

Towards a Sustainable Future



Integrated Report &
Annual Accounts **2016-17**
110th Year

OUR APPROACH TO REPORTING

Tata Steel has been publishing Sustainability Reports following the Global Reporting Initiative (GRI) Framework since 2001. Commencing last year, we transitioned towards Integrated Reporting. This is our second year in the journey of publishing the Integrated Report. Through this Report, we aspire to provide to our stakeholders an all-inclusive depiction of the organisation's value creation using both financial and non-financial resources. The Report provides insights into our key strategies, operating environment, material issues emanating from key stakeholder concerns and the respective mitigation strategies, the operating risks and opportunities, governance structure and the Company's approach towards long-term sustainability.

Reporting Principle

The financial and statutory data presented in this Report is in line with the requirements of the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards. The non-financial section of the Report is guided by the framework of the International Integrated Reporting Council (IIRC) and encompasses the key performance indicators as per GRI, UN Sustainable Development Goals, Securities and Exchange Board of India and World Steel Association.

In order to optimise governance oversight, risk management and controls, the contents of this Report have been reviewed by the members of the Enterprise Management Council consisting of the Managing Director (India & South East Asia), Group Executive Director (Finance, Corporate & Europe), Company Secretary and other Senior Executives of the Company.

Reporting Period

The financial information is reported for the period April 1, 2016 to March 31, 2017. Some parts of the non-financial information including Directors' Report are provided as on May 16, 2017. Comparative figures for last 3 to 5 years have been incorporated in the Report to provide a holistic view to the stakeholders.

Scope and Boundary

This Report is for Tata Steel India, including the Tata Steel plants (at Jamshedpur, Jharkhand and Kalinganagar, Odisha), Raw Material Divisions and Profit Centres.

Our approach to Materiality

The Report presents an overview of our business and associated activities that help in long-term value creation. The Report also captures imminent issues and their possible impact on our operations, so as to enable investors and other interested stakeholders to make informed decisions with regard to their engagement with the Company.

Independent Assurance

Assurance on financial statements has been provided by independent auditors Deloitte Haskins & Sells LLP and non-financial statements by Bureau Veritas (India) Private Limited. The certificate issued by Bureau Veritas (India) Private Limited is available on our website www.tatasteel.com

Forward Looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised, and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Highlights of FY2017

(Consolidated)

DELIVERIES

23.88 MnT

REVENUE

₹1,17,420 Cr.

EBITDA

₹17,025 Cr.

EMPLOYEES

70,000+

NEW PRODUCTS LAUNCHED

51

NUMBER OF LIVES IMPACTED THROUGH CSR

1.1 Mn+

LTIFR*

39% ↓ From FY2010

Jamshedpur Steel Works-

first and only integrated

steel plant in India to be rated

Platinum by GreenCo

assessment conducted by

CII-Green Business Centre

Steel Industry Leader in the
Dow Jones Sustainability Index
for the year 2016.

* Lost Time Injury Frequency Rate

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PERFORMANCE HIGHLIGHTS

(Tata Steel India)

Financial Capital



We generate our financial capital annually in the form of surplus arising from the current business operations and financing activities, which includes restructuring of debts aligned with the market conditions and other investments.

TURNOVER

₹53,261 Cr.

Higher as compared to FY2016, due to commencement of operations at Tata Steel Kalinganagar (TSK), higher production of Chrome Concentrate and Ferro Chrome with improved demand in the international market

PAT

₹3,445 Cr.

Increased by 2.6 times, as compared to FY2016, primarily on account of improved realisations, higher deliveries and lower exceptional charges over previous year

EBITDA

22%

Due to supportive realisations and strong growth in deliveries

CAPEX

₹3,173 Cr.

Manufactured Capital



We continually invest in our integrated steel plants, consisting of our iron making, steel making and rolling facilities, warehouses, along with the logistics operations, while ensuring safety and reliability of the operations.

NEW STEEL MAKING CAPACITY COMMISSIONED

3 MnTPA

Flat products at Kalinganagar (BF-BOF route)

TOTAL CRUDE STEEL PRODUCTION

11.68 MnT

Target achieved due to stable operation of Jamshedpur plant and ramp up of Kalinganagar plant

SAVINGS THROUGH IMPROVEMENT PROJECTS

₹3,400 Cr.

