TATA STEEL

TATA



105th Annual Report
2011-2012





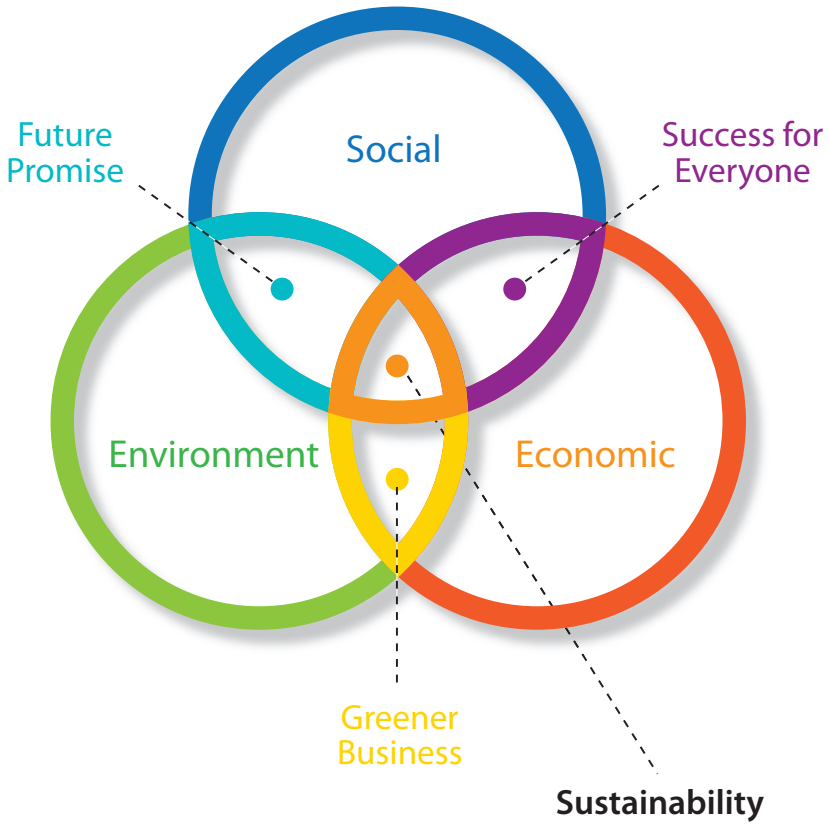
The cornerstones of
sustainability



Tata Steel's sustainability mission

"In a free enterprise, the community is not just another stakeholder, but is, in fact, the very purpose of its existence."

It is these words of Jamsetji Tata, Founder of Tata Steel that have shaped the Company's culture of social responsibility. At Tata Steel, the benefits of wealth creation extend beyond the business, flowing into the communities in which the Company operates. Tata Steel's approach to business has evolved from the concept that the wealth created must be continuously returned to society.



The responsibility of combining the three elements of society – **social**, **environmental** and **economic** – is of utmost importance to the way of life at Tata Steel. It is the combination of these three elements that ensures that business is **sustainable** for all **stakeholders**.

Cover images: *(Clockwise from top left) The manufacture of a hot rolled steel coil; Employees at the Jamshedpur Steel Works, India; A view of the Scunthorpe Blast Furnace, England; A young chess buff at the Tata Steel Chess Tournament, Wijk Aan Zee, the Netherlands.*

The cornerstones of sustainability

At Tata Steel, we believe in sustainability that extends across the spheres of **economic strategy, environmental action, social support** and **governance**. Within each area, we are focused on creating a meaningful relationship with all our stakeholders, formulating policies and initiatives that have a positive bearing on our business.

