Wire rods at Scunthorpe, England.

equity valuation of TRL amounting to approximately ₹ 1,130 crores (US$222 million). Tata Steel believes that the strategic association with KHC will allow TRL Krosaki to build a high-tech, developed product portfolio.

European operations

Financial Year 2011-12 was a challenging year for European steelmakers. In direct response to adverse trading conditions in the Eurozone, Tata Steel pursued necessary large-scale change in order to maintain competitiveness. Against this backdrop, the priority has been to serve valued customers whilst working to address key operational issues.

Tata Steel's output from its four key European production facilities was approximately 14 mt of crude steel. Around 70% of this output was put into hot rolled coil with the remainder processed into sections, plates, speciality steels and wire rods. Of the hot rolled coils manufactured, around 25% was sold and about 55% further processed, i.e. adding value via the Company's cold rolling mills and coating lines. The remainder was used for tube manufacture.

Liquid steel output at 14 mt was significantly behind plan. This was in part due to measures taken to reduce output in line with market demand and in part due to operational issues.

Whilst key change projects were ongoing in Europe, the Company also worked hard to mitigate operational issues during the year. The Blast Furnace 4 at Port Talbot, which is nearing the end of its campaign life, will be rebuilt in Financial Year 2012-13. Blast Furnace 5 underwent a major mid-term maintenance campaign to ensure better operational performance in the future.

In Financial Year 2011-12, major projects in Europe were approved, with preparatory work commencing, for delivery in Financial Year 2012-13. Work on the project to rebuild Blast Furnace 4 in Port Talbot started. This is an initiative to de-bottleneck processes and build manufacturing efficiencies by ensuring consistency of iron output at the site. A further investment, earmarked for the plant's Basic Oxygen Steelmaking facility, is expected to enhance operational performance while simultaneously improving the energy balance on the site by increasing captive power generation. An investment in IJmuiden's Sinter Plant is expected to deliver a step-change in environmental performance in coming years.

Strategic market-led investments also took place during the year, such as in Long rails production at Hayange, France. The upgrade helped secure orders to supply new high-speed tracks to French rail operators. Market-driven capital investments like this will enable competitiveness in Financial Year 2012-13.

In Long Products business, significant restructuring was undertaken at the Scunthorpe site in the UK. Based on the current market reality, the bloom and billet mill was closed, while the Queen Bess Blast Furnace was mothballed. Manufacturing operations were reconfigured, not only to align output to demand in the short-term, but, importantly, to introduce flexibility in operations. This flexibility will enable both labour and the asset-base to be more quickly and efficiently aligned to changes in future market demand.

In IJmuiden, a five-year improvement programme began focusing on further enhancing product quality, improving plant reliability as well as reducing cost. The end result will ensure the plant retains its mantle as a world-class steelmaker. Capacity at the site is also set to increase as a result of these improvements.

Enhanced welding and material handling capability at Hartlepool in England was another improvement initiative. A recovery plan also got underway for the Tubes business in Europe, affecting four sites in the UK and the Netherlands.

The British Steel Pension Scheme

The British Steel Pension Scheme (BSPS), with assets of about £12 billion, is one of the largest in the UK.

The Scheme's assets have been substantially de-risked, with around 65% held in a Maturity Portfolio that seeks to match a large part of the pensioner liabilities with secure bonds and inflation-linked securities.

Despite the defensive nature of this asset allocation, the Scheme's long-term investment performance continues to compare very favourably with UK peers. In an independent review of performance against the largest 50 UK pension schemes (year ending 31st March, 2011),

Long rails production at the Hayange facility in France.