1510.09 crores against the Securities Premium Account and Capital Redemption Reserve in accordance with the provisions of Sections 78 and 80 read with Section 100 of the Companies Act.
Accordingly an amount of Rs. 1508.63 crores representing unamortised employee separation cost as on 31.03.2003 has been adjusted against Securities Premium Account [Rs. 817.41 crores (net of deferred tax asset of Rs. 541.22 crores)] and Capital Redemption Reserve (Rs. 150 crores) during the year.
6. TM International Logistics Limited became the Subsidiary of the Company during the year. The figures for Current year include figures relating to TM International Logistics Limited as given below:

	Rs. crores
Liabilities	
General Reserves	2.50
Profit and Loss Account	2.24
Current Liabilities	16.77
Provisions	2.13
Deferred Tax Liability	1.03
	24.67
Assets	
Fixed assets	10.47
Investments	9.23
Current Assets	11.64
Loans and Advances	2.37
Miscellaneous expenditure	0.10
	33.81

7. (a) The audited financial statements of Adityapur Toll Bridge Limited, an associate of the Company are not available for the period ended 31st March, 2003. The Company has no commercial operations. In valuing the investment in this Company, the last audited financial statements for the period ended 31st March, 2002 have been considered.
- (b) In valuing the Investment of Nicco Jubilee Park Limited, an associate of the Company for the year, the unaudited financial statement for the period ended 31st March, 2003 made available by the management of the Company have been considered.

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03
8. Undertakings :

The Company and its Subsidiaries have given undertakings to lending Banks and institutions in respect of its investments of **Rs. 59.80** crores (31.03.2002 : Rs. 109.24 crores) in :

- (a) Tinsplate 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 undertakings 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 (31.03.2002 : 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.

9. Estimated amount of contracts remaining to be executed on Capital Account and not provided for : **Rs. 267.67** crores (31.03.2002 : Rs. 200.75 crores).

10. Future obligations by way of lease rentals in respect of assets taken on lease (net of provisions made) amount to **Rs. 33.20** crores (31.03.2002 : Rs. 52.41 crores).

11. The long term Wage Agreements entered into by the Company with the employees at Jamshedpur and 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 01.01.2001. Outstanding issue, if any, will be discussed with the local union.

The long term Wage Agreements for the employees of the Collieries expired on 30.06.2001. As the full basic salary of majority of coal employees is covered under 100% DA neutralization scheme, the Company is of the view that further additional wage is not payable.

12. The notes to the accounts of Tata Korf Engineering Services Limited (TKES), a subsidiary states that : The accumulated losses of the company as at 31st March, 2003 exceeds 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 reports of the auditors to the members of TKES contain an audit qualification on this account.

Tata Korf has a negative net worth as on 31.03.2003 of **Rs. 6.02** crores. (31.03.2002 : Rs. 3.33 crores.)

13. Consequent on the realignment of the value of foreign currency loans, the rupee liability in respect of such loans has increased by a net amount of **Rs. 60.69** crores (31.03.2002 : Rs. 63.99 crores). This increase has been adjusted in the carrying cost of the fixed assets to the extent of **Rs. 60.69** crores (31.03.2002 : Rs. 63.99 crores) and **Rs. Nil** (2001-02 : Rs. Nil) charged to revenue.

Amount of net exchange profit included in the profit and loss account for the year is **Rs. Nil** (2001-02 : Rs. 4.96 crores).