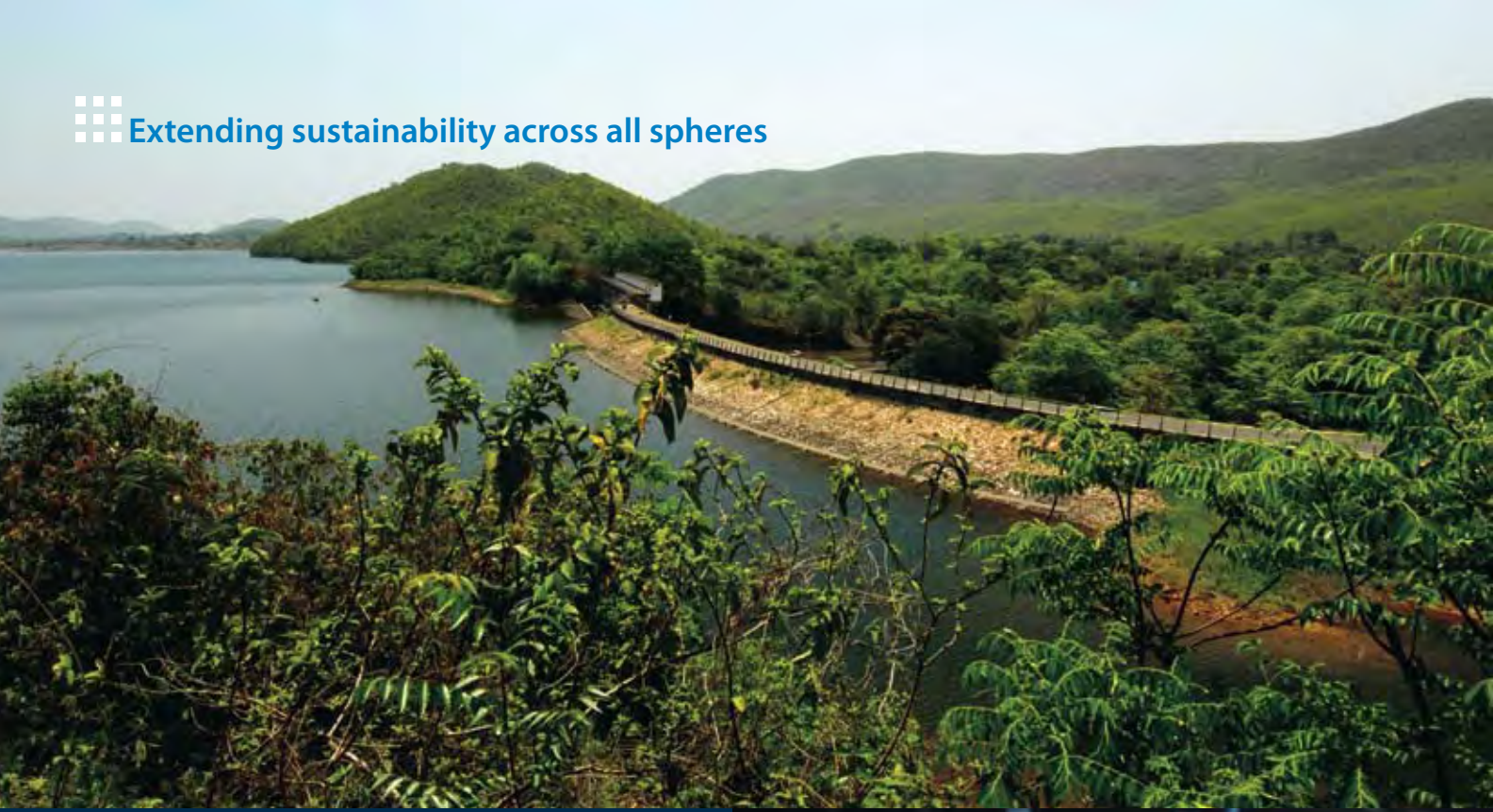
At Tata Steel, **sustainability** is one of the core values of the Company, dating back to its inception. As the years have gone by, the legacy has been enhanced and is being continually and consciously improved at every stage.

Sustainability at Tata Steel is synonymous with **empowerment and success for everyone,** within the Company and the society as a whole, as we work with our communities.

Sustainability in the Company is identified with the process of creating a **greener business,** by using our resources prudently and developing high quality and environment friendly products.

Sustainability at Tata Steel involves the **awareness** that a greener, healthier planet is the best legacy we can leave for future generations and for our business.

Extending sustainability across all spheres



(Clockwise from above) The Dimna Lake at Jamshedpur, India; Safety training being imparted at NatSteel's Singapore facility; The IJmuiden plant, in the Netherlands, by night; The St. Pancras Station in London, England. Tata Steel's European Operations contributed to the construction of the roof structure.







Contents

Chairman's Statement	4
Board of Directors	6
Tata Steel Group Senior Management	8
Consolidated Financial Highlights 2011-12	10
Management Speak	12
Year in Review	
Review of Operations	22
Expansion Initiatives	28
Continuous Improvement Programmes	31
Downstream Integration	34
Health and Safety	36
NVG Principles	
Principle 1: Ethics, Transparency and Accountability	40
Principle 2: Products Contributing to Sustainability	42
Principle 3: Employee Welfare	46
Principle 4: Stakeholder Engagement	48
Principle 5: Human Rights	50
Principle 6: Environment	52
Principle 7: Policy Advocacy	56
Principle 8: Inclusive Growth	58
Principle 9: Value to Customers	62
Notice	65
Directors' Report	71
Management Discussion and Analysis	87
Corporate Governance Report	111
Highlights 2011-12	133
Financial Ratios	134
Production Statistics	135
Financial Statistics	136
Dividend Statistics	137
Auditors' Report	138
Annexure to the Auditors' Report	139
Balance Sheet	142
Statement of Profit & Loss	143
Cash Flow Statement	144
Accounting Policies	146
Auditor's Report on Consolidated Financial Statements	188
Consolidated Balance Sheet	190
Consolidated Profit & Loss	191
Consolidated Cash Flow	192
Principles of Consolidation	194
Accounting Policies	204
Proxy/Attendance Slip	247

The Annual General Meeting will be held on Tuesday, 14th August, 2012 at Birla Matushri Sabhagar at 3.00 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

Visit us at : www.tatasteel.com, E-mail : cosectisco@tata.com • Tel.: +91 22 66658282

Chairman's Statement



Steel will remain the undisputed major foundation material in the world. Its predominance in building construction, infrastructure, ship-building, automobiles has not been substantially challenged and is unlikely to be for the foreseeable future.

