Annexure I to the Directors' Report

FORM B

Form for disclosure of particulars with respect to technology absorption

Research & Development (R&D)

1.	Specific area in which R&D carried out by the Company	:	Design & Development of Real Time, Rugged Hardware & Software including Platform mechanical structures for Defence & Industry
2.	Benefits derived as a result of the above R&D	:	Indigenous capability in the field of Strategic Electronics leading to Import Substitution
3.	Future Plan of Action	:	Develop capability in FPGA based designs and domain knowledge in Simulators and visualisation.
4.	Expenditure on R&D (in Rs. lakhs)		
	(a) Capital	:	53.49
	(b) Recurring	:	49.31
	(c) Total	:	102.80

Technology absorption, adaptation and innovation

1.	Efforts, in brief, made towards Technology absorption, adaptation and innovation	:	Integration of Commercial-Off-The-Shelf (COTS) modules and incorporation of in-house developed engineering techniques to meet performance requirements of the Strategic Electronics industry.
2.	Benefits derived as a result of the above efforts	:	Improved development cycle times and system costs.
3.	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished :		
	a) Technology imported	:	None
	b) Year of import	:	NA
	c) Has technology been fully absorbed	:	NA
	d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	:	NA

Annexure II to the Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Sr. No.	Name	Age (Years)	Designation/ Nature of Duties	Remuneration Gross Rs.	Remuneration Net Rs.	Qualification	Total Experi-ence (Years)	Date of Commence-ment of Employment	Last Employment held and Designation
1.	VANDREVALA F A	53	MANAGING DIRECTOR	7,631,037	4,705,423	B.TECH (HONS), PG DBM	32	01/11/01	THE TATA IRON & STEEL CO. LTD. (DY. MANAGING DIRECTOR - NEW & ALLIED BUSINESSES)
2.	KUKDE P K	60	EXECUTIVE DIRECTOR (OPERATIONS)	3,682,463	2,266,163	M.E. (ELEC) UNIVERSITY OF ROORKEE	34	23/01/03	MSEB (TECH. MEMBER (T & D))
3.	CHARAN AMULYA	55	VICE PRESIDENT (FINANCE)	3,425,450	2,036,014	B.E. (MECH), PG DBA	33	15/10/01	INFORMATION TECHNOLOGY PARK LTD. (FINANCE DIRECTOR)
4.	CHAUDHRY RAHUL	43	CHIEF EXECUTIVE OFFICER (BROADBAND)	3,842,526	2,326,520	B.E.(ELN), M.TECH, (MANAGEMENT SYSTEM)	24	23/08/01	BT WIRELESS (PROGRAMME DIRECTOR)
5.	GURUNATH S M	47	VICE PRESIDENT (BUSINESS DEVELOPMENT - & STRATEGY GROUP)	3,943,658	2,436,659	B.TECH (MECHANICAL)	26	06/05/02	ENRON CORP. (DABHOL POWER CO.) (CFO & SR. V.P. COMMERCIAL)
6.	SARDANA A K	45	CHIEF EXECUTIVE OFFICER (NDPL)	2,958,401	1,854,485	B.E. (ELEC) UNIVERSITY OF DELHI ICWAI, PGDM	23	12/07/02	BSES LIMITED (V.P., HEAD OF CORP PLANNING & EPC BUSINESS GROUP)

Notes :

(1) Gross remuneration comprises salary, allowances,monetary value of perquisites, commission to Directors and the Company's contribution to Provident and Superannuation Funds, but excludes provision for retiring gratuity for which separate figures are not available.

(2) Net remuneration is after tax and is exclusive of Company's Contribution to Provident and Superannuation Funds and monetary value of non cash perquisites.

(3) The nature of employment in all cases is contractual.

(4) None of the employees mentioned above is a relative of any Director of the Company.

On behalf of the Board of Directors

R. N. TATA
Chairman

Mumbai : 21st May 2004

Management Discussion and Analysis

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Electricity is a significant driver of economic growth. Power shortage in the country is primarily on account of inefficient utilisation of some of the installed capacity, dilapidated state of distribution networks, large scale theft and inadequate demand side management. With annual losses of over Rs.33000 crores, the State Electricity Boards' (SEBs') financial position is alarming.

To provide a boost to the ailing power sector, the Government of India (GoI) enacted the Electricity Act 2003 ("Act") on 10th June, 2003. The new Act repeals the existing laws, lowers entry barriers in generation, transmission and distribution and endeavours to promote competition in the entire value chain of the power industry. The GoI has also formulated a road map for the development of the national power sector. The objective of GoI's Vision 2012 is "Quality and Affordable Power for All by 2012".

Further, the Tripartite Agreement between the Government of India, State Governments and the Reserve Bank of India (RBI) for "one-time settlement" of SEBs' dues towards the Central Power Sector Undertakings (CPSUs), was implemented and showed good results.

1.1 GoI's Vision 2012

- Increase generation capacity to 212000 MW
- Increase inter-regional transmission capacity to 30000 MW
- Reduce T & D losses to 15%
- 100% rural electrification
- Eliminate peak demand and energy demand shortages
- Eliminate commercial losses of SEBs

To facilitate as well as incentivise reforms in the distribution sector, the Ministry of Power (MoP) initiated the Accelerated Power Development and Reform Programme (APDRP). Schemes qualifying under the APDRP receive incentives, grants and loans from GoI for the implementation of schemes. The MoP has sanctioned Rs.9267 crores as on 31st March, 2004 for various projects under the APDRP. During the year, about Rs. 1800 crores has been drawn by the beneficiaries.

1.2 The Act: Status

GoI is working on the National Electricity policy and tariff policy. Since, a prerequisite for the success of reforms in the power sector is surplus generating capacity, Central Electricity Regulatory Commission (CERC) is evolving criteria / policies for competition in generation sector. Open access in distribution is yet to be implemented and this needs to be expedited for enhancing competition. Accelerated restructuring / reforms of SEBs is also essential.

So far, ten SEBs have unbundled, twenty-seven States have signed agreements with the MoP to undertake various reforms in lieu of release of funds to improve the health of the sector in their States and almost all States have Electricity Regulatory Commissions.

1.2.1 Regulations for open access in inter-state transmission

The Act permits open access in transmission at the outset. The regulations for open access in inter-state transmission have been notified by CERC. The respective State Electricity Regulatory Commissions (SERCs) are in the process of notifying their own regulations.

The open access regulations will serve to encourage competition and power trading. However, system capacity adequacy and upgradation and on-line data availability are prerequisites for full-fledged use of the open access provisions.

1.2.2 Regulations for inter-state trading

The Act provides for electricity trading to promote competition and improve productivity. Regulations for inter-state trading have already been notified by CERC. CERC has received a number of applications for power trading licenses.

1.2.3 CERC's Tariff Regulations

CERC has notified the Tariff regulations for inter-state generation / transmission with effect from 1st April 2004. These would apply to CPSUs/generating stations supplying to more than one state and inter-state transmission lines. CERC's Tariff regulations would apply for five years and hence provide a sense of stability to consumers and investors. However, reduction in returns and tighter norms for operational parameters would lower returns to investors. These tariff principles may be used by the respective SERCs as guidelines to formulate the tariff principles applicable to utilities in their jurisdiction.

1.3 Developments in Maharashtra

At the request of the Maharashtra Electricity Regulatory Commission (MERC), the four utilities in Maharashtra, viz., Maharashtra State Electricity Board (MSEB), Tata Power, Reliance Energy Limited (REL) and BEST have appointed a consortium of KPMG and J Sagar to assist in formulating various rules and regulations required to be notified. This includes license conditions for transmission, distribution and trading, terms and conditions for open access in transmission and distribution etc. MERC has notified the regulations for Consumer Grievance Redressal Forum and Ombudsman and is in advanced stages of finalising the regulations for tariff principles, license conditions for transmission, distribution and trading and regulations for open access.

1.4 Impact of the Act on the Company

The Company proposes to retain its existing structure in the license area. The Company will maintain separate accounts for generation, transmission and distribution. Captive power plants at Jojobera and Wadi would continue to be an integral part of the Company's operations.

Prior to the enactment of the Act, the Company had an integrated license (valid upto 2014) for generation, transmission and distribution of power in the license area. With delicensing of generation, the existing generating stations would remain with the Company even after the expiry of the license in 2014. Further, the Company is deemed to be a transmission licensee and distribution licensee under the Act. The provisions of the repealed acts like Indian Electricity Act 1910 and Electricity (Supply) Act 1948, including the Sixth Schedule, would however continue to apply upto 10th June 2004. Thereafter, license conditions for T&D as modified by MERC would apply and the existing T&D licenses would continue to be valid upto 2014.

Pursuant to the provisions of the Act, which provides open access on transmission to all generating and distribution companies, traders as well as captive power producers, REL has obtained from MERC open access on the Company's and MSEB's transmission system. REL has sought to bring in 730 MW of power into its Mumbai license area from outside using open access on MSEB's and the Company's transmission networks. MSEB has indicated non-availability of surplus transmission capacity. The Company has sought resolution of a number of techno-commercial issues associated with REL's proposal including quality and reliability of power supply to Mumbai, standby power requirement and charges thereof, etc. MERC has appointed an Expert Committee to give its recommendations in the matter. The Company is finalising plans for alternate uses for its power.

2. SEGMENT-WISE REVIEW

2.1 Business Profile

The Company is primarily engaged in the business of generation, transmission and distribution of electricity with operations in the States of Maharashtra, Jharkhand and Karnataka. The Company undertakes turnkey execution of transmission projects through its Power Systems Division. Through its Strategic Electronics Division, the Company carries out indigenous designs and development of mission critical systems / modules meeting with the MIL (military) specifications. The Company also has a Carriers' Carrier broadband business in Mumbai-

Pune region, which is operated through its Broadband Division.

During the year, Powerlinks Transmission Limited, the joint venture company promoted by Tata Power and Powergrid for Tala transmission project obtained the transmission license for the project from CERC. Powerlinks has recently achieved financial closure at extremely competitive interest rates.

During the year, the Company acquired 100% of the equity in Duncans North Hydro Power Company Limited (DNHPC), for the development of 330 MW Shrinagar hydro electric project located in Uttaranchal. DNHPC has since been renamed as Alaknanda Hydro Power Company Limited.

The Company has also floated a new electricity trading company ("Tata Power Trading Company Limited") to undertake trading of electricity. It has applied to CERC for a trading license.

For the year under review, the power business contributed about 93% of the Company's revenues. The Mumbai license area operations contributed about 86% of the power business revenues.

2.2 Generation, Transmission and Distribution of Electricity

2.2.1 Mumbai License Area

The sales in Mumbai license area were marginally higher at 9127 MUs (9119 MUs previous year). Sales to SEBs during the year were lower by 10.5% at 650 MUs as compared to 726 MUs during previous year mainly due to lower offtake by MSEB. However, one of the notable achievements for the Company was that during the year, for the first time, sales were effected outside Maharashtra from the license area (205 MUs) to Madhya Pradesh State Electricity Board (MPSEB). Sales to various customers of the Company in the current year compared to the previous year is as under:

	2003-04		***2002-03***	
Customer	(MUs)	%	*(MUs)*	*%*
BEST	3883	40	*3781*	*39*
BSES (REL)	3072	31	*3242*	*33*
Railways	757	8	*736*	*7*
Others	1415	14	1359	*14*
Sales in License area	**9127**	**93**	***9119***	***93***
MSEB / MPEB	650	7	*726*	*7*
Total	**9777**	**100**	***9845***	***100***

For the year under review, the online availability of the Trombay Thermal Power Station was 93.7% as compared to 92.4% in the previous year. The station generated 9038 MUs, logging a PLF of 77.6%, which was slightly lower than the generation of 9087 MUs and PLF of 78% in the previous year, primarily due to lower offtake.