14. The Company has the following joint ventures as on 31st March, 2003 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 :

	Rs. crores
ASSETS	
Net Block (including Capital WIP)	45.93
Investments	5.99
Current Assets	26.68
Loans & Advances	6.26
Miscellaneous Expenditure	0.38
	85.24
LIABILITIES	
Reserves & Surplus	4.34
Secured Loans	31.36
Unsecured Loans	0.06
Deferred Tax Liability	4.10
Current Liabilities	10.80
Provisions	2.08
	52.74
INCOME	
Sale of products and other services	96.03
Other Income	3.63
	99.66
EXPENSES	
Manufacturing and other expenses	83.49
Depreciation	4.58
Provision for contingencies	1.04
Interest	3.19
Taxes – Current Taxes	0.83
– Deferred Taxes	1.52
	94.65

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

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03

15. Information about Primary Business Segments :

Particulars	Business Segments		Unallocable Rs. crores	Eliminations Rs. crores	Total Rs. crores
	Steel Rs. crores	Others Rs. crores			
Revenue :					
Total External Sales	7,741.66	1,395.16	—	—	9,136.82
	6,280.56	1,136.94	—	—	7,417.50
Add : Inter segment sales	395.42	183.77	—	—	579.19
	331.41	121.88	—	—	453.29
Total Revenue	8,137.08	1,578.93	—	—	9,716.01
	6,611.97	1,258.82	—	—	7,870.79
Less : Inter segment sales	395.42	183.77	—	—	579.19
	331.41	121.88	—	—	453.29
Total sales	7,741.66	1,395.16	—	—	9,136.82
	6,280.56	1,136.94	—	—	7,417.50
Segment result before interest, exceptional/extraordinary items and tax	1,705.14	120.91	14.43	(12.58)	1,827.90
	799.18	73.55	2.07	(12.81)	861.99
Less : Interest					315.39
					403.15
Profit before Exceptional/Extraordinary items and tax					1,512.51
					458.84
Exceptional/Extraordinary items					
Less : Employee's Separation Compensation					(232.51)
					(232.28)
Less : Provision for Contingencies					(1.04)
					—
Add : Profit on Sale of Long Term Investments					—
					15.71
Profit before Tax					1,278.96
					242.27
Taxes					256.68
					48.70
Profit after Taxes					1,022.28
					193.57
Segment Assets	9,875.95	868.56	819.97	(26.25)	11,538.23
	10,061.56	890.64	413.58	(31.19)	11,334.59
Segment Liabilities	1,657.29	269.81	891.21	(21.57)	2,796.74
	1,515.38	249.48	442.78	(23.88)	2,183.76
Total Cost incurred during the year to acquire Segment assets	440.71	33.21	—	(3.88)	470.04
	535.00	7.84	0.24	—	543.08
Segment Depreciation	541.27	28.42	—	—	569.69
	519.19	28.01	0.12	—	547.32
Non-Cash Expenses other than depreciation	113.37	43.66	0.35	—	157.38
	35.63	14.64	28.91	—	79.18

Information about Secondary Segments : Geographical

	2002-03 Rs. crores	2001-2002 Rs. crores
Revenue by Geographical Market		
India	7,739.79	6,705.56
Outside India	1,397.03	711.94
	9,136.82	7,417.50
Additions to Fixed Assets and Intangible Assets		
India	470.04	543.08
Outside India	—	—
	470.04	543.08
Carrying Amount of Segment Assets		
India	11,538.11	11,334.55
Outside India	0.12	0.04
	11,538.23	11,334.59

Notes :

- 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 and Port operations.
- 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.

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03

(iii) Unallocable assets exclude :	2002-03	<i>2001-02</i>
	Rs. crores	<i>Rs. crores</i>
Investments	1,211.19	<i>789.23</i>
Miscellaneous expenditure	10.25	<i>1,011.78</i>
Goodwill	0.41	<i>1.66</i>
	1,221.85	<i>1,802.67</i>
Total Unallocable Liabilities exclude :		
Secured Loans	3,747.44	<i>4,232.50</i>
Unsecured Loans	567.64	<i>760.73</i>
Provision for Employee Separation Compensation	1,463.36	<i>1,008.67</i>
Deferred Tax Liability (Net)	859.53	<i>1,409.42</i>
Minority Interest	30.97	<i>23.63</i>
	6,668.94	<i>7,434.95</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.

