

Directors' Report

To the Members,

Your Directors take pleasure in presenting the 107th annual report on the business and operations of your Company along with the standalone and consolidated summary financial statements for the year ended 31st March, 2014.

₹ crores

	Tata Steel Standalone		Tata Steel Group	
	2013-14	2012-13	2013-14	2012-13
Net revenue from Operations	41,711.03	38,199.43	148,613.55	134,711.54
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	28,894.13	27,073.19	132,202.54	122,390.33
Operating Profit	12,816.90	11,126.24	16,411.01	12,321.21
Add: Other income	787.64	902.04	516.81	479.15
Profit before finance cost, depreciation, exceptional items and taxes	13,604.54	12,028.28	16,927.82	12,800.36
Less: Finance costs	1,820.58	1,876.77	4,336.83	3,968.11
Profit before depreciation, exceptional items and taxes	11,783.96	10,151.51	12,590.99	8,832.25
Less: Depreciation	1,928.70	1,640.38	5,841.22	5,575.32
Profit before exceptional items and taxes	9,855.26	8,511.13	6,749.77	3,256.93
Add/(Less): Profit on sale of non-current Investments	-	12.33	18.20	966.03
Add/(Less): Provision for diminution in the value of investment/doubtful advances/impairment of non-current assets	(141.76)	(686.86)	(45.84)	(8,355.91)
Profit before taxes	9,713.50	7,836.60	6,722.13	(4,132.95)
Less: Provision for current taxation	3,098.02	1,770.54	3,482.64	2,325.40
Less: Provision for MAT credit	-	(399.84)	(0.21)	(410.12)
Less: Provision for deferred taxation	203.29	1,402.93	(424.27)	1,314.16
Profit/(Loss) after taxes	6,412.19	5,062.97	3,663.97	(7,362.39)
Add: Share of profit of Associates	-	-	0.84	90.31
Less: Minority Interest	-	-	(69.92)	(214.46)
Profit/(Loss) after tax, minority interest and share of profit of associates	-	-	3,594.89	(7,057.62)
Distribution on hybrid perpetual securities	266.04	266.21	266.04	266.21
Tax effect on distribution of hybrid perpetual securities	(90.43)	(86.37)	(90.43)	(86.37)
	6,236.58	4,883.13	3,419.28	(7,237.46)
Add: Balance brought forward from the previous year	24,616.17	21,145.04	7,039.38	16,125.42
Add: Profit and Loss account balance relating to acquisitions	33.97	-	-	-
Balance	30,886.72	26,028.17	10,458.66	8,887.96
Which the Directors have apportioned as under to: -				
(i) Dividend on Preference Shares	-	-	0.10	0.21
(ii) Proposed dividend on Ordinary Shares	971.21	776.97	971.21	776.97
(iii) Tax on Dividends	66.19	128.73	80.22	226.41
(iv) General Reserve	641.22	506.30	730.16	665.56
(v) Statutory Reserve	-	-	-	8.29
(vi) Special Reserve	-	-	1.60	161.28
(vii) Capital Redemption Reserve	-	-	49.62	9.86
Total	1,678.62	1,412.00	1,832.91	1,848.58
Balance to be carried forward	29,208.10	24,616.17	8,625.75	7,039.38

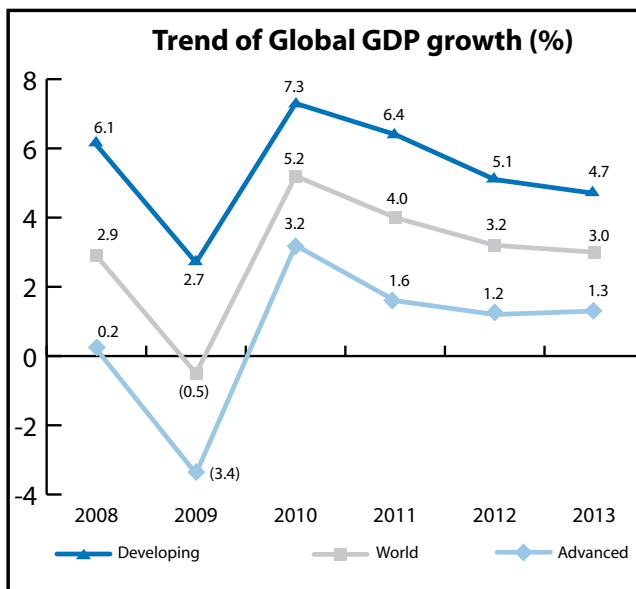
DIVIDEND

The Board recommended a dividend of ₹ 10 per Ordinary Share on 97,12,15,405 Ordinary Shares for the year ended 31st March 2014. (Financial Year 2012-13: ₹ 8 per Ordinary Share on 97,12,15,229 Ordinary Shares of ₹ 10 each).