Generation at Trombay is largely dependent on domestic and imported LSHS and imported coal to meet the stringent environmental requirements. Fluctuations in oil prices have a major bearing on the Company's tariff in its license area. In the last year, the Company has taken various steps towards optimising its fuel mix to reduce the fuel cost and fuel handling cost.

During the year, the Company received permission from the Maharashtra Pollution Control Board to increase coal firing from 2940 tonnes per day to 5800 tonnes per day in the Trombay Thermal Power Station. Higher coal utilisation at Trombay resulted in a fuel cost reduction of about Rs. 121 crores in the year all of which was passed on to the consumers.

Average gas supply to the Trombay Thermal Power Station was higher at 0.94 MMCMD (0.79 MMCMD in the previous year) against the contracted quantity of 1.5 MMCMD. The Company is examining various alternatives for augmenting its gas supplies. It has initiated discussions with a number of gas suppliers for supply of LNG / gas to Trombay Thermal Power Station.

A break-up of fuel mix is provided below:

(Figures in %)	2003-04	*2002-03*
Fuel mix (based on MUs)		
Coal	26	*19*
Oil	45	*56*
Gas	16	*12*
Hydro	13	*13*
Total	**100**	***100***
Fuel mix (based on fuel cost)		
Coal	20	*13*
Oil	74	*83*
Gas	6	*4*
Hydro	0	*0*
Total	**100**	***100***

Oil consumption, in terms of MUs and cost, has reduced due to the fuel mix optimisation efforts of the Company.

The hydel plants registered a generation of 1336 MUs during the year compared to 1350 MUs in the previous year. A notable feature during the year was the operation of Bhira pumped storage unit on several occasions.

The Company, with the assistance of an external consultant, has embarked on a drive to reduce its costs. The exercise has already resulted in annualised savings of about Rs. 20 crores. Various other initiatives are also being pursued.

The Company commissioned one new distribution sub-station, 33 new consumer sub-stations and laid 117 circuit kms. of LT and HT cables during the year. The Company currently has 10 distribution sub-stations, 339 consumer sub-stations and 1453 circuit kms. of LT/ HT cable network.

As desired by MERC, the Company submitted its Annual Revenue Requirement (ARR) for 2003-04 and 2004-05. The Company has also proposed tariff rationalisation and a time of the day tariff for REL, BEST and HT consumers and introduction of Franchisee system and prepaid meters. The public hearing in respect of the ARRs has already been completed and the final order is expected shortly.

2.2.2 Disputes

There are certain ongoing disputes between the Company and REL in Mumbai license area, which are before MERC/ High Court of Bombay. The status of these disputes is as follows:

Sharing of Standby Charges payable to MSEB

The dispute regarding the sharing of standby charges payable to MSEB is before MERC. Earlier the Hon'ble High Court of Bombay while prima facie upholding the Company's contention that the standby charges be shared by REL and the Company on 50:50 basis had ordered that the arrears be paid on 80:20 basis respectively. Both the Company and REL had preferred appeals before the Hon'ble Supreme Court of India, who remanded the matter back to MERC for de novo consideration. MERC had in turn sought the advice of Central Electricity Authority (CEA). CEA has suggested sharing of standby charges in the ratio of peak demands of the Company and REL whereas it is the Company's view that standby capacity is required for breakdown of the generating plant. The Company has filed its objections with MERC on CEA report. Hearings at MERC have recently been concluded and the Order is awaited. In the meantime, both the Company and REL continue to pay the standby charges as per interim Order of the High Court of Bombay.

Retail Distribution

REL had contested before MERC that the Company's licenses did not permit retail distribution. Though MERC has upheld the Company's right to distribute power to all consumers in its license area, by its order dated 3rd July 2003, it has put a temporary restraint on the Company for distribution to consumers below 1000 kVA till the necessary rules and regulations for competition are evolved. This has affected the Company's marketing activities to the retail segment. The Company has challenged the MERC Order before the High Court of Bombay. The hearings on the same are in progress.

Reactive Power and Additional Outlets

The Company had filed a petition before MERC regarding illegal drawal of active and reactive power by REL at the 220 kV point of interconnection at Borivali which was in contravention of the Principles of Agreement entered into by the Company and REL on 31st January 1998. REL in turn had filed a petition alleging that the Company was denying it additional outlets. The hearings on both the matters have been completed and the Orders are awaited.

2.2.3 Captive Power Plants/ Independent Power Plant

Both the Units at Jojobera and Wadi logged their highest generation to-date. While Jojobera generated 1793 MUs- an increase of 1.8% over the previous year, with the stabilisation of an additional 25 MW capacity, Wadi generated 478 MUs - an increase of 18.5% over the previous year. The generation at Belgaum IPP, on the other hand at 242 MUs, was lower by 33% as compared to the previous year. This was on account of lower off-take by Karnataka Power Transmission Corporation Limited. At Belgaum, in order to reduce the fuel cost, the Company is working on a project to use LSHS instead of low sulphur furnace oil.

2.3 Company's Growth Plans in the Power Sector

In line with the fillip provided to the power sector by the Act, the Company has charted an aggressive growth plan in the next few years.

- During the year, construction works have commenced on 120 MW unit at Jojobera. Besides configuring it as a low tariff project, the Company is also constructing a 40 kms. transmission line to evacuate power.
- According to estimates of the MoP, the country has about 150000 MW of hydro power potential. Against this, the current hydro capacity installed is only about 27000 MW. Therefore, there is scope for substantial increase in hydroelectric generation with the MoP targeting hydro power capacity addition of about 50000 MW. The Company has embarked upon a hydroelectric capacity addition initiative through the acquisition of 100% shareholding in Duncans North Hydro Power Company Limited (now renamed Alaknanda Hydro Power Company Limited) a 330 MW Run of the River project at Shrinagar, Uttaranchal. The project is under development.
- The Company has formed a consortium with British Petroleum of UK and GAIL (India) Limited to jointly participate in any bidding process that may be evolved by the stakeholders for the Dabhol power project. With complementary skills brought in by each partner in power sector, gas sourcing and gas marketing, the Company considers that the consortium is favourably positioned to capture this opportunity.
- Efficient and adequate power evacuation system is a key to link generating sources to distribution centres. The Company's joint venture with Powergrid Corporation of India Limited for developing 1200 kms. long 400 kV transmission lines emanating from Tala Hydro Project in Bhutan to Delhi is a step in that direction. The Tala transmission lines could also cater to other proposed power plants enroute. Construction of the transmission lines has commenced.
- Drawing upon its NDPL experience, the Company shall continue to pursue opportunities in distribution sector. The Company has applied for distribution licenses in seven areas in Maharashtra. The areas are Bhandup, Navi Mumbai, Khopoli, Lonavla, Pune (Urban), Nasik and Kalyan-Dombivli-Ambernath. In response to an Expression of Interest document

floated by the Gujarat Electricity Board, the Company has also expressed its interest in becoming a franchisee in Gujarat.

- The Company is proposing to raise $500 million from the market to part finance the above opportunities and any new opportunities that may arise in the future.

To sum up, while many opportunities will emerge, these will be evaluated carefully in the long-term interest of the Company and its stakeholders.

2.4 Strategic Electronics Division

For the year under review, the Division registered an increase of over 50% in its revenues compared to previous year.

The prospects of significant revenue growth in major product categories are reasonably high:

- Two major turnkey systems developed and supplied by the Division, viz. Pinaka (Multi Barrel Rocket Launcher) Launcher and the Samyukta (Integrated Electronic Warfare) COM Entity were cleared for induction by the Indian Army.
- Orders for AKASH (Self Propelled Launcher III) for the Army and AKASH (Air Force Launcher) for the Air Force with significant future production potential were received in the face of stiff competition from private and public sector companies.
- The Division supplied over 150 Rugged Computers for ground, and airborne applications netting revenue of Rs. 16 crores on this product category alone. The Company expects significant growth in this category in the coming year.

The Division strengthened its Order Book position and has successfully bid to participate in turnkey programs. As a result of these initiatives, the Division is poised for a sustained revenue growth and is actively pursuing plans for creating new business verticals such as C^4ISR (Command, Control, Communications and Computers Intelligence Surveillance and Reconaissance), Image Processing, Embedded Systems and Simulators. The Division is also looking at inorganic growth and targets a 10-fold increase in its revenue over the next five years.

2.5 Broadband and Communications Business

In its first full year of operation, the Tata Power Broadband (TPBB) Division has shown a positive PBT. This Division is now being converted into a wholly-owned subsidiary of the Company, which will provide enhanced management focus on “Carriers’ Carrier” business in Mumbai-Pune region (the largest telecommunication regional market in India).

The leadership position attained by TPBB will be further consolidated with its technology innovations such as DWDM and MPLS IP VPNs. IP (data) traffic has grown two-folds and is 20% of the Division’s revenues. Unit price realisation of IP (data) traffic is higher compared to TDM (voice) unit price. With the MPLS VPN offering, TPBB is now focusing on a new segment of bulk enterprise traffic (BFSI).

TPBB has emerged as “Bridge Across Carriers” in the Mumbai - Pune region. Tariff reduction in Telecom sector is increasing demand for inter-carrier bandwidth. TPBB now has a solid foundation to grow with the market and has undertaken expansion in Pune city.

The Company will continue to focus on bringing long-term benefits of its participation in the Integrated Telecom Value Chain to its shareholders through its investments in VSNL, Tata Teleservices Limited (TTSL) / Tata Teleservices (Maharashtra) Limited (TTML).

3. RISK MANAGEMENT

With the passage of the Act, a new tariff regime is under formulation by MERC. Any adverse changes in tariffs principles could impact profitability. As mentioned earlier, the Company is currently implementing measures for cost reduction and optimisation of fuel mix to remain competitive and maintain profitability.

The Act also poses a business risk in the Company's license area operations on account of transmission open access to the distribution licensees. However with its well-established operations, the Company is confident of retaining its leadership in the market. Further, the Company now has the opportunity of inter-state wheeling of its power available from its eastern and western generating plants. In addition, the Company is finalising plans for alternate use of its power.

Reducing availability of gas for the Trombay Thermal Power Station due to depleting domestic reserves is also a cause of concern for the Company. The Company has initiated discussions with regasified LNG suppliers to supply gas to Trombay Thermal Power Station.

As Trombay Thermal Power Station depends on LSHS for generation, increase in LSHS prices would adversely impact the generation cost. Though the Company has taken steps to reduce its dependence on LSHS, almost 45% of Trombay Thermal Power Station is still on LSHS. The Company is sourcing LSHS from local refineries to reduce the impact of price volatility including volatility in foreign exchange rates in the international markets.

The Company has also entered into long term arrangements for supply of imported coal to mitigate the risk of price volatility and fuel availability.

There are various ongoing disputes between the Company and REL, which are being heard before MERC and the Hon'ble High Court of Bombay. The Company has based its position on accepted legal principles and fair business practices.

The Company has chalked out an aggressive growth plan. The proposed investments potentially expose the Company to risks associated with adverse changes in Government policies / regulations in the power sector and risks associated with development / construction.

The Company has significant investments in the telecom sector through its associate companies – VSNL, TTSL and TTML. Competition in the telecom sector has intensified, which has resulted in reduced margins. The associate companies have evolved measures to increase the customer base and provide more value-added services to the customers to enhance the market share. However, reduced telecom tariffs have increased bandwidth demand for the Company's Carriers' Carrier business.

4. FINANCIAL PERFORMANCE OF THE COMPANY

During the year, the total income was Rs. 4399.07 crores as compared to Rs. 4451.78 crores during the previous year. The decline in revenue is mainly on account of lower fuel adjustment charges. The profit after tax marginally decreased from Rs. 519.92 crores in the previous year to Rs. 509.08 crores in the year.