16. Related Party Disclosures :

(a) List of Related Parties and Relationships

Party	Relation
A. Adityapur Toll Bridge 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. Rujuvalika Investments Ltd. Srutech Tubes India Pvt Ltd. Tata Construction & Projects Ltd. Tata Metaliks Ltd. Tata Services Ltd. Tata Sponge Iron Ltd. Tata Yodogawa Ltd. Tinplate Company of India Ltd. TRF Ltd. TKM Overseas Ltd. TKM Transport Management Services Private Ltd.	Associate - Shareholding of the Company on its own or along with Subsidiaries is 20% or more
B. metaljunction.Com Pvt. Ltd. Tata Ryerson Ltd.	Joint Ventures
C. Tata Sons Ltd.	Promoter holding together with its Subsidiaries is more than 20%
D. Key Management Personnel 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 Mr. Ashok Mehta	Whole Time Directors
E. Relative of Key Management Personnel Mrs. G.D. Kamath	Wife of Whole Time Director in a Subsidiary

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03

16. (b) Related Party Transactions

Amount in Rs. crores

Transactions	Associates & JVs	Key Management Personnel	Relatives of Key Management Personnel	Promoter	Total
Purchase of Goods	149.69 96.22	—	—	—	149.69 96.22
Sale of Goods	221.78 103.03	—	—	—	221.78 103.03
Purchase of Fixed Assets	11.80	—	—	0.80	12.60
Sale of Assets	— 0.01	—	—	—	— 0.01
Rendering of Services	39.84 50.68	—	—	0.08 0.18	39.92 50.86
Receiving of Services	188.42 165.14	0.03	0.03	2.95 0.19	191.43 165.33
Agency arrangements (income)	0.12 0.54	—	—	— 0.15	0.12 0.69
Leasing or Hire Purchase arrangements	— 1.01	—	—	—	— 1.01
Finance provided (including Loans and equity contributions in cash or in kind)	47.50 24.73	—	—	124.00 23.00	171.50 47.73
Interest income during the year	4.45 4.47	—	—	0.24 0.05	4.69 4.52
Finance received (including Loans and equity contributions in cash or in kind)	— 16.00	—	0.02	10.00 146.50	10.02 162.55
Interest paid during the year	0.01 0.99	0.05 0.01	0.01	0.01 0.40	0.03 1.40
Guarantees given	70.00 1.44	—	—	—	70.00 1.44
Management contracts including deputation of employees	0.02 0.17	—	—	18.35 12.25	18.37 12.42
Dividend income	5.52 15.12	—	—	—	5.52 15.12
Provision for receivables made during the year	1.84 6.23	—	—	—	1.84 6.23
Unsecured advances/deposits given	— 0.20	—	—	0.30	— 0.50
Agency commission paid	0.04 0.41	—	—	— 0.01	0.04 0.42
Dividend paid to shareholders	0.31 0.19	—	—	29.22 36.51	29.53 36.70
Diminution in value of investments	— 1.04	—	—	—	— 1.04
Unsecured advances/deposits accepted	—	—	—	— 0.61	— 0.61
Remuneration paid	—	2.97 3.39	0.01	—	2.98 3.39
Bad debts written off	11.90 0.02	—	—	—	11.90 0.02
Liabilities written back	2.51	—	—	—	2.51
Provision for Diminution in value of Investments made during the year	—	—	—	—	—
Debit balances outstanding as on 31/03/2003					
Outstanding Receivables	82.32 137.70	—	0.11	1.58 1.95	84.01 139.69
Provision for outstanding receivables	13.62 11.68	—	—	—	13.62 11.68
Credit balances outstanding as on 31/03/2003					
Outstanding payable	42.23 25.68	—	—	22.36 16.01	64.59 41.78

SCHEDULE M : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2002-03
17. Managerial Remuneration in the Company

