


TATA STEEL



104th Annual Report 2010-2011

growth through
sustainability





Cover image: Jamshedpur Steel Works overlooking the cooling ponds.

Over the years, Tata Steel has taken several environmental initiatives for the conservation, preservation and restoration of biodiversity. The service water from the cooling ponds within the Jamshedpur Steel Works is processed and distributed to various consumers. The ponds provide shelter to several species of migratory birds and rare floral species.

The rarest aquatic avian fauna found in the cooling ponds include the Small Blue Kingfisher, the White-breasted Water Hen, the Indian Pond Heron, the Cattle Egret and the Little Cormorant. Moreover, there are around 14 floral species including *Hydrilla Kalmi*, *Ipomea aquatica*, *Aerua lanata Chaldhua* and *Boerhaavia repens Sant* found in the cooling ponds. Butterfly species like *Danaus chrysippus*, *Euploea core*, *Catopsilia Pomona* and *Precia almanac* have found a place of existence around the ponds.



growth through sustainability

In line with the Tata Steel Group vision to be the global steel benchmark for both value creation and corporate citizenship, Tata Steel believes that respect for the environment is critical to the success of its business. The Tata Steel Group is committed to minimising the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance. Responding to the challenges of our time, Tata Steel has adopted an approach of **value creation through sustainability**, for all its stakeholders.

Furthermore, Tata Steel aims to contribute positively to the communities around its operations. Apart from providing employment for thousands of people, the Company actively participates in community initiatives and encourages biodiversity and nature conservation. Tata Steel continues to place an emphasis on positive practices in **health, safety and corporate citizenship**.

<< A new habitat created for a protected species of newt,
Scunthorpe Works, UK

CONTENTS



Annual General Meeting will be held on Wednesday, 3rd August, 2011 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.

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CHAIRMAN'S STATEMENT

Dear Shareholder,

During the year, the world continued on a path to regain economic stability as it emerged from the global meltdown of 2008. While the US, the UK and Western Europe experienced modest recoveries, China, India and other Asian countries, as also certain countries in Latin America, continued to register high levels of growth and continued to be centres of significant economic activity. Inflation has, however, now emerged as the new global economic challenge, driven by a substantial rise in the prices of almost all commodities, mineral resources and energy, impacting almost all industrial sectors.

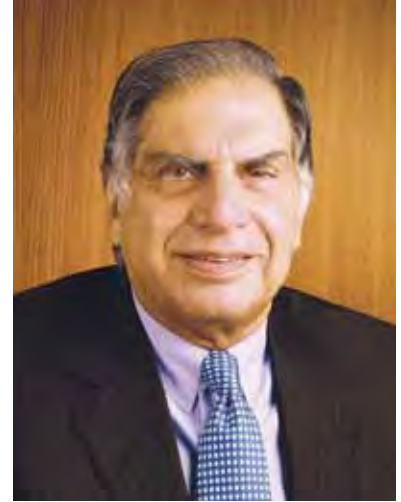
The global steel industry continued to face an unprecedented increase in the price of iron ore and coking coal, accentuated by short-term supply disruptions. These have created pressures on the viability of the steel industry and consequently the competitiveness of the user industries. China continued to be the largest national steel producer and largest domestic consumer of steel. The steel demand in Western Europe and the UK has remained more or less stagnant, with intense competition from steel producers in Eastern Europe utilising lower cost inputs. Asian countries, including India, on the other hand, continued to enjoy robust demand from several sectors resulting in increased volumes and a richer product mix.

TATA STEEL *Europe*

Tata Steel Europe's operations have had to compete in the high-cost marketplace where demand has been somewhat stagnant. The Company has restructured its operations in several areas in order to be more competitive. During the year it sold the unremunerative steel slab business as a going concern to an Asian steel maker. It has initiated steps to restructure and rationalise the UK long products manufacturing facilities with a view to make them profitable. The Company is also making long-overdue capital investments to upgrade and modernise some of the older, less efficient facilities as well as securing sources of coal and iron ore overseas, to achieve partial raw material security in the coming years.

India and South East Asia

Tata Steel's operations in India and Asia continued to be driven by the buoyancy in the markets in India and South East Asia where growth rates have continued to be high and demand for consumer products, automobiles and construction have been very promising. The expansion project at



TATA STEEL WILL CONTINUE TO BE COMMITTED TO BE AMONGST THE MOST COST-EFFICIENT STEEL COMPANIES IN THE WORLD, WHICH PARTICIPATES IN THE DEVELOPMENT OF THE COUNTRIES WHERE IT IS PRESENT, WHILE MEETING ITS SOCIAL RESPONSIBILITY TO ITS STAKEHOLDERS AND THE COMMUNITIES WHICH IT SERVES.