4.1 Break-up of Total Income

Rs. crores

	2003-04	***2002-03***
Power business	**4040.22**	***4229.61***
a) Revenue from Power Supply	3991.77	*4193.53*
b) Income from Operations	48.45	*36.08*
Other business	**198.86**	***70.14***
a) Power Systems Division	106.32	*25.93*
b) Strategic Electronics Division	61.06	*41.89*
c) Broadband	30.59	*1.33*
d) Power Plant Refurbishment Group and Task Force	0.89	*0.99*
Other income	**159.99**	***152.03***
Total income	**4399.07**	***4451.78***

The other income in 2003-04 includes an extra-ordinary income of Rs. 27.45 crores (nil in the previous year) on sale of investment.

The cost of power purchased was Rs. 409.49 crores compared to Rs. 406.90 crores during the previous year.

The fuel cost declined from Rs. 2062.59 crores in the previous year to Rs. 1848.87 crores in the year mainly due to change in fuel mix, improvement in heat rate and lower generation.

The generation, distribution, administration and other expenses of the Company (including staff costs) have increased to Rs. 571.44 crores in the year from Rs. 430.95 crores in the previous year.

The depreciation expenses for the Company were Rs. 333.95 crores as against Rs. 318.04 crores in the previous year.

Amount written off in respect of net increase in foreign currency liabilities for purchase of capital asset was Rs. 95.08 crores compared to Rs. 90.63 crores in the previous year.

The interest and finance charge declined significantly from Rs. 341.21 crores in the previous to Rs. 283.72 crores. This is mainly on account of debt restructuring exercise undertaken by the Company including debt prepayments/ buyback.

The tax impact of higher PBT is mainly offset by the higher deduction claimed under Section 80IA in respect of the combined cycle plant at Trombay in addition to Section 80IA claim for units in the non-license area. The provision for the current year is higher by Rs. 26.59 crores mainly due to the fact that provision for the previous year was net of deferred tax reversal of Rs. 67.36 crores in terms of Accounting Standard Interpretation (ASI) 3 issued by the Institute of Chartered Accountants of India.

4.2 Resource Allocation

4.2.1. Fixed Assets

The gross fixed assets as at 31st March 2004 were at Rs. 5534.70 crores as compared to Rs. 5370.79 crores in 2002-03. The addition to gross fixed assets of Rs. 170 crores were mainly on account of normal capital expenditure in the existing businesses.

4.2.2. Working Capital

The net current assets as at 31st March 2004 were Rs. 513.35 crores compared to Rs. 944.52 crores in the previous year.

4.3 Credit Rating

The Company enjoys high credit rating. 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.

5. INTERNAL CONTROLS AND SYSTEMS

The Internal Audit Department conducts audits of various departments based on an annual audit plan. In line with the international trend, the planning and conduct of internal audits are oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The Internal Audit Department reports significant audit observations to the Audit Committee, which comprises three non-executive Directors – Dr. H. S. Vachha, Chairman, Mr. Syamal Gupta and Mr. R. K. Misra, Members. The Committee met nine times during the year to review the audit observations and followed up on the implementation of corrective actions. The Committee also met the Company's Statutory Auditors to ascertain their views on the adequacy of internal control systems in the Company. The Committee submits reports of its observations to the Board of Directors.

6. ENTERPRISE RESOURCE PLANNING MODULE – SAP

The implementation of SAP is now complete across the major functions and locations of the organisation. The Company's operational and support processes have been tightly integrated along its value chain. In addition, implementation of Customer support functions in SAP last year has poised the Company for growth in the retail power sector. A major upgradation of the system and infrastructure is underway with the objective of improving the reliability and responsiveness of IT support to the organisation. Forward planning in this area is focused on providing decision support and customer relationship support tools to the organisation.

7. TECHNOLOGY

The process of introducing 'the state of art technologies' has continued in the Company to enable it to maintain its technology leadership and also to get business advantage.

The Load Despatch Centre has been fully modernised and a large video screen (LVS) 4mX2m with 3X2 cubes, has been commissioned. The LVS is based on the Digital Light Processing (DLP) technology, which is latest in the country. This will make online network data available on screen for monitoring and efficient operation of the system.

Special state of-the-art tariff metering system, which conforms to Availability Based Tariff (ABT), with communication facility, has been commissioned for the first time in the country. These meters have facilitated sale of surplus power to MPSEB, KSEB and MSEB.

Two pilot projects of Automatic Meter Reading system have been successfully completed. These can now be applied to billing without human intervention to reduce commercial losses.

ISU/CCS module of SAP R-3 for accurate billing, energy audit, attending customer complaints has been successfully commissioned. This is the first time in Asia that such a module has been installed.

Further, latest testing equipments like Sweep Frequency Response Analysis (SFRA), Online Lightning Arrester healthiness monitoring test kit and a pilot breaker online testing kit have been procured. This will enable improving reliability of equipment and reduction in testing time.

A process has been established by forming 59 Technology Circles, which has a large base from cross section of engineers. The Company has contributed and presented 26 technical papers in various National and International Forums.

8. HUMAN RESOURCE MANAGEMENT

Employee relations remained cordial throughout the year. Discussions for signing the 4-year wage settlement in the license area have been in progress during the year. This is expected to be signed shortly.

Also, negotiations are in progress for another 4-year settlement with the Union at the Company's Strategic Electronics Division at Bangalore.

The staff strength as of March 2004 was 3361 as compared to 3430 in the previous year. A detailed break-up is provided below:

Staff Strength (as of March 2004)

Business Area	Officers	Other Staff	Total
License Area	978	1897	2875
Strategic Electronics Division	135	137	272
Jojobera	91	38	129
Wadi	22	0	22
Belgaum	24	12	36
Power Systems Division	27	0	27
TOTAL	**1277**	**2084**	**3361**

9. SUBSIDIARIES

9.1 Chemical Terminal Trombay Limited

The income for the year increased marginally to Rs. 12.07 crores from Rs. 11.91 crores in the previous year. Profit before tax increased by 50% to Rs. 5.88 crores from Rs. 3.91 crores in the previous year. However, the profit after tax reduced by 34% to Rs. 2.02 crores from Rs. 3.04 crores in the previous year primarily due to additional deferred tax provision of Rs. 3.26 crores.

The petroleum commodity and chemical prices remained highly volatile due to war conditions in Iraq, which affected the volumes handled by petroleum and chemical industries. This situation and the octroi problem faced at the beginning of the year resulted in keen competition among the established terminalling players, bringing terminalling service charges under considerable pressure. However, these conditions appear to be slowly coming under control of late.

9.2 Tata Petrodyne Limited

The income for the year increased by 74% to Rs. 117.07 crores from Rs. 67.38 crores in the previous year, due to a large increase in the production and sales of gas from Lakshmi Oil field, whose sales increased to Rs. 74.13 crores from Rs. 21.42 crores in the previous year. From October 2003 to March 2004, nominated quantities by gas buyers were higher than the average daily contracted quantities. The overall result was a 131% increase in the company's post-tax profit to Rs. 47.73 crores from Rs. 20.67 crores in the previous year.

The development of Gauri Gas Field was completed during the year with the drilling of four development wells, installation of an offshore platform, and a connecting pipeline to Lakshmi A platform. Commercial deliveries are expected to commence around first quarter of 2004. The oil well is likely to be developed and put on production, through the existing pipeline, in the post-monsoon period of 2004. In the PY-3 Field in Block CY-OS-90/1, operated by Hardy Exploration and Production (India) Inc., Water Injection facility was installed and this will help to increase production. The PY-3 field consortium has successfully extended the Contract of the Floating Production Unit Tahara with M/s Aban Lloyd for a period of three years.

9.3 Af-Taab Investment Company Limited (Af-Taab)

Af-Taab's total income for the year increased by 233% to Rs. 15.51 crores from Rs. 4.66 crores in the previous year, benefiting from the increase in share prices during the year. There was a 73% reduction in the post-tax loss to Rs. 2.05 crores from Rs. 7.44 crores in the previous year.

Af-Taab's equity and debt re-structuring plan implemented during the year also contributed to the reduction in loss. Shareholders' funds were increased by Rs. 29.69 crores and loan funds reduced by Rs. 14.78 crores, which led to a 29% reduction in the interest on borrowings to Rs. 9.39 crores from Rs. 13.30 crores in the previous year.

9.4 Powerlinks Transmission Limited

The Company has a 51% shareholding in the joint venture with Powergrid for the 400 kV transmission line project, which is a part of the transmission system associated with the Tala Hydro Project in Bhutan. During the year, Powerlinks obtained the transmission license for the project from CERC. Powerlinks has recently achieved financial closure at extremely competitive interest rates and construction of the transmission lines has commenced.

9.5 Three new wholly-owned subsidiaries were incorporated/ acquired during the year, as under:

9.5.1 Tata Power Broadband Company Limited

The activities of the Company's Broadband Division will be vested with this newly incorporated wholly-owned subsidiary. This move is a logical expression of the Company's and the Tata Group's growth in the rapidly expanding and fiercely competitive Telecom sector.

9.5.2 Tata Power Trading Company Limited (TPTC)

This wholly-owned subsidiary has been formed to undertake power trading. TPTC would not only trade the Company's surplus generation but would also undertake merchant trade. For the year under review, there were no trading activities.

9.5.3 Alaknanda Hydro Power Company Limited (AHPC)

Consequent to the acquisition of 100% of the equity of Duncans North Hydro Power Company Limited (DNHPC), it has become a wholly-owned subsidiary of the Company. DNHPC has recently been renamed as Alaknanda Hydro Power Company Limited (AHPC). AHPC is developing a 330 MW hydro-electric power generation facility in Shrinagar, Uttaranchal.

10. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental / related factors.

AUDITORS' REPORT

TO THE MEMBERS OF

THE TATA POWER COMPANY LIMITED

We have audited the attached balance sheet of THE TATA POWER COMPANY LIMITED, as at 31st March, 2004, and the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As the Company is governed by the Electricity (Supply) Act, 1948, the provisions of the said Act have prevailed wherever they have been inconsistent with the provisions of the Companies Act, 1956.

Subject to the foregoing remark, we report that :-

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to above, we report that :

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   (d) (i) For the purposes of computations of "Capital Base" and "Clear Profit" under the Sixth Schedule to the Electricity (Supply) Act, 1948,

      1) As stated in Note 4 (a) of the Notes forming part of the Accounts the Company (together with The Tata Hydro-Electric Power Supply Company Limited and The Andhra Valley Power Supply Company Limited since merged with the Company) had in 1999-2000 appropriated in advance through Special Appropriation towards Project Cost an amount of Rs. 11.77 crores for which the approval of the relevant authorities is needed. Out of this appropriation in advance, a sum of Rs. 5.83 crores had been adjusted (against the amount to be appropriated) during the year 2000-2001 and the balance of Rs. 5.94 crores had been appropriated during the year 2001-2002.

      2) Special appropriation to Deferred Taxation Liability Fund of Rs. 106.63 crores in 2001-2002 and Rs. 22.93 crores in 2002-2003 had been made, as referred to in Note 27 (a) of the Notes forming part of the Accounts for which approval of the relevant authorities has not yet been obtained. For the reasons and to the extent stated in the Note, the manner of accounting for deferred tax liability in respect of the licensee business differs from the provisions of Accounting Standard 22 (AS-22) issued by the Institute of Chartered Accountants of India.

      3) Special appropriation to project cost of Rs. 28.75 crores in 2002-2003 and Rs. 2.63 crores for the current year has been made as referred to in Note 4 (b) of the Notes forming part of the Accounts for which approval of the relevant authorities has to be obtained.

4) In terms of an order from Maharashtra Electricity Regulatory Commission (MERC) dated 24th November, 2003, the Company's Wind Farm business has to be treated as a separate business not forming part of the Licensee Business. For the reasons explained in Notes 5(a) , the Wind Farm business has been treated as a part of the Licensee business for the year ended 31st March, 2004.

