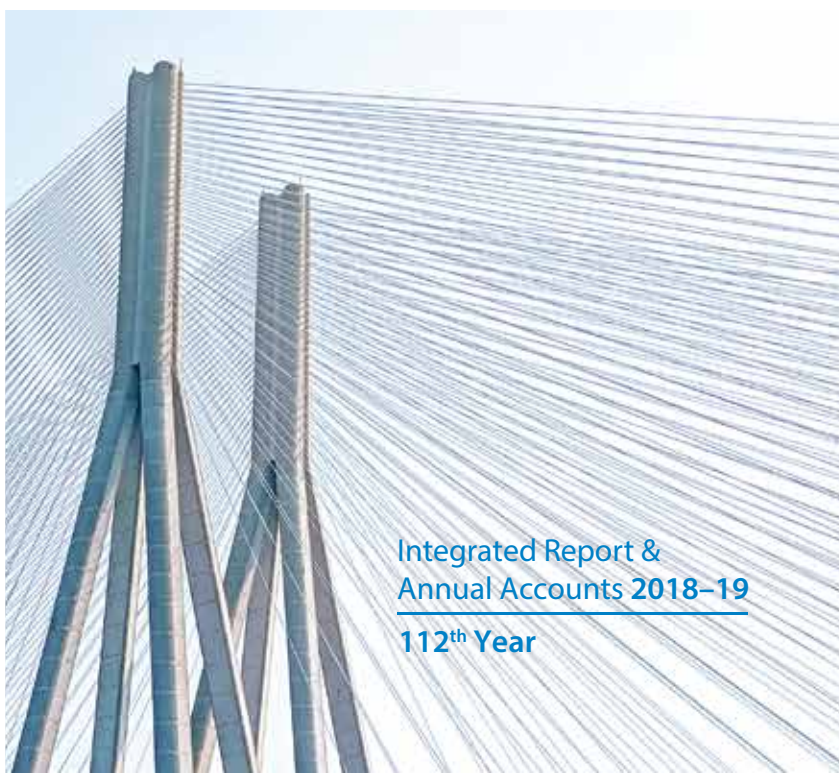


TATA STEEL



 **WeAlsoMakeTomorrow**



Integrated Report &
Annual Accounts 2018-19

112th Year

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STRATEGIC REPORT



Our Leadership



Our Business



Our Strategy



Our Capitals

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ABOUT THIS REPORT

Our Approach to Reporting

This is the fourth Integrated Report of Tata Steel Limited (Tata Steel). Our Integrated Report provides quantitative and qualitative disclosures on our relationships with the stakeholders and how our leadership, culture and strategy are aligned to deliver value while managing risks and changes to the external environment. Our Report continues to evolve towards enhanced disclosures to meet the requirements of our investors and other stakeholders.

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 Report is prepared in accordance with the framework of the International Integrated Reporting Council (IIRC) and discloses performance against the Key Performance Indicators (KPIs) relevant to Tata Steel, as per the Global Reporting Initiative (GRI), the Securities and Exchange Board of India (SEBI) and World Steel Association (worldsteel).

Reporting Period

The information is reported for the period April 1, 2018 to March 31, 2019. For KPIs, comparative figures for the last three to five years have been incorporated in the Report to provide a holistic view to our stakeholders.

Scope and Boundary

This Report covers information on Tata Steel, including the Tata Steel plants (at Jamshedpur, Jharkhand and Kalinganagar, Odisha), Raw Materials Division, and Profit Centers.

Approach to Materiality

The Report presents an overview of our business and associated activities that help in long-term value creation. Report content and presentation is based on material issues to Tata Steel and its stakeholders. Material issues are gathered from multiple channels and forums of engagement across the organisation and from external stakeholders. In Financial Year 2018-19, Tata Steel updated its Environmental, Social and Governance (ESG) material issues and incorporated them in its long-term plans.

Management Responsibility

To optimise governance oversight, risk management and controls, the contents of this Report have been reviewed by the senior executives of the Company, including the Chief Executive Officer and Managing Director, Executive Director and Chief Financial Officer, Vice President Safety, Health & Sustainability and Company Secretary & Chief Legal Officer (Corporate & Compliance).

