

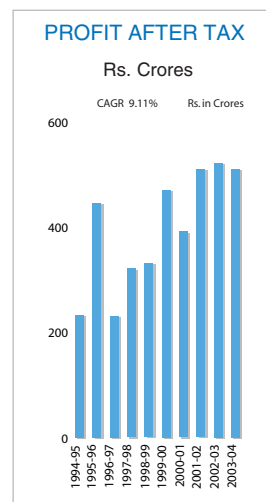
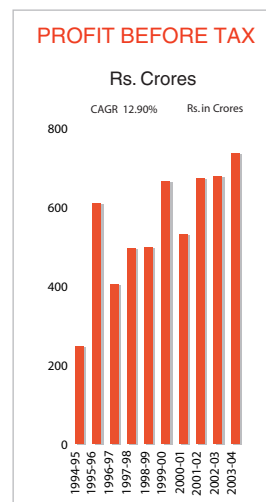
# Directors' Report

TO THE MEMBERS,

The Directors are pleased to present their Eighty-fifth annual report on the business and operations of the Company and the statement of accounts for the year ended 31st March 2004.

## 1. FINANCIAL RESULTS

	<b>FY 2004</b> <b>(Rupees in crores)</b>	<b>FY 2003</b> <b>(Rupees in crores)</b>
(a) Net Sales / Income from Other Operations .....	4239.08	4299.75
(b) Total Expenditure.....	3047.13	3115.59
<b>(c) Operating Profit .....</b>	<b>1191.95</b>	<b>1184.16</b>
(d) <i>Add:</i> Other Income.. .....	159.99	152.03
(e) Profit before Interest, Depreciation and tax. ....	1351.94	1336.19
(f) <i>Less:</i> Interest and Finance charges.. .....	283.72	341.21
(g) Profit before Depreciation and tax. ....	1068.22	994.98
(h) <i>Less:</i> Depreciation .....	333.95	318.04
<b>(i) Profit before tax. ....</b>	<b>734.27</b>	<b>676.94</b>
(j) <i>Less:</i> Provision for taxes (including provision for deferred tax).....	225.19	157.02
<b>(k) Net Profit after tax. ....</b>	<b>509.08</b>	<b>519.92</b>
(l) <i>Less:</i> Statutory appropriations. ....	42.16	69.91
<b>(m) Distributable Profits.. ..</b>	<b>466.92</b>	<b>450.01</b>
(n) <i>Less:</i> Transfer to Debenture Redemption Reserve.....	Nil	49.69
(o) <i>Add:</i> Balance brought forward from the previous year.....	1019.41	897.87
(p) Balance. ....	1486.33	1298.19
which the Directors have appropriated as under to :		
(i) Proposed Dividend.....	138.69	128.78
(ii) General Reserve .. ..	150.00	150.00
<b>TOTAL .....</b>	<b>288.69</b>	<b>278.78</b>
Leaving a balance of .....	1197.64	1019.41
to be carried forward		



## 2. FINANCIAL HIGHLIGHTS

During the year, the revenues from operations marginally decreased by 1% to Rs. 4239.08 crores from Rs. 4299.75 crores in the previous year. This was primarily due to lower revenues in the license area owing to lower fuel cost partly offset by higher revenues from other businesses. Operating profit was marginally higher at Rs. 1191.95 crores as against Rs. 1184.16 crores in the previous year. Profit Before Tax at Rs. 734.27 crores improved by almost 8% from Rs. 676.94 crores in the previous year. However, there was a marginal decline in the Profit After Tax at Rs. 509.08 crores as against Rs. 519.92 crores in the previous year. Earning per share for the year decreased marginally by 2% from Rs. 26.27 to Rs. 25.72. The Company has a networth of Rs. 3536 crores which translates to a book value of Rs. 179.

The dispute regarding the sharing of standby charges payable to MSEB is before the Hon'ble Maharashtra Electricity Regulatory Commission (MERC). Hearings at MERC have recently been concluded and the Order is awaited.