Dear Shareholders,

The prolonged economic slowdown in the developed world, particularly in the European Union and the UK has resulted in a significant decline in steel consumption in several geographies in the western hemisphere. Steel plants are being closed or mothballed to conserve costs and to control over-supply.

By contrast, the demand for steel is still buoyant in Asia and Africa where growth rates and investment levels are higher than in the West and where new sources of iron ore and coking coal are being developed.

The demand for steel in India remains robust and in fact continues to outstrip supply. Unfortunately, major greenfield projects which would substantially increase domestic steel capacity are facing enormous delays due to hurdles in land acquisition and approvals for the necessary mining rights to feed these new plants.

Tata Steel's 2.9 million tonnes expansion in Jamshedpur is expected to go onstream during the Financial Year 2012-13, taking Jamshedpur's capacity to 9.7 million tonnes/annum. The Company's new 6 million tonnes/annum greenfield steel plant in Odisha is under construction and, subject to essential captive mining approvals from the Government, the first phase of 3 million tonnes is scheduled to commence in 2014. Therefore, Tata Steel by 2014, would have a global steel capacity of 33.5 million tonnes, and will add a further 3 million tonnes on the full implementation of the Odisha project.

While Tata Steel's operations in India are expected to remain strong, its operations in Europe will continue to be under enormous stress for the next year or two until the Western European economy recovers. The unprecedented rise in iron ore and coking coal prices coupled with the acute decline in market demand will continue to negatively impact the Company's European operations. Restructuring and capacity rationalising initiatives are under way

to reduce costs and under-utilisation. The real growth will most likely be in Asia, Africa and Latin America.

Steel will remain the undisputed major foundation material in the world. Its predominance in building construction, infrastructure, ship-building, automobiles has not been substantially challenged and is unlikely to be for the foreseeable future. At the same time, steel consumption will be closely linked to the economic growth and prosperity of a nation or a particular region.

Let me once again record my appreciation to all my colleagues in the Company in India, Europe, UK and Asia for their dedication and commitment to the Company in these difficult times. There is no doubt in my mind that the same spirit and commitment will enable Tata Steel to take its rightful place in the industry as one of the most cost-efficient steel producers – as the supplier of choice in the markets it serves – by differentiating itself, its products, its processes and its service to the customer.



Chairman

Mumbai, 31st May, 2012



Tata Steel by 2014, would have a global steel capacity of 33.5 million tonnes, and will add a further 3 million tonnes on the full implementation of the Odisha project.

Board of Directors as of May 22, 2012



Mr. Ratan N. Tata, *Chairman*



Mr. B. Muthuraman, *Vice Chairman*



Mr. Nusli N. Wadia



Mr. Subodh Bhargava



Mr. Jacobus Schraven



Mr. Cyrus Mistry

COMPANY SECRETARY
Mr. A. Anjeneyan

REGISTERED OFFICE
Bombay House, 24 Homi Mody Street, Fort, Mumbai - 400 001.
Tel.: +91 22 6665 8282, Fax : +91 22 6665 7724 / 6665 7725
E-mail : cosec@tatasteel.com, Website : www.tatasteel.com

SHARE REGISTRARS
TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
Tel.: +91 22 6656 8484 Fax : +91 22 6656 8494 / 6656 8496
E-mail : csg-unit@tsrdarashaw.com
Website : http://www.tsrdarashaw.com



Mr. Andrew Robb



Mr. S. M. Palia



Mr. Ishaat Hussain



Ms. Mallika Srinivasan



Mr. H. M. Nerurkar,
Managing Director,
Tata Steel Limited



Dr. Karl-Ulrich Koehler,
Managing Director and Chief Executive Officer, Tata Steel Europe

LEGAL ADVISORS

AZB & Partners, Amarchand & Mangaldas & Suresh,
A. Shroff & Co., Mulla & Mulla and Craigie Blunt & Caroe,
Freehills, Slaughter & May.

AUDITORS

Messrs Deloitte Haskins & Sells

Senior Management as of May 22, 2012



H. M. Nerurkar
Managing Director
Tata Steel Limited



Dr. Karl-Ulrich Koehler
Managing Director and
Chief Executive Officer
Tata Steel Europe

Group Corporate Functions



Koushik Chatterjee
Group Chief Financial Officer



Kees Gerretse
Group Director
(Procurement)



Dr. Debashish Bhattacharjee
Director (Research
Development and Technology)



Shreekant Mokashi
Chief
(Group Information Services)



Andrew Page
Director
(Health and Safety)



Dr. Paul Brooks
Director
(Environment)



Sandip Biswas
Group Director
(Corporate Finance and M & A)