(ii) "Reasonable Return" has been computed in terms of the Sixth Schedule to the Electricity (Supply) Act, 1948 in the manner indicated in Note 5 (b) of the Notes forming part of the Accounts.

(iii) In the event of approval of the relevant authorities not being obtained for the matters referred to in sub-paragraph d(i) above or any adjustment becoming necessary for the matter referred to in sub-paragraph d(ii) above, the computations of "Capital Base" and "Clear Profit" will have to be revised for the year and the earlier years as necessary. In the event of such revision and the consequential recomputation of "Reasonable Return", the appropriation to Consumers Benefit Account and Statutory Reserves for the relevant years may need revision. It is not possible to quantify this revision until the matter referred to above is determined.

(iv) As stated in Note 3 (a) of the Notes forming part of the Accounts, borrowing costs attributable to the acquisition and construction of fixed assets relating to the electricity business as Licensee have not been capitalised as required by Accounting Standard 16 (AS-16) issued by The Institute of Chartered Accountants of India, but have been charged to the Profit and Loss Account consistent with the treatment adopted for the determination of "Capital Base" and "Clear Profit" under the Electricity (Supply) Act, 1948.

(v) As stated in Note 3 (b) of the Notes forming part of the Accounts, exchange differences arising on repayment / realignment of liabilities incurred for the purpose of acquiring fixed assets, which are carried in terms of historical cost, in respect of assets relating to the electricity business as licensee, have not been adjusted in the carrying amount of fixed assets as required by Accounting Standard 11 (AS-11) issued by The Institute of Chartered Accountants of India, but are being recognised in the Profit and Loss Account over the period of repayment of liabilities consistent with the treatment adopted for the determination of "Capital Base" and "Clear Profit" under the Electricity (Supply) Act, 1948.

(vi) Subject to the matters referred to in paragraphs d(i)(2), d(iv) and d(v) above, in our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

(e) On the basis of written representations received from the directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) Subject to the matters referred to in paragraphs d(i) to d(v) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(1) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2004;

(2) in the case of the profit and loss account, of the profit for the year ended on that date; and

(3) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

UDAYAN SEN
Partner.
Membership Number : 31220

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

R. A. BANGA
Partner.
Membership Number : 37915

Mumbai, 21st May, 2004.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date

(i) (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation in most cases of such assets.

(b) As explained to us, the assets have been physically verified by the management, in accordance with the established system of periodical verification of fixed assets once in two / three years except in respect of one location, where physical verification has not been carried out during the year. In our opinion, the frequency of verification is reasonable, considering the size of the operations of the Company. No material discrepancies between the book records and the physical records were noticed in respect of the assets physically verified.

(c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.

(ii) (a) As explained to us, the inventory of the Company has been physically verified during the year by the management under a perpetual inventory system, except for coal which was verified at the end of the year. In respect of materials lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.

(b) According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business, except that (apart from two locations) verification under the perpetual inventory system is carried out by the custodians. In our opinion, it would be preferable if verification was made by persons who do not have responsibility for custody.

(c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noted on physical verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.

(iii) (a) In our opinion and according to the information and explanation given to us, the Company has granted unsecured loans, to seven companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount of loans granted during the year was Rs. 628.73 crores (including Rs. 270.73 crores where the loans are at call and no due dates for repayments are stipulated) and the year end balance of loans given to such company was Rs. 206.31 crores (including Rs.148.51 crores where the loans are at call and no due dates for repayments are stipulated). The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans from parties listed in the register maintained under Section 301 of the Companies Act, 1956 paragraphs (iii) (b), (c) and (d) are not applicable in respect of loans taken.

(b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company.

(c) The parties have repaid principal amounts as stipulated and have generally been regular in payment of interest.

(d) There is no overdue amount of loans granted by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.

(v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and having regard to our comments in para (iv) above, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board on the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company in respect of the electricity business, electronic products and broadband businesses of the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that *prima facie* the prescribed accounts and records have been maintained and are being made up. We have not however made a detailed examination of the records with a view to determining whether they are accurate or not.

(ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2004 for a period of more than six months from the date they became payable.

(b) As at 31st March, 2004 according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of sales tax, income tax, customs duty, wealth tax, excise duty and cess matters that have not been deposited :

Name of the statute	Nature of the dues	Amount (Rs. in Crores)	Period to which the amount relates	Forum where pending
Sales Tax Laws	Interest and Penalty	0.02	1999-2000	Dy. Commissioner of Sales Tax
Income Tax Laws	Income tax (incl. interest)	287.12	1987-2001	Income Tax Appellate Tribunal
		134.38	2000-2001	Commissioner of Income Tax
Customs Laws	Customs duty	0.60	1980-2004	Custom, Excise and Gold Appellate Tribunal
		6.43	1999-2003	Custom Department
Central Excise Laws	Excise duty	2.23	1999-2003	Commissioner of Central Excise
		0.54	1993-1994	Asst. Commissioner of Central Excise
		0.07	1993-1994	Custom, Excise and Gold Appellate Tribunal
		0.18	1994-1995	Custom, Excise and Gold Appellate Tribunal
		0.19	2001-2002	Custom, Excise and Gold Appellate Tribunal
		0.13	1996-1997	Asst. Commissioner of Central Excise
Cess Laws	Cess	19.30	1992-2004	Maharashtra Pollution Control Board

(x) The Company does not have accumulated losses as at 31st March, 2004 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or to debenture holders during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.

(xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were obtained and to the extent that these have not been utilised. Euro notes of Rs. 357.10 crores and a term loan taken during the year from a Financial Institution of Rs. 60 crores, as explained, is invested in long term and short term investments.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, long term funds to the extent of approximately Rs. 520 crores (inclusive of part of retained earnings) as at 31st March, 2004 have been deployed for short term purposes.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.

(xix) In our opinion and according to the information and explanations given to us, the Company has created security in respect of the debentures issued.

(xx) The Company has not raised any money by public issue during the year.

(xxi) According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

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

UDAYAN SEN
Partner.
Membership Number : 31220

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

R. A. BANGA
Partner.
Membership Number : 37915

Mumbai, 21st May, 2004.

Balance Sheet as at 31st March, 2004

		Schedule No.	Schedule Page	Rupees Crores	Rupees Crores	As at 31-3-2003 Rupees Crores
FUNDS EMPLOYED :						
1.	SHARE CAPITAL	"A"	53		197.92	*197.91*
2.	RESERVES AND SURPLUS	"B"	54		4,277.00	*3,959.44*
3.	SPECIAL APPROPRIATION TOWARDS PROJECT COST				533.61	*521.08*
4.	CAPITAL CONTRIBUTIONS FROM CONSUMERS				41.81	*41.81*
5.	SECURED LOANS	"C"	55		721.73	*1,340.37*
6.	UNSECURED LOANS	"D"	57		999.69	*1,058.83*
7.	TOTAL FUNDS EMPLOYED				**6,771.76**	***7,119.44***
APPLICATION OF FUNDS :						
8.	FIXED ASSETS	"E"	57			
	Gross Block			5,534.70		*5,370.79*
	Less : Depreciation to date			2,364.36		*2,034.74*
					3,170.34	*3,336.05*
	Capital Work-in-Progress (including advances against capital expenditure Rs. 37.84 crores - *Previous Year Rs. 9.82 crores*)				261.46	*191.32*
	Increase in foreign currency liabilities (net) for purchase of capital assets			645.32		*651.94*
	Less : Amount written off to date			600.39		*505.31*
					44.93	*146.63*
					3,476.73	*3,674.00*
9.	INVESTMENTS	"F"	58		2,728.83	*2,451.83*
10.	DEFERRED TAX ASSET (Net) [*See Note 27(b)*]				37.24	*20.57*
11.	CURRENT ASSETS, LOANS AND ADVANCES	"G"	60			
	Current Assets ... Rs. 1,095.96 Crores					*1,350.66*
	Loans and Advances ... " 822.96 Crores					*1,115.51*
				1,918.92		*2,466.17*
	Less :					
12.	CURRENT LIABILITIES AND PROVISIONS	"H"	61			
	Current Liabilities ... Rs. 909.40 Crores					*1,067.22*
	Provisions ... " 496.17 Crores					*454.43*
				1,405.57		*1,521.65*
13.	NET CURRENT ASSETS				513.35	*944.52*
14.	MISCELLANEOUS EXPENDITURE (to the extent not written off)	"I"	61		15.61	*28.52*
15.	TOTAL APPLICATION OF FUNDS				**6,771.76**	***7,119.44***

Notes – Pages 66 to 78.

As per our report attached.

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

UDAYAN SEN
Partner.

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

R. A. BANGA
Partner.

Mumbai, 21st May, 2004.

For and on behalf of the Board,

F. A. VANDREVALA
Managing Director.

B. J. SHROFF
Secretary.

H. S. VACHHA
Director.

Mumbai, 21st May, 2004.

Profit and Loss Account for the year ended 31st March, 2004

	Schedule No.	Schedule Page	Rupees Crores	Rupees Crores	*Previous Year Rupees Crores*
INCOME :					
1. REVENUE FROM POWER SUPPLY [*See Note 24(a)*]			3,984.85		*4,175.18*
Less : Cash Discount			4.51		*4.46*
Consumer Benefit Account			10.68		*Nil*
			3,969.66		*4,170.72*
Add : Wheeling Charges recoverable			22.11		*22.81*
				3,991.77	*4,193.53*
2. INCOME FROM OTHER OPERATIONS	1	62			
a. Sale of Electronic Products			58.65		*40.55*
Less : Excise Duty			2.66		*0.75*
			55.99		*39.80*
b. Other Operations			189.50		*66.42*
				245.49	*106.22*
3. OTHER INCOME	1	62		159.99	*152.03*
4. NET ADJUSTMENT IN RESPECT OF PREVIOUS YEARS				1.82	*Nil*
5. TOTAL INCOME				**4,399.07**	***4,451.78***
EXPENDITURE :					
6. COST OF POWER PURCHASED [*See Note 24(b)*]				409.49	*406.90*
7. COST OF FUEL				1,848.87	*2,062.59*
8. GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES	2	63		571.44	*430.95*
9. NET ADJUSTMENT IN RESPECT OF PREVIOUS YEARS				Nil	*1.18*
10. TAX ON SALE OF ELECTRICITY				122.25	*123.34*
11. DEPRECIATION				333.95	*318.04*
12. AMOUNT WRITTEN OFF IN RESPECT OF NET INCREASE IN FOREIGN CURRENCY LIABILITIES FOR PURCHASE OF CAPITAL ASSETS.				95.08	*90.63*
13. INTEREST AND FINANCE CHARGES	3	64		283.72	*341.21*
14. TOTAL EXPENDITURE				**3,664.80**	***3,774.84***
PROFIT BEFORE TAXES AND STATUTORY APPROPRIATIONS				734.27	*676.94*
15. PROVISION FOR TAXATION					
a. CURRENT TAX			225.91		*199.76*
b. DEFERRED TAX			(16.67)		*(58.25)*
				209.24	*141.51*
16. EXCESS PROVISION FOR TAXATION IN RESPECT OF EARLIER YEARS				(2.25)	*(1.39)*
17. ADDITIONAL INCOME-TAX ON DIVIDEND				17.77	*16.50*
18. PROVISION FOR WEALTH TAX				0.43	*0.40*
PROFIT AFTER TAXES AND BEFORE STATUTORY APPROPRIATIONS				**509.08**	***519.92***
19. STATUTORY APPROPRIATIONS	4	64		42.16	*69.91*
DISTRIBUTABLE PROFITS				**466.92**	***450.01***
APPROPRIATIONS :					
20. PROPOSED DIVIDEND				138.69	*128.78*
21. TRANSFER TO DEBENTURE REDEMPTION RESERVE				Nil	*49.69*
22. TRANSFER TO GENERAL RESERVE				150.00	*150.00*
				288.69	*328.47*
23. BALANCE CARRIED TO BALANCE SHEET				**178.23**	***121.54***
24. BASIC AND DILUTED EARNINGS PER SHARE (in Rs.) (on distributable profits on shares outstanding) (Face Value Rs. 10)				23.59	*22.74*

Notes – Pages 66 to 78.