MERC has put a temporary restraint on the Company for effecting new supplies below 1000 kVA till the necessary rules and regulations for competition are evolved. The Company has approached the Hon'ble High Court of

Bombay in the matter and hearings for admission are in progress.

Pursuant to the Government of Maharashtra's incentive policy for setting up windfarms, the Company has availed of the Sales Tax benefit during the year for an amount of Rs.14.2 crores (previous year Rs. 14.2 crores) for its 17 MW Wind Power project at Supa.

The Company's debt paper continues to be highly rated by both domestic and international credit rating agencies. ICRA has revised its rating to LAA+ for the non convertible debenture program of the Company. CRISIL has retained its rating at AA+ for the non convertible debenture program of the Company. The Company maintains the highest rating of P1+ and A1+ by CRISIL and ICRA respectively. The Company has been rated BB by Standard and Poor's and BA2 by Moody's.

In order to reduce its interest burden, the Company prepaid loans aggregating to Rs. 564 crores in this financial year. The total loan outstanding as on 31st March 2004 was Rs. 1721.42 crores as compared to Rs. 2399.2 crores as on 31st March 2003. The average interest rate of borrowings has decreased from 12.13% to 10.92%.



The total deposits and loans from the public and shareholders outstanding as on 31st March 2004 amounted to Rs.133.83 crores. Nine hundred and sixty-nine deposits amounting to Rs. 172.31 lakhs, which had matured have not been claimed by the depositors as on 31st March 2004. Out of these, two hundred and sixty deposits amounting to Rs. 69.95 lakhs have since been repaid.

The consolidated statements of the Company have been prepared in accordance with Accounting Standard 21 on Consolidated Financial Statement, Accounting Standard 23 on Accounting of Investments in Associates and Accounting Standard 27 on Financial Reporting of interests in Joint Ventures, issued by the Council of the Institute of Chartered Accountants of India.

### 3. DIVIDEND

The Directors recommend a dividend of Rs.7.00 per share, if approved by the shareholders at the Annual General Meeting (including on 230308 shares not allotted but held in abeyance) (2002-03 – total dividend of Rs. 6.50 per share).

### 4. FOREIGN EXCHANGE EARNINGS / OUTGO

The foreign exchange earnings of the Company during the year under review amounted to Rs. 48.59 crores (previous year Rs.67.81 crores)

on account of Euro Notes currency swaps and Trading exports. The foreign exchange outflow during the year was Rs. 719.69 crores (previous year Rs. 910.94 crores), mainly on account of fuel purchase of Rs. 233.40 crores (previous year Rs. 503.26 crores), repayment of foreign currency loans with interest thereon and NRI dividends of Rs.433.65 crores (previous year Rs. 314.26 crores) and purchase of capital equipment, components & spares and other miscellaneous expenses of Rs. 52.64 crores (previous year Rs. 93.42 crores).

## 5. POWER BUSINESS

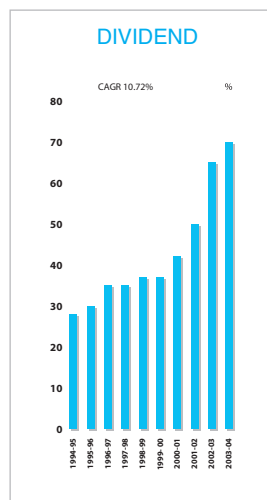
### 5.1 Operational Highlights

The Company generated a total of 12917 Million Units (MUs) of power from all its power plants during the year which is marginally lower than 12996 MUs generated in the previous year.

### 5.2 Mumbai Power Business

The demand in the license area remained stagnant during the year. Coupled with lower off-take by MSEB, the total power generated in the Mumbai license area during

the year was slightly lower at 10405 MUs as compared to 10469 MUs in the previous year. During the year the Company's islanding system operated successfully on four occasions during grid failures/ disturbances



in the Western Region thereby ensuring uninterrupted power supply to Mumbai.

