

TATA STEEL LONG PRODUCTS LIMITED

(Formerly Tata Sponge Iron Limited)



**Stronger
today.
Steeling
tomorrow.**



**Integrated Report &
Annual Accounts 2020-21**

About our Integrated Report

Our integrated report presents a succinct and balanced review of our financial and non-financial performance, outlining the information related to our strategy, governance, risks and opportunities. It combines the information of our annual report and sustainability report into a concise document to showcase our value creation journey.

Frameworks, guidelines and standards

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 (Ind AS); 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 Integrated Reporting <IR> framework of the International Integrated Reporting Council (IIRC). The Report also presents an overview of how our value creation process contributes to the United Nations Sustainable Development Goals (UN SDGs).

Reporting scope and boundary

The Report also covers the Company's raw material locations, the manufacturing locations, sales and marketing activities, value chain-related initiatives and other community initiatives for FY 2020-21 (April 1, 2020 to March 31, 2021) in a comprehensive and concise manner.

Financial and non-financial reporting

This report covers both our financial and non-financial performances, including operational, environmental, and social performance. It also details our short-, medium- and long-term value creation processes/strategies, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value and remain sustainable.

Independent Assurance

The non-financial information of the Report has been assured by Bureau Veritas as per the ISAE 3000 standard.

For the detailed assurance statement, please visit: <https://www.tatasteellp.com/annual-report-tsil/>

Navigation icons

Our capitals

Value creation at Tata Steel Long Products Limited (TSLP) depends on the integrated relationships between the six capitals identified below:

Financial capital
Read more on pages 46

Manufactured capital
Read more on pages 48

Intellectual capital
Read more on pages 52

Human capital
Read more on pages 54

Social and relationship capital
Read more on pages 60

Natural capital
Read more on pages 68

Materiality

We identify those issues as our material topics which could substantially impact our ability to create, preserve or deplete economic, environmental, and social value for us, stakeholders, and the society. During FY 2020-21, a comprehensive materiality assessment exercise was conducted with multiple internal and external stakeholders (senior management team, employees, customers, suppliers, investors, trade bodies, associations). The aim was to identify material issues relevant to our stakeholder fraternity in the backdrop of an evolving operating environment.

Read more on pages 38

Target readers

This integrated report is intended to address the information requirements of key stakeholders, including investors, customers, regulators, employees and the society at large.

Management responsibility statement

The information covered in this report is veritable to the best of our knowledge

and has been overviewed collectively by multiple functions within TSLP. The management acknowledges its responsibility in ensuring the integrity of the integrated report and confirms that the report addresses all material topics pertaining to the organisation and our stakeholders.

Contribution to Sustainability Development Goals

We contribute to the United Nations' Sustainability Development Goals (UN SDGs) with prudent and optimal use of our six key capitals to generate sustainable value.

We primarily contribute to the following UN SDGs



Read more at our website <https://www.tatasteellp.com/>

Connect with us on

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Corporate information

Corporate Identity Number (CIN)
L27102OR1982PLC001091

Registered Office

P.O. Joda, Dist. Keonjhar Odisha – 758 034, India.
Phone: 91-6767-278178
Fax: 91-6767-278159
E-mail: investorcell@tatasteellp.com

Corporate Office

11th Floor, Tata Centre
43, Chowringhee Road
Kolkata – 700 071, India.
Phone: 91-33-22883714
Fax: 91-33-22883715
E-mail: investorcell@tatasteellp.com

Registrar & Share Transfer Agent

TSR Darashaw Consultants Private Limited
(Unit: Tata Steel Long Products Limited)
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083
Tel: +91 22 6656 8484
Fax: +91 22 6656 8484
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Statutory Auditors

Price Waterhouse & Co.
Chartered Accountants LLP

Bankers

Axis Bank Ltd.
Kotak Mahindra Bank
Punjab & Sind Bank
The Federal Bank Ltd.
Indian Bank
State Bank of India
ICICI Bank
Canara Bank
HDFC Bank Ltd



Stronger today. Steeling tomorrow.

FY 2020-21 saw us reach the finish line of our historic transformation marathon and script an exciting story of strength and resilience.

From being a Direct Reduced Iron (DRI) manufacturer to a high-end specialty steel player, we have come a long way and crossed many milestones with deeper synergies with our Parent Company, Tata Steel. The reporting year tested our core capabilities, and we put up a resolute performance across various operating and financial parameters.