Independent Assurance

Assurance on financial statements has been provided by independent auditors Price Waterhouse & Co. Chartered Accountants LLP and non-financial statements by KPMG. The certificate issued by KPMG is available on our website at www.tatasteel.com or can be accessed at <https://bit.ly/2WQGH68>.

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 operational 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.



WeAlsoMakeTomorrow


The steel we produce is used in making iconic structures, smarter cities, and cleaner and safer automotive solutions. We are exploring uncharted territories in new technologies and materials to develop new businesses and value-added products while acting responsibly to ensure a long-lasting positive impact on the society and environment.


www.wealsomaketomorrow.com


FY 2018-19 Highlights

(Consolidated)

 **26.80 MnT**
Deliveries

 **₹1,57,669 Cr.**
Turnover

 **₹29,770 Cr.**
EBITDA

 **₹9,098 Cr.**
Profit After Tax
(PAT)

#WeAlsoMakeTomorrow

Our steel has gone into the making of futuristic structures and buildings across the globe.



Taipei 101, Taipei, Taiwan



The London Eye, London



Marina Bay Sands, Singapore



Bogibeel Bridge, Assam, India



Kempegowda International Airport, Bengaluru, India

YEAR AT A GLANCE*

Achievements of today for a brighter tomorrow

Turnover

₹70,611 cr.

CAPEX

₹3,677 cr.

Enriched/Value-added Products

8.6 MnT

GHG Emissions Intensity

2.34 tCO₂e/tcs

Solid Waste Utilisation

99%

EBITDA Margin

29%

Crude Steel Production

13.23 MnT

Revenue from By-products

₹3,426 cr.

Lost Time Injury Frequency Rate (LTIFR)

0.29

Specific Water Consumption

3.5 m³/tcs

Profit After Tax (PAT)

₹10,533 cr.

Total Sales

12.7 MnT

Savings through Shikhar25

₹2,801 cr.

Customer Satisfaction Index (Steel) (Out of 100)

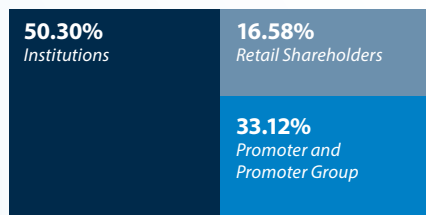
81.6

CSR Outreach

>1.1 million

* All figures are on a Standalone basis as on March 31, 2019

Ownership structure



Principal activities and revenue streams



Tata Steel acquires Bhushan Steel

During Financial Year 2018-19, Tata Steel acquired Bhushan Steel Limited. This acquisition has significantly added to our steel business and helped expand our footprint in India.

Tata Steel group acquires Usha Martin Steel Business

Tata Steel group acquired the steel business of Usha Martin Limited through one of its subsidiaries. This move helps the Company to create a globally competitive long products business focussed on value-added and differentiated products while achieving cost competitiveness.

Guiding the path to tomorrow



Mr. Ratan N. Tata
Chairman Emeritus



BOARD COMMITTEES

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

■ Member ■ Chairperson

Parvatheesam K

Company Secretary & Chief Legal Officer
(Corporate & Compliance)

Standing (Left to Right)

T. V. Narendran

Chief Executive Officer and
Managing Director

3 4 5 6

V. K. Sharma

Non-Executive Director

5 6

Peter Blauwhoff

Independent Director

1 4 6

Sitting (Left to Right)

Aman Mehta

Independent Director

1 4

N. Chandrasekaran

Chairman of the Board and
Non-Executive Director

2



Deepak Kapoor
Independent Director

1 3 5

Saurabh Agrawal
Non-Executive Director

1 4

Koushik Chatterjee
Executive Director and
Chief Financial Officer

3 4 5

Mallika Srinivasan
Independent Director

2 6

O. P. Bhatt
Independent Director

1 2 3

Well positioned to capitalise on opportunities



Dear Stakeholders,

It is a privilege to write to you as the Chairman of the Board of Tata Steel.

Financial Year 2018-19 was a good year for your Company, wherein your Company executed well on its strategic roadmap and delivered a strong financial performance.