The dividend on Ordinary Shares is subject to the approval of the shareholders at the Annual General Meeting. The total dividend payout works out to 16% (Financial Year 2012-13: 18%) of the net profit for the standalone results.

GLOBAL ECONOMIC CONDITIONS

The world Gross Domestic Product (GDP), as reported by the International Monetary Fund (IMF), witnessed a growth of 3% in 2013 as compared to a growth of 3.2% in 2012. Both advanced economies and emerging and developing economies witnessed the slowdown in growth at 1.3% and 4.7% respectively.



However, in the second half of the Financial Year 2013-14, macroeconomic conditions showed a sign of stabilisation

in certain developed regions including Europe but the growth remains anemic. Similarly, the GDP growth in India at 4.7% in Financial Year 2013-14, marks a second straight year of sub-5% growth – the worst slowdown in more than a quarter of a century. This is largely attributed to sluggish growth in investments and tight monetary policy by the Reserve Bank of India leading to demand contraction.

Global Steel Outlook

Tata Steel is the world's second most geographically diversified steel company with significant exposure in India and Europe.

As per the World Steel Association, the global apparent steel use is likely to grow by 3.1% in 2014 to 1,527 million tonnes and by 3.3% to 1,576 million tonnes in 2015 as opposed 3.6% growth in 2013. In India, steel demand is expected to grow by 3.3% to 76.2 million tonnes in 2014 and by 4.5% to 79.6 million tonnes in 2015, following a marginal 1.8% growth in 2013.

Similarly, the apparent steel use for EU (28) is expected to grow by 3.1% in 2014 to 143.3 million tonnes and 3% to 147.6 million tonnes in 2015 as compared to a de-growth of -0.2% in 2013. This will help to recoup the demand in construction and automotive segments, which have almost bottomed out.

Growth of the Chinese economy, which in recent years has been one of the main demand drivers in the global mining and steel industries, has continued to slow down in the last 12-18 months, along with other emerging economies. A slow economic recovery in North America, continued stagnation in Europe and a continued slowdown in emerging economies including India and China would impact the global manufacturing and metals industry like Steel.

A recent release (April 2014) of quantitative risk assessment in the World Economic and Financial Survey by the International Monetary Fund (IMF) suggests that recession risks have decreased slightly for the major economies and have remained broadly unchanged for other economies. However, the risk of Eurozone crisis and a hard landing for China cannot be ruled out.

TATA STEEL GROUP PERFORMANCE

The momentum provided by the ramp up of all the production units under the 2.9 mtpa expansion plan at Jamshedpur, stabilisation of rebuild Blast Furnace#4 at Port Talbot, UK, significant growth in sales volume of operating entities of Nat Steel Holdings (Singapore) at Vietnam and China and an increase in deliveries in Tata Steel Thailand, contributed to record gross deliveries of 26.6 million tonnes by the Tata Steel Group during the Financial Year 2013-14. This was higher by 10% compared to the previous year deliveries of 24.1 million tonnes.

The consolidated profit before interest, depreciation, exceptional items and taxes (EBITDA) of the Group was ₹ 16,928 crores in the Financial Year 2013-14, higher by 32% over the previous year. Consequently, the consolidated profit before exceptional items and taxes (PBT) was ₹ 6,750 crores in the Financial Year 2013-14 compared to ₹ 3,257 crores in the previous year.

Indian operations:

During the Financial Year 2013-14 the Company fully ramped up to its installed capacity of 9.7 million tonnes at Jamshedpur and continued with the full-fledged construction and installation of facilities for 3 million tonnes crude steel

greenfield capacity expansion at Odisha. There has been an overall increase of ~ 12% to 14% in the production and sales volumes of the Indian operations over last year. The Company had a record production of 9.89 million tonnes of Hot Metal and 8.93 million tons of Saleable Steel during the year. Similarly, the Company reported the best ever deliveries of 8.52 million tonnes during the financial year. This has led to significant efficiency gains and a richer product mix. The Company has also invested in widening its customer base in India. The increase in sales has been achieved without sacrificing the product premium. The profit before interest, depreciation, exceptional items and taxes (EBITDA) for standalone Tata Steel was ₹ 13,605 crores for the Financial Year 2013-14, higher by 13% compared to the previous Financial Year.