Across the value chain

SALES

7.7 MnT

Flat Products

3.3 MnT

Long Products

Intellectual Capital



Our thrust on innovation and research is of paramount importance for our product development and it also reinforces our operational efficiency and resource optimisation drive, while adhering to the Standard Operating Procedures. We incorporate customer requirement in our product development. We also collaborate with experts, academia and think tanks for our R&D efforts.

PATENTS FILED

870

(Cumulative till FY2017)

PATENTS GRANTED

360

(Cumulative till FY2017)

R&D SPEND

₹681 Cr.

(Cumulative from 2011)

REVENUE FROM NEW PRODUCTS

5%

(New Products: Products developed in last three years)

Human Capital



Our people form the core of our operations. We invest in employee welfare and happiness to drive performance excellence. Our work culture ensures safety, health, competency enhancement and overall well-being of our employees.

SAFETY

19%

Increase in LTIs

5

Fatalities

HEALTH INDEX

~2%

Improvement in FY2017 over FY2016, due to focused awareness and intervention programmes

DIVERSITY

15%

Increase in women workforce as compared to FY2016

SKILLED MANPOWER

~100%

EMPLOYEES INVOLVED IN IMPROVEMENT INITIATIVES

92.5%

Relationship Capital



We believe in building long-term, transparent and trust based relationships with our partners, while adhering to applicable norms and corporate ethics. We also invest in building our partners' capacities and sharing knowledge with them.

SUPPLIERS BASE

5,000+

CHANNEL PARTNERS

12,000+

CUSTOMERS

81.3%

Customer Satisfaction Index

COLLABORATIONS

42

Social Capital



Harmonious presence among our neighbouring communities bears a testimony to the value we place in community development initiatives, while partnering with them in their growth story.

CSR OUTREACH

1.1 Million People

Impacted

CSR SPEND

₹194 Cr.

Consistently higher than the mandate

Natural Capital



We depend on the stock of natural resources like iron ore, coal and other minerals which constitute our key raw materials. At the same time resources like land and water, are indispensable for our operations. We also manage the impacts of our operations on the natural environment.

ENERGY INTENSITY

1.7%

Improvement over FY2016 (At Jamshedpur Steel Works)

WATER CONSUMPTION

~ 13%

Improvement in Specific Water Consumption over FY2016 (At Jamshedpur Steel Works)

ABOUT TATA STEEL



Steel Melting Shop, Tata Steel Kalinganagar

COMPANY OVERVIEW

Established in Jamshedpur in 1907, Tata Steel, a Company that took shape from the vision of Jamsetji N. Tata, is today a global business enterprise having products and services in over 150 countries. Being the world's second-most geographically diversified steel producer, we operate in 26 countries, have commercial presence in over 50 countries and have employees spread across five continents.

Tata Steel is among the top global steel companies with an annual crude steel capacity of 27.5 MnTPA. The Tata Steel Group recorded a consolidated turnover of ₹1,17,420 crore in FY2017.

Tata Steel India has an end-to-end value chain that extends from mining to finished steel goods, catering to an array of market segments. The Jamshedpur facility has an annual crude steel capacity of 10 MnTPA and the Kalinganagar plant has a capacity of 3 MnTPA.

We embrace different skills, celebrate diversity and strive for constant innovation, while continuing to act responsibly in the use of natural resources. Above all, our commitment to give back to the society helps us make our vision of sustainable growth a reality.

Vision

We aspire to be the global steel industry benchmark for 'Value Creation' and 'Corporate Citizenship'.

Mission

Consistent with the vision and values of the Founder, Jamsetji Tata, Tata Steel strives to strengthen India's industrial base through the effective utilisation of staff and materials. The means envisaged to achieve this are high technology and productivity, consistent with modern management practices.

Tata Steel recognises that while honesty and integrity are the essential ingredients of a strong and stable enterprise, profitability provides the main spark for economic activity.

