

TATA STEEL



98th Annual Report

2004-2005



CREATING VALUE

The architecture for Vision 2007 has been well founded on the ability to transform it into reality. The branding of steel, production of lowest cost steel, Economic Value creation and expansion have all contributed to Tata Steel's growth. One step by another, the Company is achieving its strategic goals and creating higher stakeholder value. This value symbolises corporate sustainability, financial stability, business excellence and social responsibility. By following the Vision 2007, Tata Steel is poised to seize the opportunities of tomorrow and improve the quality of life of all its stakeholders.



TATA STEEL

Contents

Chairman's Statement	2	Financial Statistics	95
Corporate Value	4	Dividend Statistics	96
NatSteel Asia - A Profile	6	Financial Ratios	97
Domestic Capacities	8	Corporate Governance Report	98
Eva + Core Business	10	Section 212 of the Companies Act, 1956,	
Financial Value	12	related to Subsidiary Companies	116
Financial Highlights	14	Summary Financials of Subsidiary Companies	117
Rupee Earned & Distribution of Revenue	16	Consolidated Financial Statements	
Board of Directors	17	Auditors' Report	118
Corporate Sustainability Initiatives	18	Consolidated Balance Sheet	120
Management of Business Ethics	20	Consolidated Profit and Loss Account	121
Directors' Report	21	Consolidated Cash Flow Statement	122
Management Discussion & Analysis	32	Schedules forming part of the	
Highlights	49	Consolidated Profit and Loss Account	124
Sources & Utilisation of Funds	50	Schedules forming part of the	
Auditors' Report	51	Consolidated Balance Sheet	126
Annexure to the Auditors' Report	52	Notes to the Consolidated Financial Statements	131
Balance Sheet	56	Awards	145
Profit & Loss Account	57	Business Value	146
Cash Flow Statement	58	Products at a glance	148
Schedules forming part of the		Branded Steel	150
Profit & Loss Account	60	Customer Value Management	152
Notes to Schedule 4	62	Social Value	154
Schedules forming part of the Balance Sheet	63	Environment Management	156
Notes on Balance Sheet & Profit and Loss Account	77	Welfare	158
Balance Sheet Abstract and Company's		Sports	159
General Business Profile	93	Jamshedpur Township	160
Production Statistics	94		

Annual General Meeting on Wednesday, 27th July, 2005 at Birla Matushri Sabhagar at 3.30 p.m.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

Chairman's Statement

Dear Shareholder,

The past year marked the third year in succession of buoyant worldwide steel demand and prices. Consequently, the steel industry, considered not so long ago as a "sunset" industry, saw a spate of capacity growth plans and consolidation on the expectation that demand buoyancy would not lose momentum in the near future.

China continued to be the main engine of growth for the global steel industry, accounting for nearly 40 per cent of the incremental growth in the world's steel consumption over 2004. Similar strong consumption trends were seen in major steel markets, including the U.S. and Japan. The net result was a continued acute shortage of raw materials and firm steel prices worldwide, providing steel companies with unprecedented profits. Although the growth momentum in China is expected to be maintained for some more time due to its large investments in new infrastructure, the global steel industry should bear in mind that with the industry's growing reliance on China, any slow down in the rate of growth of China's demand for steel would have an immediate, and significant adverse impact on the demand and on prices of steel.

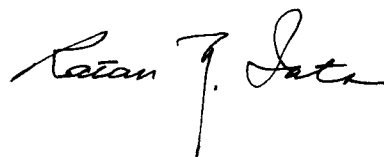
The Indian economy remained upbeat during the year with brisk industrial activity in major steel consuming sectors like automobile and consumer durables. In line with global trends, domestic prices too ruled firm for the second year running.

Against this backdrop, Tata Steel had another outstanding year. Its profits were nearly double the previous year's, reflecting not just the substantial increase in realisations over the year but also the continued benefits from its ongoing thrust to rationalise costs, improve productivity and enrich its product mix.

The Company's management believes that the steel industry in India will continue to see robust growth in the near term and has, accordingly plans to increase its production initiated from 4 million tonnes to 15 million tonnes, over the next five years.