### 5.2.1 Trombay Thermal Power Station

Constrained by lower demand during the year, Trombay Thermal Power Station generated 9038 MUs at a PLF of 77.6% as compared to 9087 MUs generated in the previous year at 78% PLF. The major capital overhaul of 500 MW Unit 5 was completed in a record time of 25 days (as against 39 days envisaged by manufacturers), which is a national benchmark. Highest overall online availability of 93.7%, 314 days of uninterrupted running of 500 MW Unit 6 are other notable highlights for the year.

Efforts to optimise the fuel-mix, improve fuel logistics and reduce auxiliary consumption have enabled the Company to partly mitigate the impact of global increase in fuel oil prices. Improved fuel-mix and efficiency resulted in a saving of Rs. 188 crores during the year.

### 5.2.2 Hydro Plants

The three hydro power plants at Bhira, Bhivpuri and Khopoli collectively generated 1336 MUs during the year as compared to 1350 MUs in the previous year.

The work of tunnel construction to replace the old and

ageing penstocks at Khopoli and strengthening of Walwhan and Shirawta dams has been progressing as per schedule. These works are expected to be completed by August 2005.

The three hydro generating stations have been awarded ISO 9001:2000 certification in recognition of institution of Quality Management System. The other notable feature of the year was operation of Bhira Pumped Storage Unit in pumping mode on several occasions based on system conditions.

### 5.2.3 Wind Power

The 17 MW wind farm at Supa near Ahmednagar, Maharashtra generated 30 MUs during the year recording a PLF of 20.3% as against 32 MUs generated at a PLF of 21.5% in the previous year.

### 5.2.4 Mumbai Transmission & Distribution

During the year, one Distribution Sub-station, 33 Consumer Sub-Stations, 117 circuit kms. of HT/LT cable network and 13 circuit kms. of transmission line were added in Mumbai license area. There was an all round improvement in operational parameters, viz., fault restoration time, reliability index (total shutdown per customer per year), transmission line/ cable availability, etc.



### 5.2.5 Marketing to Consumers in Mumbai

Total sales in the Mumbai license area during the year remained at the level of previous year, viz., 9127 MUs. In addition, the Company sold 650 MUs to the State Electricity Boards, including 205 MUs to Madhya Pradesh State Electricity Board. This was the first occasion for the Company to effect sales outside Maharashtra from license area. The marketing activities in the retail segment, on the other hand, were affected by temporary restraint on the Company by MERC on new retail distribution below 1000 kVA.

### 5.3 Captive Power Plant (CPP) & Independent Power Producer (IPP) Business

#### 5.3.1 Jojobera

The 307.5 MW Jojobera Thermal Station recorded a generation of 1793 MUs, an increase of 32 MUs over previous year's generation of 1761 MUs. The plant availability also improved to 94.3% against 92.4% in the previous year. The sales to DVC also increased to 71 MUs as compared to 17 MUs in the previous year.

During the year, the Division received several quality and safety awards/ certificates.

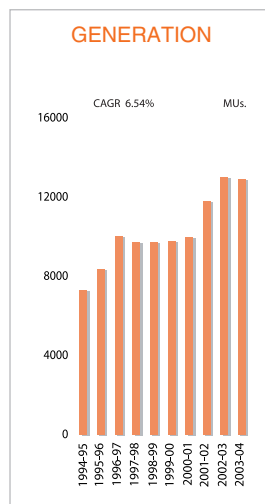
#### 5.3.2 Wadi

Wadi Power Plant continues to meet the entire power requirements of The Associated Cement Companies Limited (ACC) at Wadi. During the year, the plant recorded highest-ever generation of 478 MUs compared to 403 MUs in the previous year, an increase of 18.4%. As a result, the PLF increased to 72.7% from 61.4% in the previous year. The online plant availability also improved to 91.9% from 82.9% in the previous year, an increase of 9%.