	31.3.2003	<i>31.3.2002</i>
	Rs. crores	<i>Rs. crores</i>
Salaries (including Company's Contribution to Provident and Superannuation Fund)	0.81	<i>0.96</i>
Commission	1.25	<i>0.92</i>
Perquisites	0.20	<i>0.60</i>
Director's Sitting Fees	0.07	<i>0.07</i>
Total	<u>2.33</u>	<i><u>2.55</u></i>

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. 0.02 crore** (2001-2002 : *Rs. 0.02 crore*) relating to a former director, retirement benefits of **Rs. 0.28 crore** (2001-2002 : *Rs. 0.34 crore*) to a former Managing Director and **Rs. Nil** (2001-2002 : *Rs. 0.16 crore*) for the period prior to appointment as Directors

18. Earnings per Share (EPS) :

	2002-03	<i>2001-02</i>
	Rs. crores	<i>Rs. crores</i>
(i) Profit after Tax and Minority Interest	1030.65	<i>192.42</i>
Less : Preference Dividend including tax thereon	—	<i>2.28</i>
Profit attributable to ordinary shareholders	<u>1030.65</u>	<i><u>190.14</u></i>
	Nos.	<i>Nos.</i>
(ii) Weighted Average No. of Ordinary Shares for Basic EPS	368,045,867 @	<i>367,771,901</i>
Add : Adjustment for Options relating to 12,446 (2001-02 : 12,446)		
Detachable Warrants	5,002	<i>3,848</i>
Weighted Average No. of Ordinary Shares for Diluted EPS	368,050,869	<i>367,775,749</i>
(iii) Nominal Value of Ordinary Shares	Rs. 10.00	<i>Rs. 10.00</i>
(iv) Basic/Diluted Earnings per Ordinary Share	Rs. 28.00	<i>Rs. 5.17</i>

Figures for the previous year are not comparable as profit after tax for the previous year does not include profits of associates and joint ventures as the Accounting Standard-23 – Accounting for investments in associates in Consolidated Financial Statements and Accounting Standard-27 – Financial reporting of interests in Joint ventures are applicable from 1st April, 2002.

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

19. Deferred Tax Liability (net) :

	31.03.2003	<i>31.03.2002</i>
	Rs. crores	<i>Rs. crores</i>
Deferred Tax Liabilities		
Difference between book and tax depreciation	1690.28	<i>1673.48</i>
Amortization of Miscellaneous/Prepaid Expenditure	10.36	<i>12.11</i>
Sub-Total (A)	<u>1700.64</u>	<i><u>1685.59</u></i>
Deferred Tax Assets		
Early Separation Scheme	(128.30)	<i>(99.88)</i>
Wage Provision	(20.76)	<i>(29.46)</i>
Past Losses and unabsorbed depreciation	(3.29)	<i>(37.84)</i>
Provision for doubtful debts and advances	(54.58)	<i>(65.18)</i>
Provision for Leave Salary	(71.66)	<i>(32.64)</i>
Miscellaneous expenditure adjusted against Securities Premium Account	(541.22)	<i>—</i>
Other Deferred Tax Assets	(21.30)	<i>(11.17)</i>
Sub-Total (B)	<u>(841.11)</u>	<i><u>(276.17)</u></i>
Deferred Tax Liability (net) (A-B)	<u>859.53</u>	<i><u>1409.42</u></i>

Pursuant to the adoption of Accounting Standard-22 on Accounting for Taxes on income, a joint venture company has recorded a net cumulative deferred tax liability of Rs. 5,25,75,000 as at 31st March, 2002 as a charge to the balance in the Profit and Loss Account on 1st April, 2002. Consequently, Consolidated Financial Statements includes an amount of Rs. 2,62,87,500 (being 50% of the liability) which has been considered.

20. Provision for taxation is net of tax credit of Rs. 128.63 crores available in respect of Minimum Alternate Tax paid under Section 115JA of Income Tax Act, 1961, in earlier years.
21. 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.
22. Previous year's figures have been recast/restated wherever necessary.
23. Figures in italics are in respect of the previous year.