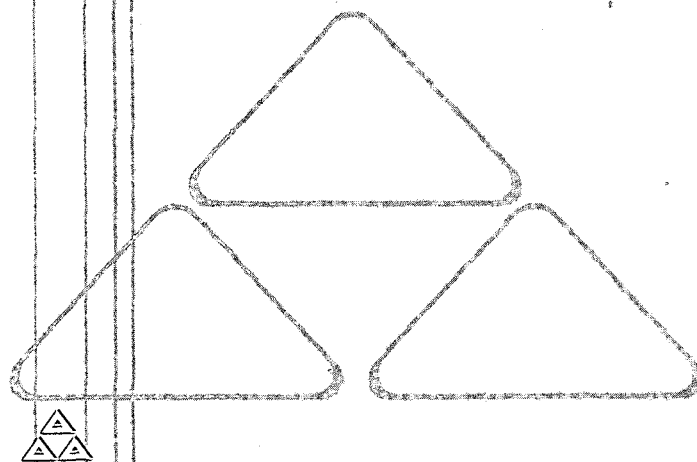
The key elements of its strategy also encompass securing raw material supplies in an environment of increasing scarcity, expanding the production of semi-finished steels domestically to support further finishing in selected geographies closer to the consuming markets. Towards this end, Tata Steel initiated international joint ventures for securing limestone supplies, committed itself to nearly doubling the capacity of the Jamshedpur plant and to setting up a greenfield venture in Orissa and Bangladesh, and acquired the Singapore-based NatSteel with multiple production units in the growth markets of South-east Asia and China. The Company intends, by continuing its strategic thrust in the coming years, to transcend its current limitations of size and single-point location, and grow to achieve a meaningful presence in the region.

As always, the greatest strength of Tata Steel has been its people and their spirit in overcoming challenges deemed impossible by others. However, Tata Steel must guard against any sense of complacency and should continue the good work it initiated in earlier difficult times to ensure that it retains its leadership position. As Tata Steel now stands on the doorstep of scaling new heights, I am confident that its ceaseless commitment to learn and to improve itself will once again help it achieve its goals.