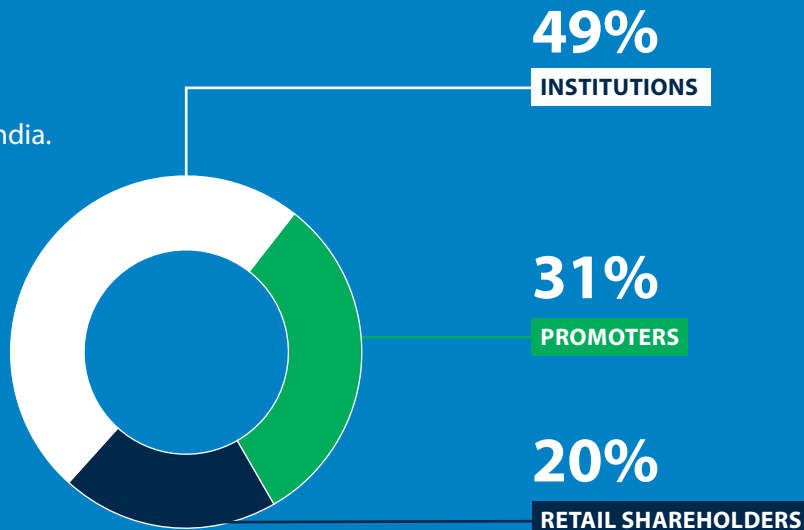
Overall, the Company seeks to scale the heights of excellence in all that it does in an atmosphere free from fear and, thereby, reaffirms its faith in democratic values.

Values

Integrity | Unity | Pioneering | Excellence | Responsibility

Ownership Structure

Tata Steel is headquartered in Mumbai, India. Our ownership (as of March 31, 2017) is diversely held as depicted.



Leadership Structure

We have a well-defined operating structure to ensure that the Company is on track to achieve its vision and strategic objectives. Our executive management rests with Mr. T. V. Narendran, Managing Director for our Indian and South-East Asian operations and Mr. Koushik Chatterjee, Group Executive Director (Finance, Corporate & Europe). Mr. Narendran and Mr. Chatterjee, operationally and administratively report to our Chairman, Mr. N. Chandrasekaran and functionally report to the Board of Directors. The executive team responsible for operations such as Raw Materials, Steel Making, Sales and Marketing among others reports to the Managing Director. Corporate functions such as Finance and Accounts, Legal, Secretarial, Communications and Regulatory Affairs, among others, report to the Group Executive Director (Finance, Corporate and Europe). We have a strong, diverse, highly qualified and richly experienced leadership team with a track record of excellence and passion for performance.



Financial Performance

Our strong performance is due to supportive realisations and strong growth in deliveries due to ramp up of our Kalinganagar plant. Our plant in Kalinganagar continues to ramp up well both in terms of quantity and quality.

KEY PERFORMANCE INDICATORS (Tata Steel India)

EBITDA/TURNOVER (%)

FY17	22.44
FY16	18.25
FY15	24.18
FY14	31.84
FY13	30.62

PBET/ TURNOVER (%)

FY17	11.38
FY16	7.48
FY15	15.84
FY14	23.63
FY13	22.28

RETURN ON AVERAGE CAPITAL EMPLOYED (%)

FY17	9.80
FY16	5.57
FY15	8.41
FY14	12.60
FY13	11.94

RETURN ON AVERAGE NET WORTH (%)

FY17	6.83
FY16	1.89
FY15	9.73
FY14	10.61
FY13	9.04

BASIC EARNINGS PER SHARE (₹ PER SHARE)

FY17	33.67
FY16	8.05
FY15	64.49
FY14	64.21
FY13	50.28

NET DEBT/ EQUITY (TIMES)

FY17	0.44
FY16	0.50
FY15	0.40
FY14	0.41
FY13	0.44

* FY17 and FY16 is as per Ind AS and FY13 to FY15 is as per I GAAP

Our ROCE was **9.8%** reflecting the efficiency with which we use our capital.



BOARD OF DIRECTORS

(As on May 16, 2017)



Mr. Ratan N. Tata
Chairman Emeritus



Standing (Left to Right)

Mr. D. K. Mehrotra
Non-Executive Director

3 4 5

Mr. T. V. Narendran
Managing Director
(India and South East Asia)

3 4 6

Sitting (Left to Right)

Mr. Andrew Robb
Independent Director

1

Mr. Ishaat Hussain
Non-Executive Director

1 2 3 4 5

Board Committees

- 1 Audit
- 2 Nomination and Remuneration
- 3 Corporate Social Responsibility & Sustainability
- 4 Risk Management
- 5 Stakeholders' Relationship
- 6 Safety, Health and Environment

Member Chairperson