As per our report attached to the Balance Sheet.

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

UDAYAN SEN
Partner.

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

R. A. BANGA
Partner.

Mumbai, 21st May, 2004.

For and on behalf of the Board,

F. A. VANDREVALA
Managing Director.

H. S. VACHHA
Director.

B. J. SHROFF
Secretary.

Mumbai, 21st May, 2004.

Cash Flow Statement for the year ended 31st March, 2004

				Year ended 31-03-2004 Rs. Crores		*Year ended 31-03-2003 Rs. Crores*
A.	**Cash Flow from Operating Activities**					
	Net Profit before Taxes and Extraordinary Items			734.27		*676.94*
	Adjustments for:					
	Depreciation		333.95		*318.04*	
	Interest Expenditure		265.85		*308.27*	
	Interest Income		(107.28)		*(79.35)*	
	Income from Trade Investments		(1.38)		*(13.36)*	
	Income from Subsidiaries		(1.06)		*(2.03)*	
	Income from Other Investments		(6.14)		*(7.11)*	
	Provision for diminution in value of Investments written back (Net)		(6.26)		*(14.44)*	
	Provision for doubtful deposits		1.27		—	
	Retiring Gratuities		10.07		*8.45*	
	Leave Encashment		3.90		*4.47*	
	Pension Scheme		2.33		*4.84*	
	Profit on Sale / Retirement of Assets (Net)		(3.48)		*(5.38)*	
	Loss on Exchange on loan repayments (Net)		5.13		*8.50*	
	Guarantee Fees for Loans		7.45		*10.63*	
	Profit on Sale of Investments (Net)		(35.28)		*(30.37)*	
	Surplus on buy-back of Euro Notes		—		*(2.32)*	
	Net increase in Foreign Currency Liabilities written off		95.08		*90.63*	
	Miscellaneous Expenditure written off		13.44		*14.17*	
				577.59		*613.64*
	Operating Profit before Working Capital Changes			1,311.86		*1,290.58*
	Adjustments for :					
	Trade & Other Receivables		193.42		*(115.57)*	
	Inventories		17.76		*(5.02)*	
	Trade Payables		(138.55)		*135.15*	
				72.63		*14.56*
	Cash Generated from Operations			1,384.49		*1,305.14*
	Taxes Paid		(284.74)		*(216.55)*	
	Retiring Gratuities Paid		(6.42)		*(4.28)*	
	Leave Encashment Paid		(2.20)		*(1.65)*	
	Pension Paid		(1.18)		*(0.72)*	
				(294.54)		*(223.20)*
	Cash Flow before Extraordinary Items			1,089.95		*1,081.94*
	Extraordinary Items			—		—
	Net Cash from Operating Activities	**A**		**1,089.95**		***1,081.94***
B.	**Cash Flow from Investing Activities**					
	Purchase of Fixed Assets			(254.18)		*(367.97)*
	Sale of Fixed Assets			5.24		*8.20*
	Purchase of Investments			(5,185.99)		*(4,632.96)*
	Sale of Investments			4,950.53		*4,502.08*
	Interest Received			117.09		*67.88*
	Inter-corporate deposits / advances			331.06		*(9.08)*
	Income from Trade Investments			1.38		*13.36*
	Income from Subsidiaries			1.06		*2.03*
	Income from Other Investments			10.27		*3.06*
	Net Cash used in Investing Activities	**B**		**(23.54)**		***(413.40)***
C.	**Cash Flow from Financing Activities**					
	Increase in Capital Contributions			*		—
	Calls in Arrears Received			0.01		—
	Proceeds from Borrowings			84.81		*141.49*
	Repayment of Borrowings					
	(including premium on redemption of debentures Rs. 40.84 crores - *Previous Year Rs. Nil*)			(791.48)		*(570.41)*
	Guarantee / Upfront Fees for Loans			(7.82)		*(11.19)*
	Interest Paid			(282.16)		*(310.73)*
	Dividend Paid			(127.78)		*(98.30)*
	Additional Income-tax on Dividend Paid			(16.50)		—
	Net Cash used in Financing Activities	**C**		**(1,140.92)**		***(849.14)***
	Net Decrease in Cash and Cash Equivalents	**(A+B+C)**		**(74.51)**		***(180.60)***
	Cash and Cash Equivalents as at 1st April, 2003 (Opening Balance)			**126.41**		***307.01***
	Cash and Cash Equivalents as at 31st March, 2004 (Closing Balance)			**51.90**		***126.41***

Notes : 1. Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs. 0.87 crore (*Previous Year Rs. 7.62 crores*).

2. Cash and cash equivalents include :
Current Accounts with Scheduled Banks Rs. 29.54 crores (*Previous Year Rs. 66.17 crores*).
Term/Call Deposits with Scheduled Banks Rs. Nil (*Previous Year Rs. 60.05 crores*).
Cash and Cheques on Hand Rs 22.36 crores (*Previous Year Rs. 0.19 crore*).

3. Purchase of Investments include purchase of shares in subsidiaries :
(a) Af-Taab Investment Company Limited Rs. 29.69 crores (*Previous Year Rs. Nil*).
(b) Tata Power Broadband Company Limited Rs. 0.10 crore (*Previous Year Rs. Nil*).
(c) Tata Power Trading Company Limited Rs. 2.00 crores (*Previous Year Rs. Nil*).
(d) Powerlinks Transmission Limited Rs. 66.94 crores (*Previous Year Rs. Nil*).
(e) Duncans North Hydro Power Company Limited Rs. 3.12 crores (*Previous Year Rs. Nil*)

4. Purchase of Investments include Rs. Nil (*Previous Year Rs. 187.68 crores*) and sale of Investments include Rs. Nil (*Previous Year Rs. 7.36 crores*) in respect of shares pertaining to North Delhi Power Ltd.

5. Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

As per our report attached.

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

UDAYAN SEN
Partner.

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

R. A. BANGA
Partner.

Mumbai, 21st May, 2004.

For and on behalf of the Board,

F. A. VANDREVALA
Managing Director.

B. J. SHROFF
Secretary.

H. S. VACHHA
Director.

Mumbai, 21st May, 2004.

Schedule forming part of the Balance Sheet

SCHEDULE "A" : SHARE CAPITAL

		Rupees Crores	Rupees Crores	*As at 31-3-2003 Rupees Crores*
AUTHORISED CAPITAL –				
3,00,00,000	Cumulative Redeemable Preference Shares of Rs. 100 each....	300.00		*300.00*
22,90,00,000	Equity Shares of Rs. 10 each	229.00		*229.00*
			529.00	*529.00*
ISSUED CAPITAL –				
20,35,37,712	Equity Shares of Rs.10 each [including 2,30,308 shares *(31st March, 2003 - 2,30,308 shares)* not allotted but held in abeyance, 4,40,270 shares cancelled pursuant to a Court Order and 48,04,040 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay].		203.54	*203.54*
SUBSCRIBED CAPITAL –				
19,78,97,864	Equity Shares of Rs.10 each (excluding 2,30,308 shares not allotted but held in abeyance, 4,40,270 shares cancelled pursuant to a Court Order and 48,04,040 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).	197.90		*197.90*
	Less : Calls in arrears [including Rs.0.01 crore *(31st March, 2003- Rs.0.01 crore)* in respect of the erstwhile The Andhra Valley Power Supply Company Limited and the erstwhile The Tata Hydro-Electric Power Supply Company Limited]	0.04		*0.05*
		197.86		*197.85*
1,65,230	*Add :* Equity Shares forfeited - Amount paid – *(31st March, 2003 -1,65,230 shares).*	0.06		*0.06*
			197.92	***197.91***

Of the above Equity Shares :

(i) 1,67,500 shares are allotted at par as fully paid pursuant to contracts without payment being received in cash.

(ii) 11,33,790 shares issued as Bonus Shares by capitalisation of General Reserve.

(iii) 49,63,500 shares issued on exercise of the options by the financial institutions for the conversion of part of their loans/subscription to debentures.

(iv) 56,81,818 shares are allotted at premium as fully paid pursuant to contracts without payment being received in cash.

(v) 5,20,84,832 shares (excluding 47,560 shares held in abeyance) have been allotted to the shareholders of the erstwhile The Andhra Valley Power Supply Company Limited pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay.

(vi) 3,50,97,824 shares (excluding 45,168 shares held in abeyance) have been allotted to the shareholders of the erstwhile The Tata Hydro-Electric Power Supply Company Limited pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay.

Schedule forming part of the Balance Sheet

SCHEDULE "B" : RESERVES & SURPLUS

	Opening Balance Rupees Crores	Additions Rupees Crores	Deductions Rupees Crores	Closing Balance Rupees Crores
STATUTORY RESERVES : [Under the Electricity (Supply) Act,1948]				
TARIFFS AND DIVIDENDS CONTROL RESERVE	11.75	10.68 [*a*]	—	22.43
CONTINGENCIES RESERVE NO. 1 *[See Note 7(a)]*	140.89	18.96 [*a*]	—	159.85
CONTINGENCIES RESERVE NO. 2 *[See Note7(b)]*	13.38	—	—	13.38
DEVELOPMENT RESERVE (created prior to 1st April, 1976)	5.29	—	—	5.29
DEFERRED TAXATION LIABILITY FUND	419.56	—	—	419.56
INVESTMENT ALLOWANCE RESERVE .... (including Development Reserve created after 31st March, 1976)	121.18	—	—	121.18
DEBT REDEMPTION RESERVE	51.94	—	—	51.94
DEBENTURE REDEMPTION RESERVE	56.63	—	—	56.63
OTHER RESERVES :				
CAPITAL RESERVE	0.67	—	—	0.67
CAPITAL REDEMPTION RESERVE	1.60	—	—	1.60
SECURITIES PREMIUM	1,060.00	*	40.84[*e*]	1,019.16
Less : Adjustment of Global Depository Shares Issue Expenses *(Schedule "I")*	5.84	—	0.53[*b*]	5.31*[b]*
	1,054.16	*	40.31	1,013.85
DEBENTURE REDEMPTION RESERVE	107.19	—	34.38[*c*]	72.81
GENERAL RESERVE	955.79	184.38 [*d*]	—	1,140.17
PROFIT AND LOSS ACCOUNT	1,019.41	178.23 [*d*]	—	1,197.64
Total Reserves and Surplus - 2003-04	**3,959.44**	**392.25**	**74.69**	**4,277.00**
- 2002-03	*3,500.59*	*458.32*	*(0.53)*	*3,959.44*

[*a*] Amount set aside during the year.

[*b*] Adjustment of Global Depository Share issue expenses after charging Rs. 0.53 crore to the Profit & Loss Account for the year.

[c] No longer required, transferred to General Reserve.

[*d*] Transfer from Profit & Loss Account.

[*e*] Premium on redemption of debentures.