Chairman

Mumbai, 6th June, 2005

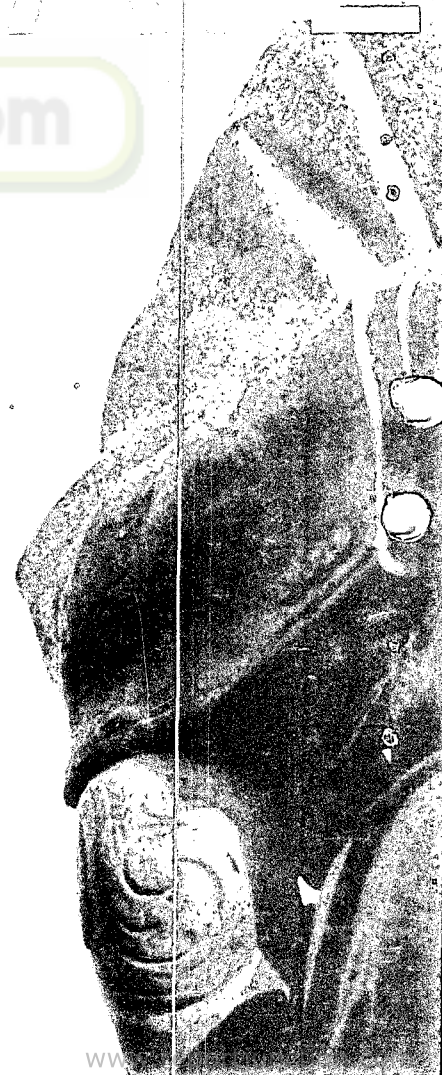


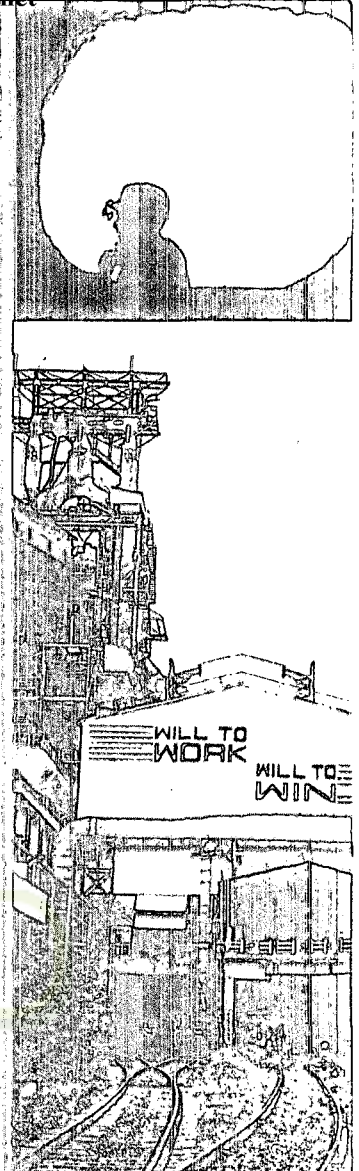
CORPORATE VALUE

Report Junction.com

Corporate excellence. Corporate sustainability.
Focus. Foresight.

Tata Steel's major focus during the year has been on further accelerating the growth of the Company. The investment in NatSteel Asia is the first big step towards expanding Tata Steel's international presence.