Last year in my communication to you, I shared with you the Company's strategy to leverage the growth potential of the Indian economy by pursuing both organic and inorganic growth opportunities. I am happy to share with you that your Company has made significant progress in this regard. Your Company undertook the following tangible steps to strengthen and expand the India operations.

Financial Year 2018-19 was a good year for your Company, wherein your Company executed well on its strategic roadmap and delivered a strong financial performance.

Your Company successfully completed the acquisition of Bhushan Steel (now named Tata Steel BSL) under the Insolvency and Bankruptcy Code process. This was an important strategic acquisition. The integration is proceeding well with identified synergies and roll-out of the performance improvement plan. The Board has given the approval for the amalgamation of Tata Steel BSL with your Company and the process is currently underway. This would further help in realising synergies and create a unified and simple organisation.

In addition to Tata Steel BSL, your Company also acquired the steel business of Usha Martin Limited, through its subsidiary company, Tata Sponge Iron Limited. This acquisition has strategically enhanced the value-added long product portfolio of your Company and expanded its presence in the premium and niche segment for automotive customers.

Your Company continues to grow its India capacity through brownfield expansion of the Kalinganagar facilities.

In Europe, your Company's operations continued to face challenges. The production was lower due to operational issues at both sites in the UK and IJmuiden.

On a consolidated basis, your Company achieved the highest ever levels of revenues and EBITDA this year. I am happy to report that the Company has generated positive free cash flows of ₹8,839 crore this year, for the first time in over a decade.

As you are aware, your Company had proposed to form a joint venture with thyssenkrupp to combine the steel businesses in Europe, as a part of the effort to build a sustainable business in Europe. Unfortunately, this proposal has not met with the approval of the European Commission and your Company has decided not to continue on this path.

Your Company's overall situation is much better now. Your Company's India capacity and contribution has expanded significantly. The plant in the UK contributes to 11% of your Company's total capacity and the plant at IJmuiden contributes to 22% of your Company's capacity. Your Company is on the path to drive operational improvement and positive cash flows.

Steel is a strategic material for growth and development of nations and has a multiplier impact on the economy and society. India has the unique advantage of a young and aspirational population and high economic growth, which would drive sustained

demand for industries such as steel. India also has a large natural resource base and skilled manpower to be one of the most competitive manufacturers of steel globally. While the short-term global macroeconomic and geopolitical situation may continue to throw some challenges, the future holds many opportunities for your Company. Your Company is well positioned to capitalise on the opportunities and deliver strong growth.

I would like to thank all the shareholders for their faith in and support to the Company. I would also like to thank all other stakeholders, including the employees, unions, customers, government and suppliers, for their continued support.

Warm regards,

N. Chandrasekaran
Chairman of the Board

Prudent steps for a stronger tomorrow



T. V. Narendran

Chief Executive Officer and Managing Director



Koushik Chatterjee

Executive Director and Chief Financial Officer

Q: How has Tata Steel group performed in Financial Year 2018-19?

Financial Year 2018-19 was a strategically important year for us. Even though the macro environment remained mixed, we progressed significantly on our strategic goals, focussing on operating performance to register the highest ever EBITDA, enhancing our footprint in India through the acquisition of Bhushan Steel and Usha Martin Steel businesses, and strengthening our balance sheet through significant deleveraging from the peak debt post the acquisition of Bhushan Steel.

Q: The second half of 2018 saw a slowdown in growth owing to trade tensions and the geo-political environment and the same is expected to continue in the first half of 2019. How do you expect this to affect the steel industry?

2018 witnessed a slowdown in global growth, primarily due to the decline in trade and manufacturing activity across most industrial sectors, increased trade tensions among major economies, tightening of financial conditions and policy uncertainty in many economies. Despite this slowdown,

global steel demand showed resilience and grew at 2.1%, supported by some recovery, in investment activities and improved performance of emerging markets and developing economies. In the coming year, global steel demand is expected to witness a gradual recovery, though at a lower pace, owing to risk of uncertainty over the trade environment. Though the economic fundamentals of the European Union economy remain relatively stable, steel demand in 2020 will show some deceleration over the growth seen in 2018 and 2019, partly due to uncertainties resulting from global trade tensions and