Jamshedpur, which will take the Steel Works capacity to 9.7 million tonnes, will contribute significantly to the volume and product mix of Tata Steel when these new facilities come on line in early 2012. Construction is also underway on the new 6 million tonnes capacity greenfield project in Kalinganagar, Odisha.

The Company has always given great importance to its control of the iron ore and coal which it consumes. It continues to actively explore opportunities for growth in India and other parts of Asia, which the Company believes will continue to be an area of economic growth.

BUSINESS OUTLOOK

During the year under review, the Indian economy has performed well with very attractive growth rates reflecting strong consumer demand for almost all goods and services. The years ahead could, however, be challenging as the government endeavors to curb inflationary growth. Energy costs, reflecting higher prices of crude oil and gas as well as the shortfall in the availability of gas and electrical power will in themselves have a devastating impact on the country's competitiveness and its ability to sustain the high growth rates it has enjoyed. Fiscal policies to control inflation will affect access to credit and could slow down investment levels as also consumer demand. The most significant impact will however be from the slowdown in major infrastructure projects in the areas of road construction, mass transit systems, power generation and investments in primary industries, where financial closure, right-of-way permissions and land acquisition could present major delays. These would have a major impact on job creation and the demand for goods and services, resulting in a substantially lower level of economic activity in the country compared to past years.

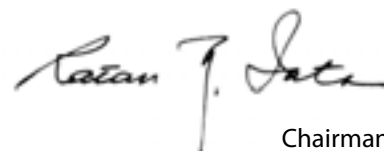
Further, state and private enterprises have been investing in establishing additional capacity to cope with the rising demand for goods and services. The anti-inflationary

induced slowdown of economic growth in India, coupled with the possible plateauing of growth in China, the enormous financial burden on the Japanese economy following the devastating natural disaster and its after effects, could possibly slow down the Asian "economic engine" which has become such an economic game changer over the past decade.

In Europe, the high debt and economic unsustainability of some of the southern European countries will most likely impose a significant strain on the financial structure of the European Union. Also, the increased political unrest in some of the countries in the Middle East, if escalated, will contribute to the political and economic instability in the region, (or the world), in the years ahead.

Good fiscal and economic management will therefore be needed to stimulate economic growth while at the same time curbing inflationary forces. There will need to be measures in place to control speculation and exploitation resulting in runaway prices of commodities and mineral resources which cascade through the entire value chain.

In the years ahead, steel will continue to be an essential building block of national development. Tata Steel will continue to be committed to be amongst the most cost-efficient steel companies in the world, which participates in the development of the countries where it is present while meeting its social responsibility to its stakeholders and the communities which it serves.



Chairman

Mumbai, 31st May, 2011

BOARD OF DIRECTORS



Mr. Ratan N. Tata, *Chairman*



Mr. B. Muthuraman, *Vice Chairman*



Mr. Nusli N. Wadia



Mr. Subodh Bhargava



Mr. Jacobus Schraven



Mr. Suresh Krishna

COMPANY SECRETARY

Mr. A. Anjeneyan

REGISTERED OFFICE

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Mr. Andrew Robb



Mr. S. M. Palia



Mr. Ishaat Hussain



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, Herbert Smith LLP, Cleary Gottlieb Steen & Hamilton LLP, Linklaters LLP, Allen & Gladhill LLP

AUDITORS

Messrs Deloitte Haskins & Sells

SENIOR MANAGEMENT as of May 25, 2011



H. M. Nerurkar
*Managing Director
Tata Steel Limited*



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

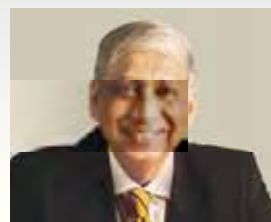
Group Corporate Functions



Koushik Chatterjee
Group Chief Financial Officer



Jean-Sébastien Jacques
*Group Director
(Strategy)*



Manzer Hussain
*Group Director
(Communications)*



Kees Gerretse
*Group Director
(Procurement)*



Dr. Debashish Bhattacharjee
*Director (Research, Development
and Technology)*



Andrew Page
*Director
(Health and Safety)*



Dr. Paul Brooks
*Director
(Environment)*



Shreekant Mokashi
*Chief
(Group Information Services)*