#### 5.3.3 Belgaum

The 81.3 MW Belgaum IPP continued to operate at a high overall availability of 90.2 % (89.3% previous year). However, the generation was lower at 242 MUs (363 MUs previous year) due to the reduced off-take of power by Karnataka Power Transmission Corporation Limited (KPTCL). Despite the lower generation, the plant operated with improved efficiency logging a net heat rate of 2044 kcal/ kWh as against 2081 kcal/ kWh in the previous year. The islanding scheme continued to function effectively and the plant islanded 9 times during the year thereby providing uninterrupted supply

to Belgaum city. The black start system was also put to use on 9 occasions. The receivables from KPTCL stood at Rs. 43 crores as on 31st March 2004 as against Rs. 81 crores in the previous year.



#### 5.4 New Generation Capacity

The Company commenced construction work on additional 120 MW Unit at Jojobera, which is progressing as per schedule. The Unit is scheduled to be commissioned in October 2005.

During the year, the Company acquired 100% equity in Duncans North Hydro Power Company Limited (DNHPC). DNHPC is developing a 330 MW Run of the River hydro project at Shrinagar in Uttaranchal. DNHPC has been renamed as Alaknanda Hydro Power Company Limited. Capital outlay for the project is Rs. 1628 crores. Major clearances for the project are in place. Bids for major packages have been received and are under evaluation. The project is scheduled for completion in 2008.

#### 5.5 Distribution Business

North Delhi Power Limited (NDPL), which is the Company's first venture in retail distribution outside its license area, continued to improve levels of efficiency and quality of power supply in North and North West areas of Delhi. NDPL has been successful in bringing down Aggregate Technical and Commercial (AT&C) loss as per regulatory targets during its first two years of operations. The AT&C loss level has come down from 53% at the time of take over to 45% as of March

2004. NDPL's input of energy during the year was 5552 MUs (worth Rs. 868 crores) and corresponding sales revenue of approx. Rs. 1264 crores.

The Company has applied for parallel distribution licenses in seven areas of MSEB which are contiguous to its Mumbai license area. The Company has also expressed interest in taking franchises in Gujarat for power distribution. The Company would continue to pursue emerging business opportunities in the power distribution sector.

#### 5.6 400 kV Transmission Project

The 400 kV Transmission Project is the first public-private joint venture transmission project with 51% equity participation from the Company and 49% equity participation from Power Grid Corporation of India Limited (Powergrid). The scope of work to be executed by the joint venture company involves establishment of 400 kV transmission lines as a part of the transmission system associated with Tala Hydro Project in Bhutan, North-East connector and Northern region transmission system on Build, Own, Operate and Transfer basis (BOOT). Tata Power acquired 51% share of the Tala Delhi Transmission Limited, the shell company floated by Powergrid and the name of the Company was changed to Powerlinks Transmission Limited (Powerlinks). The Company executed a Shareholders Agreement with Powergrid and Powerlinks on 4th July 2003 followed by the



execution of Implementation and Transmission Service Agreement between Powerlinks and Powergrid. Powerlinks has received the Transmission Licence from Central Electricity Regulatory Commission (CERC) on 13th December 2003 for a period of 25 years. The Company has five Directors on the Board of Powerlinks and Powergrid has four Directors. The Project is being funded on a debt : equity ratio of 70: 30. The Project has recently achieved financial closure with disbursement of first loan instalment from lenders in May 2004.

Major contracts for tower supply and erection, supply of Conductor and Insulator have been awarded and the site activities have already commenced. The Project is scheduled to be completed by July 2006 i.e. 36 months from the date of approval of CCEA.

#### 5.7. Power Trading

The Company has set up a wholly-owned subsidiary viz., Tata Power Trading Company Limited (TPTC) with the objective of entering into power trading business at national level. The Electricity Act, 2003 has opened new vistas for power trading as a business activity which has good business potential, particularly in view of the surplus capacity available at various existing generating plants, captive power plants, several investors venturing into installation of merchant power plants

in the near future and power shortages in most of the States. TPTC has already applied to CERC for inter-state trading license and the same is expected to be issued shortly.