Despite disruptions, we reported our highest ever annual volumes and operating profit in FY 2020-21; and by promptly shifting our gears to higher levels, we strengthened our balance

sheets within two years of acquisition of the steel business of Usha Martin Ltd. (UML).

As an integrated player in the steel value chain, we are now ready to expand capacity, diversify and enrich our offerings, and leverage technology and digital capabilities to reach new markets. Our disciplined capital allocation and efficient working capital management are enabling us to generate stable cashflow to drive our growth ambitions.

We adhere to sustainability strategies in everything we do and are taking initiatives to adopt best available technologies to optimise resource utilisation, decarbonise operations, and achieve water neutrality.



Core competencies

Strategically located

We are the only special steel player in India with captive iron ore mines near our production locations

Wide product range

We offer an extensive product portfolio

Synergies with Tata Steel

We leverage our parent company Tata Steel's steel making expertise and strong value chains in the automotive and engineering space

Among the lowest-cost producers

Our operational excellence has enabled us to grow as one of the lowest-cost producers of DRI

Cost-based flexibility to choose raw materials

We enjoy manufacturing flexibility to produce steel through hot metal, DRI or scrap route depending on financial viability

Approvals from major commercial vehicle OEMs

We possess approvals from all major Original Equipment Manufacturers (OEMs) in the commercial vehicle space

Efficient logistics and supply chain management

Our three-track railway siding enables us to handle 150+ wagons per day, ensuring seamless logistics and supply chain management

Captive power generation

We enjoy 160 MW power cogeneration capacity that we use and sell

Engaged workforce

Our competent, motivated, and engaged team executes our strategies, and we have among the lowest attrition in the industry

Deep community bonds

Over the years, we have earned the trust of the communities where we operate and continue to take into cognisance their aspirations and needs to build a shared pathway for value creation

HIGHLIGHTS OF FY 2020-21

Outstanding performance amid headwinds

Financial



Total revenue from operations

₹4,750 crore

Y-O-Y GROWTH
36%

EBITDA margin

24%

Y-O-Y GROWTH
361%

Net worth

₹2,594 crore

Y-O-Y GROWTH
29%

EBITDA

₹1,154 crore

Y-O-Y GROWTH
528%

PAT

₹572 crore

Y-O-Y GROWTH
211%

Gross block

₹4,751 crore

Y-O-Y GROWTH
1%

Operational



EBITDA per ton

₹18,059

Y-O-Y GROWTH
402%

DRI production

797 kT

Y-O-Y GROWTH
4%

Crude steel production

648 kT

Y-O-Y GROWTH
11%

New products developed

50

Environment



CO₂ emissions

4.29 tCO₂/tcs

Dust emissions intensity

1.81 kg/tcs

Solid waste utilisation

100%

Specific water consumption

7.53 m³/tcs

Water recycled

100%

Trees planted

2,421

Social



CSR beneficiaries

51,000+

Beneficiaries of COVID-19 relief programmes including establishing micro enterprises

~12,000

Governance



Number of Independent Directors (out of 10)

5

Committees headed by Independent Directors

6

Average attendance in Board meetings

100%

Number of women Directors

2

VISION, MISSION AND VALUES

New frontiers to explore



Vision

Be a benchmark in the Indian Long Product Industry for value creation and corporate citizenship.



Mission

Tata Steel Long Products strives to attain sustainable growth by actively pursuing quality products, services and setting best-in-class practices to emerge as the partner of choice for all our stakeholders.



Values

We are driven by our five core values



ABOUT US

Advancing with a solid identity

With an annual capacity of one million tonne (MnTPA), Tata Steel Long Products (TSLP) is one of the largest specialty steel manufacturers in the Special Bar Quality (SBQ) segment and among India’s largest merchant Direct Reduced Iron (DRI) producers.

We manufacture high-alloy, value-added steel for diverse industrial use, including automotive, construction and infrastructure, general engineering, railways and agriculture segments. Our product range includes high-end steel products for segments, like forgings, bearings, fasteners and free-cutting.

For us, quality is a priority and we assure it by following the internationally recognised management systems and standards in our production processes. We also have captive ore mine and 160 MW captive power generation capacity. In addition to steel, the DRI is another saleable product where we have the capacity of 1 MnT (including both Joda and Gamharia). Our Gamharia, Jharkhand facility is India’s first steel plant to use hot metal in the electric arc furnace.

Drawing synergies from Tata Steel

As a subsidiary of Tata Steel, we draw synergies from our strong parentage to grow a diversified business portfolio. We are also transforming our processes and procedures to build a future-ready organisation.