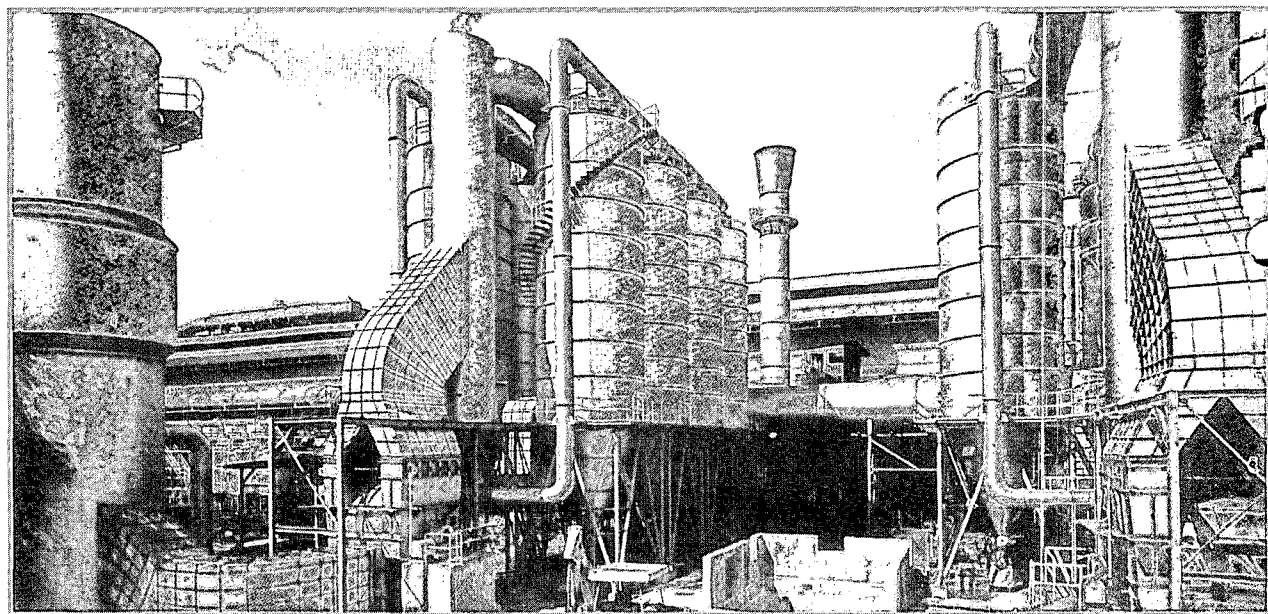


reportjunction.com

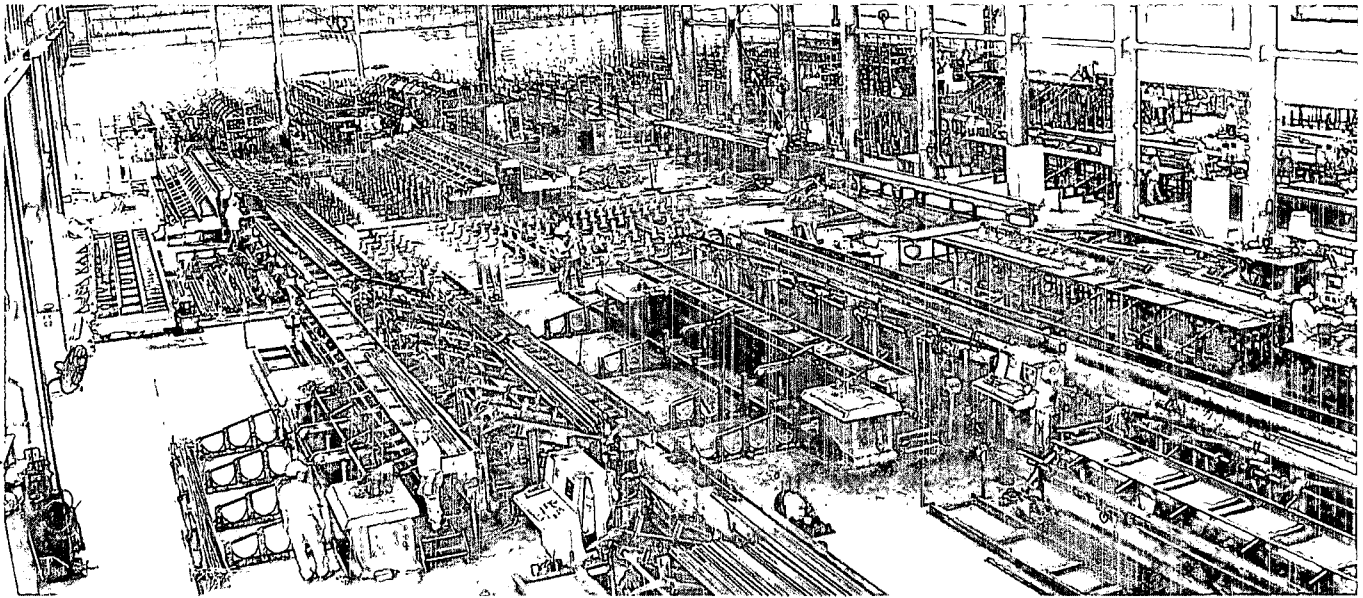
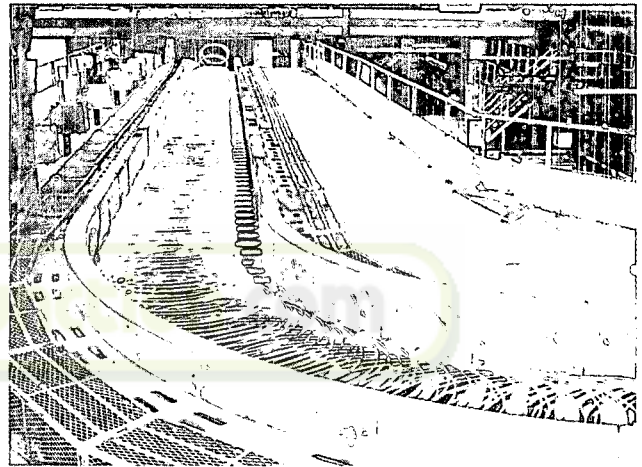
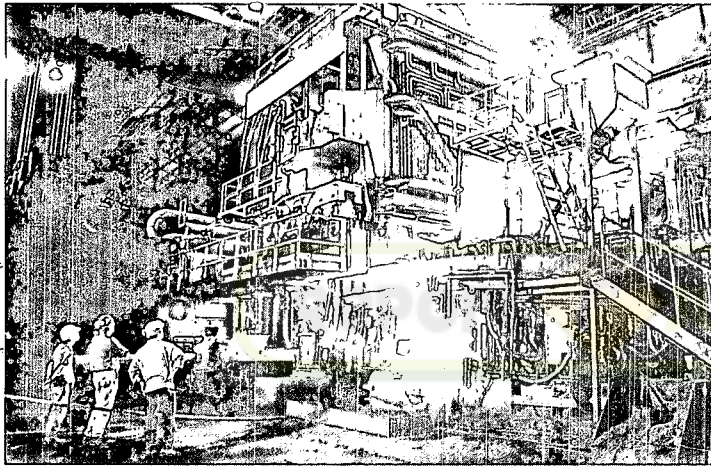
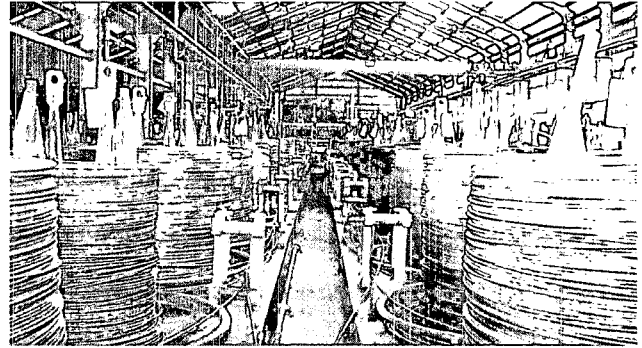
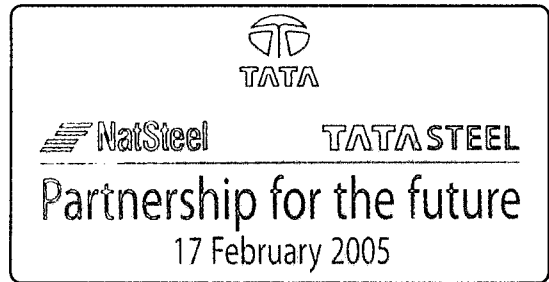
• vision • new directions • technology • modernisation •
• vision • new directions • technology • modernisation •