Schedule forming part of the Balance Sheet

SCHEDULE "C" : SECURED LOANS

		Rupees Crores	Rupees Crores	*As at 31-3-2003 Rupees Crores*
(*a*)	13.75% Secured, Redeemable, Non-Convertible Debentures (2003-2005) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 22nd February, 1999)	Nil		*100.00*
(*b*)	14% Secured, Redeemable, Non-Convertible Debentures (2003-2008) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 22nd February, 1999)	Nil		*50.00*
(*c*)	14% Secured, Redeemable, Non-Convertible Debentures (2004-2009) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 14th September, 1999)	25.00		*25.00*
(*d*)	8.25% (12.75% upto 3rd February, 2004) Secured, Redeemable, Non-Convertible Debentures (1999-2009) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 14th September, 1999)	181.49		*203.04*
(*e*)	13.50% Secured, Redeemable, Non-Convertible Debentures (2004-2010) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 6th January, 2000)	100.00		*100.00*
(*f*)	10.90% Secured, Redeemable, Non-Convertible Debentures (2001-2006) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 9th April, 2001)	80.00		*120.00*
(*g*)	10.20% Secured, Redeemable, Non-Convertible Debentures (2001-2010) (Secured by Debenture Trust Deed and Unattested Memorandum of Hypothecation dated 19th September, 2001)	131.00		*300.00*
			517.49	*898.04*
(*h*)	Loan from International Bank for Reconstruction and Development (IBRD)**..		Nil	*273.92*
(*i*)	Loan from International Finance Corporation (IFCW)**		71.65	*85.36*
(*j*)	Loan from ANZ Grindlays Export Finance Ltd. (ANZ)**		61.55	*76.65*
(*k*)	Term Loan from Infrastructure Development Finance Company Limited		60.00	*Nil*
(*l*)	Cash Credit Arrangement with Banks against hypothecation of stores, spare parts, coal, fuel and book debts - Amount drawn		11.04	*6.40*
			721.73	***1,340.37***

** In foreign currency

Schedule forming part of the Balance Sheet

SCHEDULE "C" : SECURED LOANS *(Contd.)*

Security

The debentures and loans mentioned in items (*a*) to (*l*) above are secured by mortgages/charges on the moveable and immoveable properties, plant and licences of the Company and a floating charge on its other assets (subject to prior charges created and to be created in favour of the Company's bankers over the current assets), the priorities of the mortgages/charges for the aforesaid debentures and loans in respect of the assets and licences being as follows :

	Assets/Licences	Order of priority of mortgages/charges for		
		Debentures [items (*a*) to (*e*)]	Debentures [items (*f*) and (*g*)]	Loans from IBRD, IFCW and ANZ [items (*h*) to (*j*)]
1.	The Trombay Thermal Power Electric Licence	I	Nil	I
2.	The Bombay (Hydro-Electric) Licence	I	Nil	I
3.	The Tata Hydro (Tata Hydro) Licence	I	Nil	I
4.	The Nila Mula Valley (Hydro-Electric) Licence	I	Nil	I
5.	Trombay 500 MW (Unit 5 and Unit 6) Projects and assets subsequently added thereto	I	I	I
6.	Other assets at Trombay Thermal Power Station and Trombay Housing Colony	I	I	I
7.	All moveable and immoveable properties in Village Takve Khurd (Maharashtra)	I	I	Nil
8.	All other moveable and immoveable properties in the state of Maharashtra excluding land	I	I	I
9.	All land in the state of Maharashtra excluding land at Village Takve Khurd (Maharashtra)	I	Nil	I

Notes:

(i) The loans from IBRD, IFCW and ANZ have been secured by mortgages/charges on the assets and licences held by the Company.

(ii) The loan from IDFC mentioned in (*k*) has been secured by a charge on the moveable assets of the Company.

(iii) In the above table of priorities of the mortgages/charges, where the priorities are the same, the mortgages/charges rank on *pari passu* basis *inter se* between the above mentioned lenders. In cases where priority of security is shown as 'Nil', such assets/licences do not constitute security for that loan.

Redemption

(i) The debentures mentioned in (*a*) and (*b*) have been redeemed on 26th November, 2003 by exercising the call options at a premium of 0.25% per annum.

(ii) The debentures mentioned in (*c*) are redeemable at par on 5th July, 2009. The Company has the call option to redeem the same at the end of 5 years from 5th July 1999.

(iii) The debentures mentioned in (*d*) are redeemable at par in forty equated quarterly instalments commencing from 15th October, 1999. The Company has the call option to redeem the same at the end of 5 years from 24th November, 1999, by giving 30 days prior period notice.

(iv) The debentures mentioned in (*e*) are redeemable at par in three annual instalments at the end of the ninth, tenth and eleventh years from the date of allotment (i.e) 22/24 November, 2008, 22/24 November, 2009 and 22/24 November, 2010. The Company has the call option to redeem the same at the end of 5 years from 22nd November, 1999, by giving 30 days prior period notice.

(v) The debentures mentioned in (*f*) are redeemable at par in five equal instalments commencing from 24th January, 2002.

(vi) The debentures mentioned in (*g*) are redeemable at par in three equal instalments commencing from 30th July, 2008. In the current year, debentures of Rs. 169 crores have been prematurely redeemed at a premium of Rs. 23.50 lakhs per debenture.

Schedules forming part of the Balance Sheet

SCHEDULE "D" : UNSECURED LOANS

		Rupees Crores	*As at 31-3-2003 Rupees Crores*
(*a*)	Fixed Deposits	133.66	*181.58*
(*b*)	Loans from Shareholders (including short term Rs. 0.16 crore - *31st March, 2003 - Rs.1.20 crores)*	0.17	*1.32*
(*c*)	Loans from Japanese Leasing Companies** (including short term Rs. Nil *- 31st March, 2003 - Rs. 6.62 crores)*	Nil	*6.62*
(*d*)	Supplier's Credit from Kanematsu Corporation, Japan *(See Note14)*** (including short term Rs. 3.05 crores - *31st March, 2003 - Rs. 5.75 crores)*	3.05	*8.62*
(*e*)	Loans from Housing Development Finance Corporation Ltd. (including short term Rs.1.22 crores - *31st March, 2003 - Rs. 1.19 crores)*	4.64	*5.83*
(*f*)	7.875% Euro Notes (2007)**	534.64	*553.95*
(*g*)	8.500% Euro Notes (2017)**	288.34	*288.34*
(h)	Short Term Borrowing from Companies	5.07	*5.07*
(i)	Interest accrued and due :		
	On (*a*) above.	0.02	*
	On (*b*) above.	Nil	*
(j)	Sales Tax Deferral (repayable in 2014-2018)	28.33	*7.50*
(k)	Temporary overdrawn balance in bank current accounts	1.77	*Nil*
		999.69	***1,058.83***

** repayable in foreign currencies

SCHEDULE "E" : FIXED ASSETS

Rs. Crores

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-4-2003 (at cost)	Additions	Deductions	**As at 31-3-2004 (at cost)**	As at 1-4-2003	For the year	Deductions	**As at 31-3-2004**	As at 1-4-2003	**As at 31-3-2004**
1. GOODWILL	7.60$	—	—	7.60	3.04	1.52	—	4.56	4.56	3.04
2. LAND (including land development)	15.36	0.01	—	15.37	—	—	—	—	15.36	15.37
3. LEASEHOLD LAND	4.48	—	—	4.48	0.15	0.05	—	0.20	4.33	4.28
4. HYDRAULIC WORKS	281.14	50.77	0.35	331.56	45.86	8.73	0.31	54.28	235.28	277.28
5. BUILDINGS	422.86	4.60	0.37	427.09#	96.50	17.96	0.06	114.40	326.36	312.69
6. RAILWAY SIDINGS, ROADS, CROSSINGS, ETC	19.74	1.83	*	21.57	4.61	0.60	—	5.21	15.13	16.36
7. PLANT AND MACHINERY	3,887.85	88.10	3.35	3,972.60	1,637.63	258.00	2.62	1,893.01	2,250.22	2,079.59
8. TRANSMISSION LINES, CABLE NETWORK, ETC	653.11	18.02	0.98	670.15	198.90	34.84	0.47	233.27	454.21	436.88
9. FURNITURE, FIXTURES AND OFFICE EQUIPMENT	26.16	3.15	0.23	29.08	14.66	1.76	0.16	16.26	11.50	12.82
10. TECHNICAL KNOW-HOW.	0.93	0.02	—	0.95	0.73	0.07	—	0.80	0.20	0.15
11. MOTOR VEHICLES, LAUNCHES, BARGES, ETC.	27.38	3.51	0.82	30.07	16.50	4.81	0.71	20.60	10.88	9.47
12. HELICOPTERS	24.18	—	—	24.18	16.16	5.61	—	21.77	8.02	2.41
TOTAL – 2003-2004	**5,370.79**	**170.01**	**6.10**	**5,534.70**	**2,034.74**	**333.95**	**4.33**	**2,364.36**	**3,336.05**	**3,170.34**
2002-2003	*4,975.12*	*406.36*	*10.69*	*5,370.79*	*1,724.57*	*318.04*	*7.87*	*2,034.74*	*3,250.55*	*3,336.05*

\# Buildings include Rs. 17,160 being cost of ordinary shares in co-operative housing societies.

$ Goodwill is on acquisition of the Transmission EPC Business Unit of Tata International Limited.