The management expertise of Tata Steel empowers our excellence journey. Thus, we are implementing the Tata Business Excellence Model to guide our activities. Synergies with Tata Steel facilitates bulk buying of major ferro alloys and fluxes and syndication for refractory, industrial gases, consumables, and graphite electrodes. This helps us optimise our input costs and strengthens our realisations.



TATA STEEL

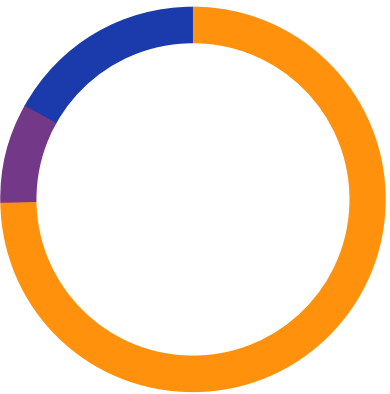
About Tata group

The Tata group is a global enterprise, headquartered in India, comprising 30 companies across ten verticals. The group’s total revenues exceed \$100 billion, and it operates in 100+ countries across six continents and employs 750,000+ people.

About Tata Steel

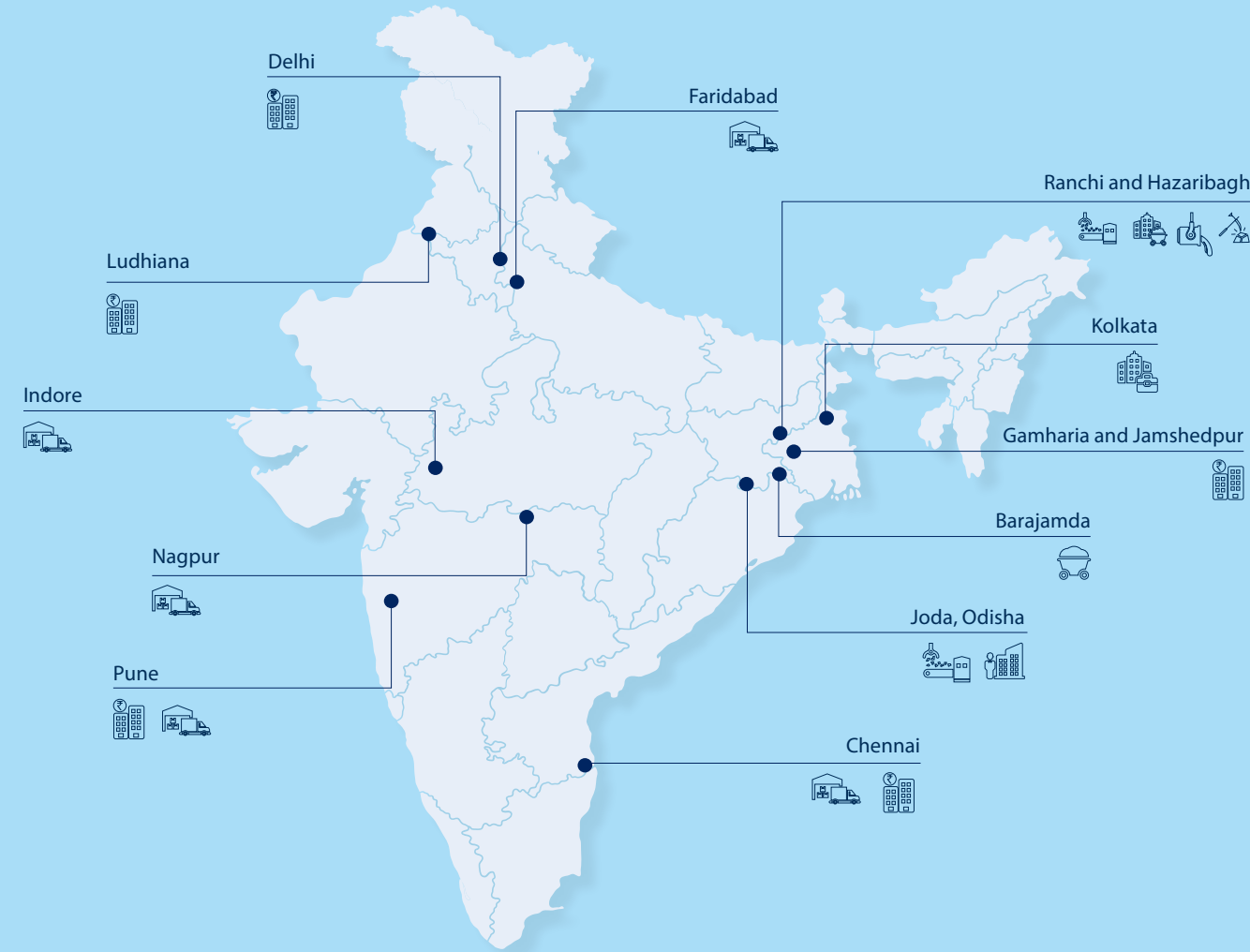
Tata Steel is currently the world’s second-most geographically diversified steel producer. It is among the few steel manufacturers that are fully integrated, from mining to manufacturing and marketing of finished products.