## 6. OTHER BUSINESSES

### 6.1 Power Systems Division

Power Systems Division of the Company has emerged as a major player in the EPC Transmission Business in the country. The Division has recorded a quantum leap in its turnover from Rs. 25.9 crores in previous year to Rs.106.3 crores in current year. The operating profits have also significantly increased.

The Division has also improved its order book position. It has an order book of Rs.428 crores at the end of the current year compared to Rs.138 crores at the end of previous year. The Division has won the largest Transmission Line construction contract in Bangladesh against stiff competition from Indian and international transmission line EPC companies. This contract at USD 38 million from Power Grid Company of Bangladesh is the largest export order received by the Division so far.

The Division has enhanced its customer base with contracts from Damodar Valley Corporation, Power Grid Company of Bangladesh and Zambia Electricity Supply Company.



Power Grid Corporation of India continues to be the major customer for the Division. The Division has also extended its product portfolio by entering into sub-transmission and sub-station EPC businesses.

### 6.2 Strategic Electronics Division

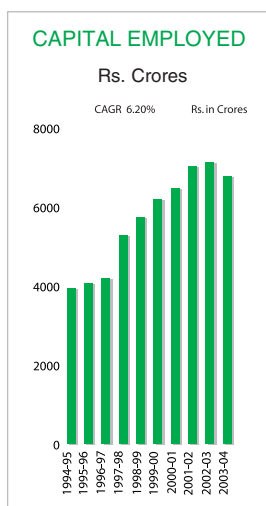
Having recorded a significant turnaround in the previous year, the Division successfully consolidated its operations in meeting its planned targets in the current year. The Division earned a total revenue of Rs. 61.1 crores as compared to Rs. 41.9 crores in the previous year.

Two major turnkey systems developed and supplied by the Division were cleared for induction by the Indian Army.

Several systems with significant contributions from the Division were displayed in the Republic Day Parade 2004 by DRDO. These were the Pinaka (MBRL) Launcher, sub-systems of AGNI and PRITHVI, Samyukta Entity workposts and AKASH launchers.

### 6.3 Broadband & Communications Business

Tata Power Broadband (TPBB) continued with its "Carriers' Carrier" business model, offering services to carriers, telecom service providers and bulk user of IP bandwidth and has further consolidated its market share in Mumbai and Mumbai-Pune.



TPBB earned a total revenue of Rs. 31.1 crores in its first full year of commercial operation and also reported a profit.

TPBB has created India's first Dense Wave Division Multiplexing (DWDM) technology based optic fiber network and has launched MPLS (Multi Protocol Label Switching) based services in the last two years. This leadership position attained by TPBB was further consolidated with its continued focus on high quality customer service, product flexibility with new technology introduction. MPLS Virtual Private Networks (VPNs) were the major driver of IP demand. IP has emerged as the growth segment with bandwidth more than doubling to 1000 Mbps from 400 Mbps. TPBB's network expansion undertaken in Pune will help it win new bandwidth and IP VPN market.

TPBB assisted the network rollout of Tata Teleservices (Maharashtra) Limited by offering reliable fiber connectivity and very high-speed bandwidth on its multi-ring architecture. TPBB is working towards enabling the retail broadband offering of VSNL.

The TPBB Division is being transferred to a wholly-owned subsidiary of the Company, viz. Tata Power Broadband Company Limited (TPBC). TPBC has received an ISP Category 'A' license for All India operation and registered as Infrastructure Provider Category I (IP-I). It



has also applied for IP-II license that is expected shortly. Thus, TPBC will be in readiness to serve all the TPBB customers for fiber, bandwidth and IP/ MPLS VPN requirements in Mumbai & Pune.