Schedule forming part of the Balance Sheet

SCHEDULE "F" : INVESTMENTS

	Quantity: Opening Balance	Quantity: Additions	Quantity: Deductions/ Cancellations	Quantity: Closing Balance	Face Value Rupees Crores	Cost Rupees Crores	*Cost as at 31-3-2003 Rupees Crores*
1. CONTINGENCIES RESERVE INVESTMENTS –							
A. Government of India Securities - (Quoted)							
5 3/4 % (2003) Loan	—	—	—	—	—	Nil	*0.33*
6.85% GOI (2012)	9,08,700	—	—	9,08,700	9.09	9.00	*9.00*
						9.00	*9.33*
B. Other Securities-(Quoted)							
5.20% EXIM Bonds G11 Series (2003-04)	—	2.83##	—	2.83	2.83	2.83	*Nil*
6.75% Unit Trust of India - Tax free US 64 Bonds 2008	—	87,56,054	—	87,56,054	87.56	126.94	*Nil*
(Unit Trust of India - US 64-During the year 10 units of US 64 of Rs. 10/- each converted into US 64 Bonds of Rs. 100/- each)	8,75,60,540	—	8,75,60,540	—	—	Nil	*126.94*
						129.77	*126.94*
C. Other Securities-(Unquoted)							
5.50% NABARD Capital Gain Bonds (2009)	—	15,500##	—	15,500	15.50	15.50	*Nil*
						154.27	*136.27*
2. DEFERRED TAXATION LIABILITY FUND INVESTMENTS-							
A. Government of India Securities - (Quoted)							
6.85% GOI (2012)	40,91,300	—	—	40,91,300	40.91	40.53	*40.53*
B. Other Securities-(Quoted)							
6.75%Unit Trust of India -Tax free US 64 Bonds 2008	—	1,75,99,774	—	1,75,99,774	176.00	292.09	*Nil*
(Unit Trust of India - US 64-During the year 10 units of US 64 of Rs. 10/- each converted into US 64 bonds of Rs. 100/- each)	17,59,97,740	—	17,59,97,740	—	—	Nil	*292.09*
IDBI Flexibonds (2010)	20,000	—	—	20,000	10.00	9.97	*9.97*
5.20% EXIM Bonds G11 Series (2003-04) .		22.17##	—	22.17	22.17	22.17	*Nil*
EXIM (2012)	40	—	—	40	40.00	39.84	*39.84*
						364.07	*341.90*
C. Other Securities-(Unquoted)							
NABARD Capital Gain Bonds (2008)	15,000	—	—	15,000	15.00	15.00	*15.00*
						419.60	*397.43*
3. TRADE INVESTMENTS-							
A. Ordinary Shares-(Quoted) fully paid up							
Nelco Ltd.	1,10,99,630	—	—	1,10,99,630	11.10	11.07	*11.07*
Tata Teleservices (Maharashtra) Ltd.	16,15,65,693	—	—	16,15,65,693	161.57	115.44	*115.44*
						126.51	*126.51*
B. Ordinary Shares-(Unquoted) fully paid up							
Tata Services Ltd.	1,562	—	450###	1,112	0.11	0.11	*0.16*
The Associated Building Co. Ltd.	1,400	—	—	1,400	0.13	0.13**	*0.13***
Yashmun Engineers Ltd.	9,600	—	—	9,600	0.10	0.01	*0.01*
Tata Projects Ltd.	45,000	—	—	45,000	0.45	0.52	*0.52*
Tata Teleservices Ltd.	50,00,00,000	10,00,00,000##	—	60,00,00,000	600.00	600.00	*500.00*
Panatone Finvest Ltd.	50,00,00,000	—	—	50,00,00,000	500.00	500.00	*500.00*
North Delhi Power Limited	18,03,20,000	—	—	18,03,20,000	180.32	180.32	*180.32*
Power Trading Corporation of India Ltd.	1,00,00,000	57,05,300##	—	1,57,05,300	15.71	17.63	*10.00*
						1,298.72	*1,191.14*
						1,425.23	*1,317.65*
4. INVESTMENTS IN SUBSIDIARY COMPANIES							
Ordinary Shares - (Unquoted) fully paid up							
Chemical Terminal Trombay Ltd.	1,52,064	—	—	1,52,064	1.52	26.39	*26.39*
Af-Taab Investment Co. Ltd	8,92,800	4,46,400##	—	13,39,200	13.39	85.72	*56.03*
Tata Petrodyne Ltd.	9,80,00,425	—	—	9,80,00,425	98.00	145.00	*145.00*
Alaknanda Hydro Power Co. Ltd.(formerly Duncans North Hydro Power Co. Ltd.)	—	31,00,000##	—	31,00,000	3.10	3.12	*Nil*
Tata Power Trading Co. Ltd.	—	20,00,000##	—	20,00,000	2.00	2.00	*Nil*
Tata Power Broadband Co. Ltd.	—	1,00,000##	—	1,00,000	0.10	0.10	*Nil*
Powerlinks Transmission Ltd.	—	6,69,37,500##	—	6,69,37,500	66.94	66.94	*Nil*
						329.27	*227.42*
5. OTHER INVESTMENTS-							
A. Ordinary Shares (Quoted) fully paid up							
Titan Industries Ltd.	3,48,300	—	—	3,48,300	0.35	0.85	*0.85*
Tata Honeywell Ltd	8,75,000	—	—	8,75,000	0.88	13.78	*13.78*
Tata Telecom Ltd.	12,37,500	—	—	12,37,500	1.24	4.68	*4.68*
PSI Data Systems Ltd.	1,35,244	—	—	1,35,244	0.14	6.45**	*6.45***
HDFC Bank Ltd.	1,500	—	—	1,500	*	*	*
Industrial Development Bank of India	1,42,720	—	—	1,42,720	0.14	1.14	*1.14*
Voltas Ltd.	23,342	—	—	23,342	0.02	0.25	*0.25*
Tata Infomedia Ltd	7,29,607	—	7,29,607###	—	—	Nil	*1.39*
						27.15	28.54
B. Ordinary Shares-(Unquoted) fully paid up							
Tata Industries Ltd.	22,83,366	12,68,537##	—	35,51,903	35.52	40.09	*27.40*
Rujuvalika Investments Ltd.	1,83,334	—	—	1,83,334	0.18	0.30	*0.30*
WTI Advanced Technology Ltd.	1,45,000	—	1,45,000###	—	—	Nil	*0.15***
Tata BP Solar India Ltd.	17,82,000	—	—	17,82,000	17.82	24.49	*24.49*
Tata Ceramics Ltd. *[See Note 9(d)]*	91,10,000	—	—	91,10,000	9.11	9.11**	*9.11***
Tata Sons Ltd.	4,573	—	—	4,573	0.46	25.62	*25.62*
India Natural Gas Co. Pvt. Ltd.	1,00,000	—	—	1,00,000	1.00	1.00**	*1.00***
Haldia Petrochemicals Ltd.	8,99,99,999	—	—	8,99,99,999	90.00	90.00	*90.00*
Tata Consultancy Services Ltd.	9	—	—	9	*	*	*
						190.61	*178.07*
Carried over..						2,546.13	*2,285.38*

\## Acquired during the year
\### Sold / redeemed during the year

Schedule forming part of the Balance Sheet

SCHEDULE "F" : INVESTMENTS *(Contd.)*

		Quantity					
	Opening Balance	Additions	Deductions/ Cancellations	Closing Balance	Face Value Rupees Crores	Cost Rupees Crores	*Cost as at 31-3-2003 Rupees Crores*
Brought forward....						2,546.13	*2,285.38*
C. Preference Shares-(Unquoted) fully paid up							
Inshaallah Investments Pvt. Ltd.	2,00,000	—	—	2,00,000	2.00	2.00**	*2.00***
Tata Ceramics Ltd.	88,02,850	—	—	88,02,850	88.04	88.04**	*88.04***
Rallis India Ltd.	—	50,00,000##	—	50,00,000	5.00	5.00	*Nil*
						95.04	*90.04*
D. Other Securities-(Quoted)							
6.75% Unit Trust of India - Tax free US 64 Bonds 2008	—	31,08,905	—	31,08,905	31.09	38.39**	*Nil*
(Unit Trust of India - US 64-During the year 10 units of US 64 of Rs. 10/- each converted into US 64 bonds of Rs. 100/- each)	3,10,89,045	—	3,10,89,045	—	—	Nil	38.39**
Unit Trust of India - US 2002	4,04,97,096	—	4,03,46,259 ###	1,50,837	0.15	0.11**	30.46**
						38.50	68.85
E. Other Securities-(Unquoted)							
Unit Trust of India - Venture Capital Unit Scheme 1990 (VECAUS-II)	730	—	—	730	0.01	0.01	*0.01*
J M Equity Fund-Units	5,00,000	—	—	5,00,000	0.50	0.50	*0.50*
BOI Mutual Fund	5,00,000	1,66,667 &	—	6,66,667	0.67	0.50	*0.50*
Templeton India Growth Fund	2,50,000	—	—	2,50,000	0.25	0.25	*0.25*
KRC Bonds- (tax-free)	50,000	—	—	50,000	5.00	4.67	*4.67*
!! JM High Liquidity Fund	1,51,23,535	79,59,07,993##	78,68,24,464###	2,42,07,064	24.21	42.50	*25.10*
!! Grindlays Cash Fund	2,67,29,192	81,74,37,191##	81,44,44,795###	2,97,21,588	29.72	35.02	*30.00*
!! SBI Liquid Fund (Magnum)	—	2,37,79,198##	2,16,71,494###	21,07,704	2.11	3.00	*Nil*
!! Tata Liquid Fund	1,81,22,803	50,70,18,880##	50,13,44,647###	2,37,97,036	23.80	35.00	*25.08*
						121.45	*86.11*
						472.75	*451.61*
						2,801.12	***2,530.38***
** Provision for diminution in value of Investments						(72.29)	*(78.55)*
						2,728.83	***2,451.83***
						As at 31-3-2004 Rupees Crores	***As at 31-3-2003 Rupees Crores***
Notes :							
(1) Aggregate of Quoted Investments - Cost						735.53	742.60
Market Value [including face value Rs. 124.33 crores - *(31st March, 2003 - Rs. 99.33 crores)* in respect of items listed but not quoted.]						803.12	424.21
(2) Aggregate of Unquoted Investments- Cost						2,065.59	1,787.78

(3) During the year, the Company acquired and sold the following Investments :

	No. of Units	Purchase Cost Rupees Crores
Grindlays Cash Fund	81,44,44,796	948.83
Grindlays Cash Fund – Plan B Growth	15,25,50,204	173.77
Grindlays Dynamic Bond Fund	4,38,82,779	50.00
Grindlays Super Saver Income Fund	3,26,84,438	50.20
JM High Liquidity Fund	78,68,24,464	1,363.40
JM High Liquidity Fund- Inst Plan	19,66,63,570	198.72
JM Income Fund – Growth	5,08,05,459	129.80
JM Floater Fund	96,67,814	10.00
HDFC Cash Management Fund	5,95,69,526	76.59
Tata Liquid Fund	50,13,44,648	725.19
Tata Liquid High Inv Fund	25,93,76,743	263.61
Tata Short Term Bond Fund	3,30,94,423	35.00
Tata Income Plus – Plan B	4,72,58,636	50.00
Tata Dynamic Bond Fund	5,00,00,000	50.33
Tata Income Plus – Plan C	1,10,81,381	12.30
SBI Magnum Insta Cash Fund – Cash Plan	2,16,71,494	30.75
Templeton India Liquid Fund	47,68,93,074	722.24

& Bonus received during the year.

!! Current Investments – all other investments are long term investments.

Schedule forming part of the Balance Sheet

SCHEDULE "G" : CURRENT ASSETS, LOANS AND ADVANCES

		Rupees Crores	Rupees Crores	*As at 31-3-2003 Rupees Crores*
CURRENT ASSETS –				
(*a*) Interest accrued on Investments		12.63		*4.26*
(*b*) Stores and Spare Parts at or below cost		275.41		*296.19*
(*c*) Loose Tools at or below cost		0.18		*0.22*
(*d*) Stores, Tools and Equipment in transit at cost		25.68		*12.13*
(*e*) Work-in-progress (includes electronic products, at lower of cost plus attributed profit and net realisable value)		11.95		*22.44*
(*f*) Sundry Debtors –				
(i) Debts outstanding for more than six months	Rs. 181.47 Crores			*415.42*
(ii) Other Debts	" 566.81 Crores			*518.24*
	Rs. 748.28 Crores			*933.66*
Less : Provision for Doubtful Debts	" 30.07 Crores			*44.65*
		718.21		*889.01*
Notes –				
Sundry Debtors fully secured	Rs. 13.82 Crores			*19.76*
Sundry Debtors unsecured and considered good	" 704.39 Crores			*869.25*
Sundry Debtors considered doubtful	" 30.07 Crores			*44.65*
	Rs. 748.28 Crores			*933.66*
(*g*) Cash and Bank Balances –				
(i) Current Accounts with Scheduled Banks	Rs. 29.54 Crores			*66.17*
(ii) Call Deposits with Scheduled Banks (including interest accrued Rs. Nil – *31st March, 2003 – Rs. 0.05 crore*)	" Nil			*60.05*
(iii) Cash and Cheques on Hand (including cheques on hand Rs. 22.16 crores – *31st March, 2003 – Rs. Nil*)	" 22.36 Crores			*0.19*
		51.90		*126.41*
			1,095.96	***1,350.66***
LOANS AND ADVANCES – Considered good- unless otherwise stated – (Unsecured)				
(*a*) Advances with public bodies (including balances with Customs and Excise Rs. 7.07 crores – *31st March, 2003 – Rs. 2.78 crores*)		7.13		*5.78*
(*b*) Loans to and Deposits with Nelco Ltd.		1.65		*1.65*
(*c*) Deposits with Af-Taab Investment Co. Ltd. (a Subsidiary Company) (including interest accrued Rs. 7.20 crores – *31st March, 2003 – Rs. 24.54 crores*)		154.07		*186.18*
(*d*) Deposits with Tata Petrodyne Ltd. (a Subsidiary Company) (including interest accrued Rs. 1.51 crores - *31st March, 2003 – Rs. 1.12 crores*).		44.31		*30.62*
(*e*) Deposits with other Companies (including deposits considered doubtful Rs. 1.27 crores)	Rs. 91.37 Crores			*426.33*
Less : Provision for doubtful deposits	" 1.27 Crores			*Nil*
		90.10		*426.33*
(*f*) Other Advances (including amount due from Directors Rs. 0.18 crore – *31st March, 2003 – Rs. 0.19 crore* – maximum amount due during the year Rs. 0.19 crore – *31st March, 2003 - Rs. 0.27 crore)* (including advances considered doubtful Rs. 0.64 crore – *31st March, 2003 – Rs. 0.64 crore) (See Note 13).*	Rs. 112.03 Crores			*136.00*
Less – Provision for doubtful advances	" 0.64 Crores			*0.64*
		111.39		*135.36*
(*g*) Payment of Taxes		414.31		*329.59*
			822.96	***1,115.51***
			1,918.92	***2,466.17***