Shareholding pattern as on March 31, 2021 (%)



- Promoter 74.91
- Institutions and others 8.37
- Retail shareholders 16.72










Operational footprint



- Sales office
- Registered office
- Steel plant
- Corporate office
- Mining office
- DRI Plants
- Warehouse
- Iron ore mine
- Coal mine

About us contd.

Production capabilities

Assets	Details	Output
Captive mines	» Iron ore mine	 Iron ore
Agglomerates	» 1.2 MnTPA pellet plant » 80 m ² sinter plant » 0.4 MnTPA coke plant	 Pellet  Sinter  Coke
Iron making	» 0.65 MnTPA Blast Furnace (280 m ³ and 380 m ³) » 1 MnTPA DRI plant (5 kilns at Gamharia and 3 kilns at Joda)	 Sponge iron  Hot metal
Steel making	» 1 MnTPA steel (EAF + LF + VD + CCM)* EAF size: 40T (2) and 70T (1) » Number of facilities: 5 LF, 2 VD and 4 Casters	 Crude steel
Rolling mills	» 0.1 MnTPA Bar mill » 0.36 MnTPA Wire rod mill » 0.24 MnTPA Bloom mill	 Wire rod  Special bar quality steel

* (EAF: Electric arc furnace, LF: Ladle furnace, VD: Vacuum De-gasser, CCM: Continuous casting machine)

Other key capacities

160_{MW}

Power plant

150+ wagons/day

Handled through 3 tracks of own railway siding

345_{TPD}

Total capacity of 3 oxygen plants

200_{TPD}

Total capacity of 3 lime kiln plants

Product suite



BOARD OF DIRECTORS

Embedding transparency and accountability

Our Board remains vigilant and accountable, playing a pivotal role in steering our decision-making regarding strategy, risk management, performance, sustainable development, and shaping the culture of the organisation. Our Board members have significant domain knowledge and expertise to enable us to deliver sustainable value.



Mr. T.V. Narendran
Non-Executive -
Non Independent Director

C M



Dr. Sougata Ray
Non-Executive - Independent Director

C M M M



Dr. Ansuman Das
Non-Executive - Independent Director

C M M



Mr. Srikumar Menon
Non-Executive - Independent Director

C C M



Mr. Shashi Kant Maudgal
Non-Executive - Independent Director

C C M M



Ms. Neeta Karmakar
Non-Executive - Independent Director

M

The overarching role of our Board of directors is to ensure the long-term sustainability and success of the business, guaranteeing sustained value creation for all stakeholders.



Mr. Koushik Chatterjee
Non-Executive -
Non Independent Director

M M M C



Dr. Debashish Bhattacharjee
Non-Executive -
Non Independent Director

M M



Mrs. Meena Lall
Non-Executive -
Non Independent Director

M



Mr. Ashish Anupam
Managing Director

M M M M M M

Mr. Sankar Bhattacharya
Company Secretary and Compliance Officer

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Safety, Health and Environment Committee
- Committee of Directors
- Committee of Board

C Chairman M Member

Note: The composition of the Board and Board Committees as mentioned above, are as on April 20, 2021. The brief profile of the above Board Members can be accessed at <https://www.tatasteelpl.com/organisation-structure/>

LEADERSHIP TEAM

Driving responsible growth

Our leadership team comprises of knowledgeable individuals with profound industry experience. Therefore, the day-to-day operations of TSLP are carried out efficiently on the back of their expertise and prudent decision making skills.