## 7. ENERGY BUSINESS

Tata Petrodyne Limited, a wholly-owned subsidiary of the Company, which is engaged in the business of exploration and production (E&P) of Oil & gas, made a profit after tax of Rs. 47.74 crores during the financial year, as against Rs. 20.67 crores in the previous year.

Tata Petrodyne has an interest of 15% in Exploration and 10% in the Development of Lakshmi & Gauri Fields, in the CB-OS/2 Block, operated by Cairn Energy. Tata Petrodyne also has participating interest of 21% in the PY-3 Oil Field ( which is in CY-OS-90/1 Block), in the East Coast of India, which is operated by Hardy Exploration and Production (India) Inc. In the CB-OS/1 Exploration Block, the Company has 10% participating interest.

More details of the performance and prospects of Tata Petrodyne Limited are given in the relevant section in this report.

## 8. ENERGY CONSERVATION & ENVIRONMENT PROTECTION

### 8.1 Energy Conservation Measures

The Company continued its drive for conservation of resources like fuel and water. As a result, the auxiliary consumption at Jojobera has been substantially brought down from 12.7% to 10.9%. Trombay also achieved reduction in auxiliary power consumption from 4.4% to 4.3%. Due to sustained monitoring, the heat rate was reduced from 2378 to 2349 kcal/ kWh. This amounts to resource conservation of 24962 MT of fuel oil equivalent for the generation of 9038 MUs. Similarly, Wadi plants also achieved a reduction in auxiliary power consumption from 12% to 11.3%.

### 8.2 Environment

Trombay Thermal Power Station continues to be one of the most environmentally compatible thermal power plants in the world. The commitment of the Company to environmental protection has been endorsed by Trombay receiving coveted ISO 14001:1996 quality certificate for institution of Environment Management System.

At Jojobera, which had already been awarded ISO 14001:1996 certificate in the previous year, fly ash utilization has increased to 73% from 66% in the previous year. With the



commissioning of new recovery system, 2400 tonnes/day of water is being recycled, thereby considerably reducing the effluent discharge.

Continuing its afforestation programme, the Company planted 7.2 lakh saplings in the lake catchment areas of its hydro generation facilities (6.5 lakh saplings in the previous year). Saplings were also planted at Jojobera, Wadi and Belgaum plants.

#### 9. HUMAN RESOURCES DEVELOPMENT

During the current year also, emphasis was on deployment of Human Resources Processes aligned to the Tata Business Excellence Model (TBEM). Based on feedback from employees, key initiatives were undertaken. As a part of talent acquisition exercise, 82 professionals were recruited to meet gaps in skill sets and support growth areas. To induct and attract fresh talent, 3 separate trainee schemes have been formulated viz. – Management Trainees, Graduate Engineer Trainees and Diploma Trainees.

For talent retention and leadership development, a Succession Planning Process has been deployed. For key positions, potential successors would be identified and developed so that they are in a position to occupy the required position 2 to 3 months ahead of time.

Training initiatives were designed to achieve strategic organizational objectives, meet divisional performance needs and individual aspirations aligned to organizational goals. On an average, 5 mandays of training per employee was imparted across employee segments and divisions. Consistent high performers are trained at reputed institutes in India and abroad for future leadership roles.

Employee relations continue to be cordial.

#### 10. SAFETY

The Company continues to promote safety as an integral part of the work culture. It is given high importance in all work places. Emergency mock trials conducted at various work places indicate better response. Besides carrying out internal and external safety audits, the Company practices a fool-proof work permit system to screen risk factors in all job activities to mitigate hazards at work places. A two-tier safety system is also practised to discuss and resolve safety issues of different magnitude. Apart from the employees, the contractors are also given exhaustive training on safety, first-aid and fire fighting and their tools and gadgets are ensured for healthiness. The Company has developed safety stewards to promote safety at all levels. Due to sustained efforts, the accident rate (no. of reportable accidents



per million manhours worked per year) dropped during the year to 0.7 as compared to 2.0 in the previous year i.e. a reduction of 65 %.