Schedules forming part of the Balance Sheet

SCHEDULE "H" : CURRENT LIABILITIES AND PROVISIONS

		Rupees Crores	Rupees Crores	*As at 31-3-2003 Rupees Crores*
CURRENT LIABILITIES -				
(*a*)	Consumers Benefit Account	21.94		*11.25*
(*b*)	Sundry Creditors *[See Note 15(a)]*	701.82		*907.08*
(*c*)	Advance and progress payments .	35.23		*26.81*
(*d*)	Interest accrued but not due on Secured Loans	20.19		*34.35*
(*e*)	Interest accrued but not due on Unsecured Loans	11.98		*14.16*
(*f*)	Investor Education and Protection Fund shall be credited by the following amounts namely**			
	(I) Unpaid Dividend	5.12		*4.12*
	(ii) Unpaid application money received by the companies for allotment of securities and due for refund	Nil		*0.06*
	(iii) Unpaid Matured Debentures	0.25		*0.31*
	(iv) Interest	0.22		*0.28*
(*g*)	Other Liabilities	77.46		*36.67*
(*h*)	Security Deposits from Consumers	23.88		*26.14*
(*i*)	Sundry Deposits	11.31		*5.99*
			909.40	***1,067.22***
PROVISIONS -				
(a)	Provision for Taxation		242.06	*218.11*
(b)	Provision for Additional Income-tax on Dividend		17.77	*16.50*
(c)	Provision for Wealth Tax		0.63	*0.53*
(d)	Provision for Gratuities		58.18	*54.53*
(e)	Provision for Pension Scheme		10.81	*9.65*
(f)	Provision for Leave Encashment		28.03	*26.33*
(g)	Proposed Dividend		138.69	*128.78*
			496.17	***454.43***
			1,405.57	***1,521.65***

** includes amounts aggregating Rs. 0.12 crore (*31st March, 2003 - Rs. 0.05 crore*) outstanding for more than seven years pending legal cases.

SCHEDULE "I" : MISCELLANEOUS EXPENDITURE (to the extent not written off)

	Expenditure incurred	Amount Written off			
	Till 31-3-2004 Rupees Crores	Till 31-3-2003 Rupees Crores	During the year Rupees Crores	Closing Balance Rupees Crores	*As at 31-3-2003 Rupees Crores*
INTANGIBLE ASSETS –					
"The Bombay (Hydro-Electric) Licence, 1907"	0.13	0.13	—	Nil	*Nil*
"The Andhra Valley (Hydro-Electric) Licence, 1919"	0.05	0.05	—	Nil	*Nil*
"The Nila Mula Valley (Hydro-Electric) Licence, 1921"	0.08	0.08	—	Nil	*Nil*
"The Trombay Thermal Power Electric Licence, 1953"	*	*	—	*	*
OTHER EXPENDITURE –					
Expenses re : New Ordinary Shares	0.03	0.03	Nil	Nil	*Nil*
Expenses towards Rights Shares issued in 1993	3.66	1.73	0.18	1.75	*1.93*
Global Depository Shares (GDS) issue expenses	11.12	5.28	0.53	5.31	*5.84*
Discount on issue of Debentures	0.53	0.53	—	Nil	*Nil*
Discount on issue of Euro Notes	5.54	3.93	0.23	1.38	*1.61*
Merger expenses - Tata Hydro & Andhra Valley	61.93	37.16	12.39	12.38	*24.77*
Merger expenses - Jamshedpur Power Co. Ltd.	0.54	0.33	0.11	0.10	*0.21*
Preliminary Expenses	0.01	0.01	—	Nil	*Nil*
	83.62	49.26	13.44	20.92	*34.36*
Less : GDS issue expenses adjusted against Securities Premium				5.31	*5.84*
				15.61	***28.52***

Schedule forming part of the Profit and Loss Account

SCHEDULE "1" : INCOME FROM OTHER OPERATIONS AND OTHER INCOME

	Rupees Crores	Rupees Crores	*Previous Year Rupees Crores*
1. INCOME FROM OTHER OPERATIONS –			
(*a*) Rental of Land, Buildings, Plant and Equipment, etc.	4.21		*1.98*
(*b*) Income in Respect of Services rendered	11.72		*12.92*
(*c*) Income from Broadband services and sale of dark fibre [*See Note 20*]	30.64		*1.33*
(d) Revenue from Contracts - Transmission EPC Business Unit	103.92		*25.07*
(*e*) Miscellaneous Revenue and Sundry Credits	20.95		*12.56*
(f) Provision for Doubtful Debts and Advances written back (Net)	14.58		*7.18*
(*g*) Profit on Sale/Retirement of Assets (Net)	3.48		*5.38*
		189.50	***66.42***
2. OTHER INCOME –			
(a) Interest on Government and Other Securities, Loans, Advances, Deposits etc. (including Rs. 1.22 crores - *Previous Year Rs. 0.33 crore* on Contingencies Reserve Investments and Rs. 8.60 crores on Deferred Tax Liability Investments-*Previous Year Rs. 4.44 crores)* (including interest from subsidiaries Rs. 14.99 crores - *Previous Year Rs. 21.62 crores*) (including Income-tax deducted Rs. 17.56 crores - *Previous Year Rs. 14.34 crores*)	90.70		*79.35*
(b) Interest on US 64 Tax Free Bonds from Unit Trust of India (including Rs. 4.93 crores -*Previous Year Rs. Nil* on Contingencies Reserve Investments and Rs. 9.90 crores - *Previous Year Rs. Nil* on Deferred Tax Liability Fund Investment)	16.58		*Nil*
(c) Income from Trade Investments	1.38		*13.36*
(d) Dividend from Subsidiaries	1.06		*2.03*
(e) Income from Other Investments (including Income-tax deducted Rs. Nil – *Previous Year Rs. 0.68 crore*) (including Rs. Nil – *Previous Year Rs. Nil* in respect of Current Investments)	6.14		*7.11*
(f) Profit on Sale of Investments (including Rs. 19.72 crores – *Previous Year Rs. Nil* in respect of Long Term Investments)	35.28		*30.37*
(g) Provision for Diminution in value of Investments written back (net)	6.26		*14.44*
(h) Sundry Receipts	2.59		*3.05*
(i) Surplus on buy-back of Euro Notes	Nil		*2.32*
		159.99	***152.03***
		349.49	***218.45***

Schedule forming part of the Profit and Loss Account

SCHEDULE "2" : GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES

	Rupees Crores	Rupees Crores	*Previous Year Rupees Crores*
1. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES -			
(*a*) Salaries, Wages and Bonus (excluding Rs. 0.16 crore on Repairs and Maintenance - *Previous Year Rs.0.13 crore)*(net of provision written back (net) Rs.Nil - *Previous Year Rs. 6.51 crore)*	138.82		*86.53*
(*b*) Company's contribution to Provident Fund	7.41		*7.41*
(*c*) Retiring Gratuities	10.07		*8.45*
(*d*) Welfare Expenses	20.00		*21.50*
(*e*) Contribution to Superannuation Fund	9.08		*8.75*
(f) Leave Encashment Scheme	3.90		*4.47*
(*g*) Pension Scheme	2.33		*4.84*
		191.61	*141.95*
2. OPERATION EXPENSES -			
(*a*) Stores, Oil, etc. consumed (excluding Rs. 26.81 crores on Repairs and Maintenance - *Previous Year Rs.36.93 crores* and Rs.Nil in Other Operation Expenses- *Previous Year Rs. 0.06 crore*)	23.07		*10.84*
(*b*) Rental of Land, Buildings, Plant and Equipment, etc.	8.50		*8.84*
(*c*) Repairs and Maintenance-			
(i) To Buildings and Civil Works ..... Rs.15.28 Crores			*16.46*
(ii) To Machinery and Hydraulic Works ..... " 71.61 Crores			*90.54*
(iii) To Furniture, Vehicles, etc. ..... " 2.03 Crores			*1.60*
	88.92		*108.60*
(*d*) Rates and Taxes (net of provision written back Rs.Nil - *Previous Year Rs. 11.33 crores*)	22.14		*(1.14)*
(*e*) Insurance	17.83		*17.69*
(*f*) Components consumed relating to manufacturing activities	18.48		*12.74*
(*g*) Cost of materials and erection charges - Trasmission EPC Business Unit	97.12		*23.08*
(*h*) Other Operation Expenses	17.34		*11.96*
		293.40	*192.61*
3. WHEELING CHARGES PAYABLE		15.07	*20.70*
4. ADMINISTRATION EXPENSES -			
(*a*) Rent	0.42		*0.91*
(*b*) Rates and Taxes	0.82		*0.65*
(*c*) Insurance	3.07		*2.74*
(*d*) Other Administration Expenses	10.73		*8.45*
(*e*) Directors' Fees	0.05		*0.05*
(*f*) Auditors' Fees*(See Note 29)*	1.40		*0.98*
(*g*) Government Audit Fees	0.01		*0.02*
(*h*) Cost of Services Procured	11.54		*12.82*
(*i*) Miscellaneous Expenses	22.25		*27.03*
(j) Bad Debts	0.01		*Nil*
(k) Provision for Doubtful Deposits	1.27		*Nil*
		51.57	*53.65*
Carried Over: ..		551.65	*408.91*

Schedules forming part of the Profit and Loss Account

SCHEDULE "2" : GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES (*Contd.*)

		Rupees Crores	Rupees Crores	*Previous Year Rupees Crores*
	Brought Forward :		551.65	*408.91*
5.	DECREASE IN WORK-IN-PROGRESS -			
	Opening Balance	22.44		*34.42*
	Less : Closing Balance	11.95		*22.44*
			10.49	*11.98*
6.	AMOUNT WRITTEN OFF - MISCELLANEOUS EXPENDITURE - *(Schedule "I")*		13.44	*14.17*
7.	TRANSFER OF REVENUE EXPENSES TO CAPITAL		(4.14)	*(4.11)*
			571.44	***430.95***

SCHEDULE "3" : INTEREST AND FINANCE CHARGES

		Rupees Crores	Rupees Crores	*Previous Year Rupees Crores*
INTEREST :				
(*a*)	INTEREST ON DEBENTURE LOANS	89.60		*111.90*
(*b*)	INTEREST ON FIXED PERIOD LOANS FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL FINANCE CORPORATION	17.85		*23.87*
(c)	INTEREST ON FIXED PERIOD EURO NOTES	88.51		*104.96*
(d)	OTHER INTEREST AND COMMITMENT CHARGES (including Rs.20.24 crores on Fixed Period Loans - *Previous Year Rs. 26.56 crores)*	70.76		*75.16*
		266.72		*315.89*
	Less : INTEREST CAPITALISED	0.87		*7.62*
			265.85	*308.27*
FINANCE CHARGES :				
(a)	LOSS ON EXCHANGE (NET)	2.93		*14.39*
(b)	COMMISSION AND BROKERAGE	0.85		*1.90*
(*c*)	GUARANTEE FEES FOR LOANS	7.45		*10.63*
(d)	DELAYED PAYMENT CHARGES	2.05		*4.71*
(e)	OTHER FINANCE CHARGES	4.59		*1.31*
			17.87	*32.94*
			283.72	***341.21***

SCHEDULE "4" : STATUTORY APPROPRIATIONS

		Rupees Crores	*Previous Year Rupees Crores*
(*a*)	CONTINGENCIES RESERVE	18.95	*18.23*
(*b*)	SPECIAL APPROPRIATION TOWARDS PROJECT COST	12.53	*28.75*
(c)	DEFERRED TAXATION LIABILITY FUND	Nil	*22.93*
(d)	TARIFFS AND DIVIDENDS CONTROL RESERVE	10.68	*Nil*
		42.16	***69.91***