NatSteel Asia - A Profile

- ❖ NatSteel Asia has a finishing capacity of over 1.7 million tonnes per annum and has a presence through subsidiaries and joint ventures in seven countries in the region. The annual revenue is about S\$ 1.8 billion (Rs. 4,500 crores). It is a leading supplier of premium value added long products to the construction industry in the region.
- ❖ With over more than four decades of steelmaking, NatSteel Asia has stayed at the forefront of the industry by constantly pushing the frontiers in **manufacturing processes, services, as well as environmental, safety and health measures.**
- ❖ Tata Steel's investment in 100% equity interest in the steel business of NatSteel Asia will help the Company to establish a strong Pan-Asian presence.



NatSteel Asia's flagship plant in Singapore serves as the hub of all operations, providing research and development, engineering consultancy, logistics, procurement and other support services. NatSteel Asia has more than 3,000 employees across the Asia Pacific.



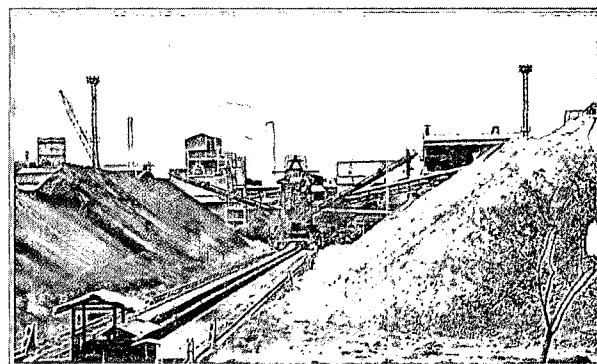
Domestic Capacities

One million tonne expansion plan

The one million tonne expansion plan has been launched to produce **1 million tonnes per annum (MTPA) of additional steel** over the current capacity of 4 MTPA. This project will help produce high quality and more energy efficient steel.

The expansion project includes :

- a raw material Bedding & Blending plant
- a new Sinter plant of size 204 sq.m. to produce 2 MTPA of sinter
- conversion of one existing curved mould caster to a vertical mould caster to produce high quality steel for the auto sector in the LD-2 steel melting furnace and slab casting shop.



The newly commissioned Sinter plant