## 11. COMMUNITY DEVELOPMENT

In discharge of its Corporate Social Responsibility, the Company continues to undertake several activities for the benefit of communities. The ambit of some of these activities has also been extended to villages around Jojobera.

### 11.1 Environment & Biodiversity

- Afforestation – 7.2 lakh saplings of indigenous and fast growing trees were planted and fruit trees saplings were distributed to the villagers in the catchment area. In the past 33 years, over 92 lakh saplings have been planted. These plantations also generate employment for rural poor.
- Environment Awareness Programmes- These have been extended to other schools in Hydro catchments of Mulshi and Thokerwadi Lake areas. 7 Teachers Training Workshops were conducted during the current year.
- Pisciculture Project- The Company is helping 17 villages to grow fish in their ponds and earn revenue for their own development. Over 1.10 lakh semi fingerlings of Mahseer were sent to Himachal Pradesh, Haryana, Madhya Pradesh

and Gondawana Foundation for National Conservation Programme. The Company also continues to help Central and State Government for training of manpower in breeding of Mahseer, hatchery, ranching with imprinting and cage culture.

### 11.2 Reaching Communities

- The Company continues to assist in the drought relief work of Government of Maharashtra in Mawal and Mulshi Talukas in Pune Dist.
- The Company asphalted and repaired over 16.5 kms. roads around its hydro catchment area during the year. Construction of over 100 kms. asphalted roads in last few years has resulted in the general uplift of socio-economic conditions of the villagers.
- Three new one-room education centers and eight teachers' rooms were constructed during the year.

### 11.3 Health Care

- Over 40700 villagers were treated through the Company's dispensaries at Bhira, Bhivpuri and Khopoli. Eight special camps were arranged in the villages by the Company and over 86 villages were benefited. Jojobera Division also organized 4 medical/ eye camps for free health check up.



- Assistance was provided in pulse polio immunization programme in Lonavla and surrounding areas. Over 10000 children were immunized. Jojobera Division also organised two pulse polio camps in the nearby villages.
- Blood donation camps were organised during the year at various locations.
- AIDS awareness programmes were arranged for workers and villagers through lectures, slideshows and street plays.

#### 11.4 New Initiatives

- Family Planning: Over 800 family planning operations were carried out during the year at the Family Planning Centres of the Company.
- Cataract and Intra Ocular Lenses (IOL): The Company has tied up with two hospitals in Pune and Talegaon to support cataract and IOL implantation programmes in Mawal and Mulshi Talukas. 600 people took benefit of this initiative.
- Janjagruti Abhiyan: A major initiative was undertaken by T&D Divisions for educating school-going children regarding electrical safety.

#### 11.5 Improving Quality of Life

- The Company has collaborated with Maharashtra Energy Development Agency (MEDA) and Ministry of Non-

Conventional Energy Resources to put a Solar Rural Electrification Plant in Rajmachi and Walwandi. The Company has already deposited the 10% cost of the project to MEDA. The Project has the technical approval of MEDA and is waiting for the funds to be released from the Ministry. This will be the 1st project of this type in Maharashtra.

- Jojobera Division has adopted a nearby village, Khayerbani, for rural electrification. 13 solar streetlights were installed in the village and 36 solar lanterns were distributed to the villagers.
- Jojobera Division installed 6 borewells and repaired 9 existing borewells in the nearby villages during the year.
- The Company in association with Jeevan Pradhikaran has commenced the drinking water scheme for 3 Gram Panchayats.
- Farmers were given quality seeds and guidance for taking 2nd and 3rd crop, thereby augmenting their income. This is a new initiative.
- Vocational Training for women empowerment: Training programme in nursing, candle making, environment education etc. were organized to help women to augment their income, by which over 150 women benefited.
- Vocational training for rural unemployed youth in fish farming

and mali training was carried out in which 30 youths participated.

- The Company organises entrepreneurship training programmes for villagers and supports them to become self sufficient. One such programme was conducted during the year. 12 youths participated in the programme.