There were several best performances recorded by many units of the Company during the Financial Year 2013-14 some of which are as follows:

Production

- Best ever total agglomerate production of 12.14 million tonnes (Previous best - 10.22 million tonnes in the Financial Year 2012-13).
- Steel Melting Shop LD#3 achieved its best ever production of 2.23 million tonnes (Previous best - 1.02 million tonnes in the Financial Year 2012-13).
- Cold Rolling Mill achieved its highest ever production of 1.64 million tonnes (Previous best - 1.56 million tonnes in Financial Year 2009-10).
- TSCR achieved its highest ever production of 2.18 million tonnes (Previous best - 0.99 million tonnes in the Financial Year 2012-13).

Sales

- Best ever annual sales to the Automotive segment at 1.17 million tonnes (Previous best - 1.05 million tonnes in Financial Year 2012-13).
- Best ever annual sales in Industrial Products segment at 1.7 million tonnes (63% more than the previous best in Financial Year 2012-13 at 1.07 million tonnes).
- Best ever annual sales in LPG segment at 110 kt and a market share of 23%.

Kar Vijay Har Shikhar (KVHS), an initiative launched during Financial Year 2010-11, focussed on the Company's aspiration to improve its EBITDA. It is a multi-unit, multi-location, cross functional improvement programme spanning the entire value chain from mining to marketing and sales of finished steel. The Company achieved an improvement in savings of ₹ 1,614 crores in the Financial Year 2013-14, which included a KVHS contribution of ₹ 1,170 crores.

Customer centricity has been the key focus area for Tata Steel and to align the actions even more closely, the Company has taken a step change in reorganising its Marketing & Sales organisation in line with the market segments i.e. Auto & Special Products, Branded and Retail, Industrial Products and downstream units.

European operations:

Tata Steel Europe (TSE) completed two major upgrades of the key production facilities (the rebuild of Blast Furnace 4 at Port Talbot during an eight month period ending February 2013 and the repair of the hearth in Blast Furnace 7 at IJmuiden in

the March 2013) at the end of Financial Year 2012-13, which has strengthened its operating platform. This resulted in higher liquid steel production volumes of 2.2 million tonnes during the year under review.

Tata Steel Europe's (TSE) turnover for the Financial Year 2013-14 was 3% lower than the previous year. This is due to the decrease in the average revenue per tonne caused primarily by the deterioration in the market conditions in the first half of Financial Year 2013-14, even though it was partly offset by a 6% increase in steel deliveries, attributable largely to a full year of operations by the two blast furnaces at Port Talbot.

Record performances in TSE's operations during the Financial Year 2013-14 included the following:

- At IJmuiden, the best ever total Hot Strip Mill output of 5.21 million tonnes (previous best of 5.05 million tonnes in Financial Year 2011-12); the best ever total Direct Sheet Plant output of 1.26 million tonnes (previous best was 1.19 million tonnes in Financial Year 2006-07); and the best ever total hot dipped galvanising line output at DVL3 of 552 thousand tonnes (previous best was 465 thousand tonnes in Financial Year 2012-13).
- At Port Talbot, the best ever total hot metal make at Blast Furnace 4 (2.05 million tonnes - previous best of 1.91 million tonnes in Financial Year 2002); the best ever total hot metal make for the site (4.16 million tonnes - previous best of 3.86 million tonnes in Financial Year 2007); the best ever total liquid steel make (4.55 million tonnes - previous best of 4.41 million tonnes in Financial Year 2007); and the best ever total slab make (4.45 million tonnes - previous best of 4.29 million tonnes in Financial Year 2006-07).

Tata Steel Europe has launched a multi-year transformation journey under the banner OGSM (“Objectives, Goals, Strategies & Measures”) in the Financial Year 2010-11. The above programme is expected to structurally change the organisational health covering productivity improvement through operating performance, supply chain management, product differentiation and customer management, cost management including right sizing manpower and optimising the asset network. The systematic deployment of the OGSM tool has yielded significant EBITDA benefits since the time of the launch. The continued focus on operating costs achieved savings of around £ 200 million, which contributed towards improved year on year EBITDA performance at ₹ 3,008 crores during the Financial Year 2013-14. This almost quadrupled as compared to previous year.

TSE continued to implement its strategy of market differentiation and launched 30 new products as planned during the year. The volume of new products sold increased by about 75% and sales of differentiated products also grew by 16% in comparison to the previous year.