Mr. Ashish Anupam
Managing Director



Mr. Sanjay Shrivastav
Joint Chief Financial Officer
(Senior General Manager – F&A,
Legal and IT)



Mr. Sankar Bhattacharya
Company Secretary and
Compliance Officer



Mr. N. P. Venkatesan
Senior General Manager –
Marketing and Sales



Mr. Sahabji Kuchroo
Senior General Manager –
Mines



Mr. Vilas N. Gaikwad
Senior General Manager –
SHE & Sustainability



Mr. Debasish Mazumdar
Senior General Manager –
Operation & Maintenance (Steel)



Mr. Partha Chattopadhyay
Senior General Manager –
Operation & Maintenance (Sponge)



Mr. Abhijit A. Nanoti
Senior General Manager, Supply
Chain, Procurement, IBMD and
EPA Management



Mr. Kishore Tar
Senior General Manager –
Engineering & Projects



Mr. Chandra Mohan Verma
Senior General Manager –
Operation & Maintenance
(Steel & Mills)



Mr. Mukesh Agarwal
Senior General Manager –
Human Resources,
Corporate Services & CSR

CHAIRMAN'S MESSAGE

Building a sustainable future



Dear Shareholders,

As we continue to navigate the unprecedented challenges posed by the pandemic, I hope you are safe and healthy along with your family. I would like to take this opportunity to thank each one of you for having faith and confidence in the Company.

The financial year 2020-21 was a year like none before in living memory and might well be a pivotal one for most of us. Beyond disrupting our lives, health, and social interactions, it also severely impacted millions of livelihoods. Economies across the world witnessed significant contraction and India was no exception. This led to a real GDP decline of 15.7% in the first half of FY 2020-21. Green shoots of recovery were visible in the third quarter of FY 2020-21 with 0.4% GDP growth and indicated a turnaround in the economy and commencement of a growth cycle. The improvement in domestic and global demand and favourable policy response from the government enabled the revival. However, the risk still prevails due to the resurgence in COVID-19 cases and on-ground challenges to vaccinate the entire population.

Year of turnaround

A once-in-a-century crisis of this severity and magnitude is a test of an organisation's ability to respond and remain resilient. I am proud of the Board of Directors, the Management, and all employees of your Company who rose to the occasion and stayed committed to serving all our stakeholders.

"We are now ready to grow and diversify through a combination of new and downstream businesses. Our endeavor is to drive scale and future growth, derisk the business through diversification, strengthen the balance sheet and generate operational synergies through strategic re-structuring initiatives."

The operations team quickly reconfigured themselves into PODs (Point Of Delivery - a benchmark concept pioneered by our group company Tata Steel BSL) to restrict the COVID-19 spread and create a safe environment, while ensuring that production losses were kept to the minimum possible, even in Q1 FY 2020-21 when the lockdowns and slowdown of economic activity was at its peak. The crisis also brought into sharp focus the criticality of throughput maximisation, cash conservation, and a stronger balance sheet.

Despite disruption caused by COVID-19 pandemic, your Company achieved a top-line growth of 36% (Y-O-Y) driven by best-ever production for both steel and DRI, mix enrichment and improved market conditions, especially in H2 FY 2020-21. Strong operational turnaround translated into robust bottom line performance as well.

Your Company's EBITDA touched ₹1,154 crore and a net profit of ₹572 crore vis-à-vis net loss of ₹516 crore in FY 2019-20. Your Company focussed aggressively on cashflow management, while pursuing deleveraging. I feel privileged to report that your Company has cleared in

advance the long-term loan instalments falling due until March 2027 and deleveraged by 50% (₹1,325 crore) in FY 2020-21. This has helped enhance investor confidence as reflected in the Company's market capitalisation.

Set to scale up

We are now ready to grow and diversify through a combination of new and downstream businesses. Our endeavor is to drive scale and future growth, de-risk the business through diversification, strengthen the balance sheet and generate operational synergies through strategic re-structuring initiatives.

Further, the Company is exploring possibilities to reach the name plate capacity of 1 million tonne, coupled with investment in downstream and finishing facilities for balancing the capacity and meeting customer requirements.

Getting future-ready

Sustainability remains a core issue for the steel industry and is a key pivot for our strategy. Your Company has developed a long-term strategy roadmap for 2030 and initiated seeding actions in this area. Your Company is continuously working to strengthen

its safety practices and accelerate the pace of the technological and digital journey with required investments. Developing a culture of customer obsession, agility and innovation are our key priorities. These would enable your Company to become future-ready not just structurally and financially, but culturally as well.

I thank all stakeholders for their continued support and look forward to a successful FY 2021-22.

Warm regards,
T. V. Narendran
Chairman