#### 12. GLOBAL COMPACT COMPLIANCE

The UN Secretary General announced the Global Compact in January 1999 at the World Economic Forum in Davos to establish a partnership between the developmental agencies and the corporate sector to address issues of globalization. The Compact requires Businesses to adhere to nine principles in the areas of human rights, labour standards and environment. Pursuant to the Tata Group signing the Compact, the Company adopted the Global Reporting Initiatives (GRI) which makes it easier for the Company to assess its total performance-economic, environmental and social. The Company submitted its first performance report using the GRI reporting guidelines for the year.

#### 13. DISCLOSURE OF PARTICULARS

Particulars required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the prescribed format as Annexure I to the Directors' Report.

#### Particulars of Employees

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

#### 14. SUBSIDIARIES

Statement pursuant to Section 212 of the Act, in respect of the seven subsidiaries of the Company viz. Tata Petrodyne Limited, Chemical Terminal Trombay Limited, Af-Taab Investment Company Limited, Powerlinks Transmission Limited, Alaknanda Hydro Power Company Limited, Tata Power Broadband Company Limited and Tata Power Trading Company Limited, is separately given in this Report.

As required under Section 212 of the Act, the Accounts of the subsidiaries of the Company are annexed.

#### 15. DIRECTORS

Mr. R. K. Misra, the LIC Nominee, was appointed as a Director of the Company with effect from 28th March 2003 in the casual vacancy caused by the resignation of Mr. R. Thothadri. Mr. Misra retires at the forthcoming Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956

has been received from a Member signifying his intention to propose Mr. Misra's appointment as a Director.

Mr. A. J. Engineer, who retired as Managing Director in August 2002, was appointed as an Additional Director by the Board with effect from 19th November 2003 in accordance with Article 132 of the Articles of Association of the Company and Section 260 of the Act. Mr. Engineer holds office only upto the date of the forthcoming Annual General Meeting and a Notice under Section 257 of the Act has been received from a Member signifying her intention to propose Mr. Engineer's appointment as a Director.

Mr. J. S. Kawale, State Government Director on the Board of the Company, resigned with effect from 1st March 2004. The Board has placed on record its appreciation of the valuable contribution made to the Company by Mr. Kawale.

Mr. S. S. Bhatia, who has been nominated by the Government of Maharashtra in place of Mr. J. S. Kawale, was appointed as a Director with effect from 12th May 2004.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Dr. H. S. Vachha and Mr. R. N. Tata retire by rotation and are eligible for reappointment.

#### 16. AUDITORS

Members will be requested, as usual, to appoint Auditors and to authorise the Board of Directors to fix their remuneration. In this connection, the attention of the Members is invited to Item No.11 of the Notice and its related Explanatory Statement.

Members will also be requested to pass a resolution (vide Item No.12 of the Notice) authorising the Board of Directors to appoint Auditors / Branch Auditors / Accountants for the purpose of auditing the accounts maintained at the Branch Offices of the Company in India and abroad.

#### 17. AUDITORS' REPORT

The notes to the Accounts referred to in Auditors' Report are self explanatory and, therefore, do not call for any further explanation under Section 217 (3) of the Companies Act, 1956.

#### 18. CORPORATE GOVERNANCE

To comply with conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Statement, Corporate Governance Report and Auditors' Certificate, are included in the Annual Report.

**19. VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES FROM CERTAIN STOCK EXCHANGES**

In terms of the Special Resolution passed by the Members at the Annual General Meeting held on 4th August 2003, the Equity Shares of the Company have been delisted as under :-

Name of Stock Exchanges delisted from	Delisted with effect from
Pune Stock Exchange Ltd.	6th October 2003
The Delhi Stock Exchange Association Ltd.	23rd October 2003
The Stock Exchange, Ahmedabad	15th January 2004

**20. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them

consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors,

R. N. TATA  
Chairman

Mumbai, 21st May 2004