Moreover, to generate a more sustainable performance, TSE continues to focus on customers and innovation driven strategy. As a result, the Company achieved following customer successes during the year:

- Network Rail, the owner and operator of rail infrastructure in the UK, has chosen to source more than 95% of its rail from Tata Steel Europe until 2019.
- Schneider Electric selected TSE for its Preferred Supplier 2013 award.

- Royal Mint recognised TSE as the Most Innovative Supplier for the third year running.
- GOLD in the Caterpillar Supplier Quality Excellence Process for its global supply of track shoe profiles was awarded to TSE.
- Toyota awarded a Certificate of Recognition to TSE’s important contribution in the area of quality.

South-East Asian operations:

The South East Asian operations continued to improve its performance especially in Thailand despite various challenges in the market environment.

NatSteel Holdings Pte. Ltd. (NSH) enhanced its capabilities across all geographies and invested capital in technology building, strengthening information technology and capability building during the Financial Year 2013-14 despite uncertainties posed by a volatile, uncertain and highly competitive business environment especially due to Chinese exports to the ASEAN region. Its Singapore operations completed major plant modernisation projects, including the New Scrap Shear, New Shaft Furnace and various downstream automation projects.

NSH has posted a turnover of ₹ 12,128 crores during the Financial Year 2013-14, an increase of about 30% over the previous year. However, the profit before interest, depreciation, exceptional items and taxes (EBITDA) was at ₹ 246 crores that was lower by 31% compared to the previous year. Profitability was adversely affected as the operating costs were higher during the stabilisation period post the completion of the

plant revamp in Singapore and influx of low-priced materials from China putting pressure on the margins.

The Chinese imports into ASEAN region jumped more than 50% in 2013, which created significant pressure in those domestic markets. In addition, political turmoil in Thailand continues to affect the underlying performance of Tata Steel Thailand (TSTH). Despite this, TSTH recorded a 10% increase in finished goods deliveries at 1.30 million tonnes in Financial Year 2013-14 over the previous Financial Year. This is primarily led by ongoing projects in the construction sector, continued exports to neighbouring countries and a stronger presence in the upcountry market translating into higher rebar sales. On the downside, the wire rods product line was adversely affected by the cheaper imports from China. The profit before interest, depreciation, exceptional items and taxes (EBITDA) at ₹ 193 crores, which is about 50% higher compared to the previous year.

Review of Impairment Risks

Under the Indian Accounting Standards, a company is required to undertake an impairment review of its assets and investments at each reporting date based on certain triggers relating to the business or the operating environment. Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions could result in impairments of such assets and the Company is obliged to recognise the same. The Company has recognised an impairment charge of ₹ 141.76 crores in standalone books and ₹ 45.84 crores in consolidated books primarily on account of continuous losses and substantial erosion of net worth in Tayo Rolls Limited (a subsidiary of Tata Steel Limited) and de-allocation of the Coal mine in

view of pending milestones in Strategic Energy Technology System Private Limited (a joint venture between Tata Group and South Africa's Sasol Synfuel to convert coal to liquid fuel from a coal block in Odisha).

While an impairment loss is recognised as an expense in the income statement, it is a non-cash charge and does not affect any of the financial covenants and the funding position of Tata Steel Group.

Review of Regulatory Risks

The Central Government constituted a one member Commission comprising Hon'ble Justice M B Shah, former Judge of Supreme Court of India, to look into the nature and extent of illegal mining of iron and manganese ores and recommend suitable measures for regulation. Pursuant to the study carried out by the Commission in the states of Goa, followed by Odisha, reports have been submitted to the Central Government. In the report there are observations regarding mining activity in the State of Odisha covering (i) various aspects of non-compliance to the statute viz: absence or delay in taking approvals under environment statutes, forest statutes, mining plans, etc. (ii) extraction of ore beyond the limits permitted by such approvals, (iii) non-disposal of mining lease renewal applications for several years by the State and mining continuing under deeming provisions.

The Company is of the opinion that its mining operations are within the norms of the required regulations including Environment Clearance, Forest Clearances and Consent to Operate. The Company has since inception demonstrated the principle of mineral conservation and mineral development

by undertaking scientific and sustainable mining practices including caring for the environment and the communities around the mining operations.

MAJOR DEVELOPMENTS DURING THE FINANCIAL YEAR 2013-14

A. Amalgamation

a. Kalimati Investment Company Limited

Pursuant to the sanction of the Hon'ble High Court of Bombay to the Scheme of Amalgamation, the assets and liabilities of the erstwhile Kalimati Investment Company Limited, a wholly-owned subsidiary of the Company (whose principal business was to carry on the business of investment and finance, and was registered as a non-banking financial company with the Reserve Bank of India) has been amalgamated with the Company with effect from January 1, 2013 in accordance with the scheme so sanctioned by the Court. The effect of the merger has been given in the accounts.

b. Tata Metaliks Limited

Tata Metaliks Limited (TML), a subsidiary of the Company is one of the largest producers of Foundry Grade Pig Iron in India. On 10th April, 2013, Tata Steel Limited announced the merger of TML and its subsidiary TMKPL with your Company under a Scheme of Amalgamation to be sanctioned through a court approval process. Tata Steel will issue 4 (four) equity shares of ₹ 10 each for every 29 (twenty nine) equity shares of ₹ 10 each held by the public shareholders of TML upon approval of the Scheme by the Courts.

Tata Steel holds 50.09% of the equity share capital of TML. The Shareholders' approval for the Scheme is being sought at the Court Convened Meeting of the shareholders to be held on 16th May, 2014.

B. Capital Projects

a. 2.9 million tonnes expansion project in Jamshedpur

Major facilities such as Pellet Plant, Coke Oven Battery 10, "I" Blast Furnance, LD3 and TSCR under the 2.9 mtpa expansion project in Jamshedpur were commissioned in the Financial Year 2012-13. These facilities have been stabilised during the year which has enabled the Company to ramp up its production to 9.16 million tonnes of crude steel.

b. Greenfield Project in Odisha

Kalinganagar Project in Odisha is the Company's second integrated greenfield steel plant with 6 million tonnes crude steel capacity, after Jamshedpur. It is being executed in two phases of 3 million tonne each, with the entire capacity principally devoted to flat products. The Company's Phase 1 of the 3 million tonne per annum of green field project at Kalinganagar Complex in Odisha has progressed significantly during the Financial Year. The stage wise commissioning of various units, namely power generation units, coke ovens, sinter plant, blast furnace, steel melting shop and hot strip mill of the first phase is expected to be initiated towards the end of Financial Year 2014-15. Subsequent to the commissioning and ramp up of the first phase of operations in Kalinganagar, the Company will also

progress towards the implementation of second phase of the project in future.

c. Direct Shipping Ore Project in Canada

The Company through its Joint Venture Company (Tata Steel Minerals Canada Limited) is developing a Direct Shipping Ore (DSO) Project in the provinces of Quebec and Newfoundland & Labrador. The Company indirectly holds 80% in Tata Steel Minerals Canada (TSMC). New Millennium Corporation (NML), a Toronto listed company, holds 20% stake in the joint venture company. In addition, the Company holds 26.33% stake in NML.

The project primarily comprises of mining, crushing, washing, screening and drying the run-of-mine ore with a state-of-the-art facility near Schefferville, Québec to produce 4.2 million tonnes per annum of sinter fines and pellet feed. The processing facilities will be housed under a large steel supported fabric structure to enable year round operations. The construction of the processing plant is on-going and is expected to be commissioned by end of Financial Year 2014-15. Besides a dry crushing and screening facilities have also been installed which will produce about 1.8 million tonnes per annum of iron ore product. The above facilities will enable TSMC to produce and despatch around 6 million tonnes per annum of iron ore in a phased manner.

TSMC had already commenced mining activity in September 2012 and the mine has produced around 1 million tonnes till Financial Year 2013-14 through

dry crushing and screening. TSMC shipped about 0.25 million tonnes in Financial Year 2013-14 and the shipment for Financial Year 2014-15 is expected to commence shortly.

Key developments during the year were as follows:

- i. The Company increased its resource base from 64 million tonnes to 93 million tonnes through exploration activities in DSO properties. An additional potential of 8 million tonnes has been identified.
- ii. TSMC entered into an un-incorporated joint venture with Labrador Iron Ore Mines (LIM) to acquire a 51% stake in the Howse deposit based on the outcome of the feasibility study. This is expected to add an additional 24 million tonnes of reserves to the resources of the Company. The feasibility study is in progress. Considerable savings in operating costs are expected to be achieved due to access to the Howse deposit. With Howse deposits, the combined resource base stands at 125 million tonnes.
- iii. The construction of the Deep Sea Port at Sept-Iles, Canada through which TSMC intends to export its products is likely to be completed by end of 2014. The access to the Deep Sea port is not available at present but the Federal and Provincial Governments are supporting the Port Authority's efforts to obtain the required access to the Deep Sea Port. It is expected that this issue will get resolved shortly. In the meanwhile, TSMC has entered into agreement with the Iron Ore Company of Canada to export its product for year 2014.

SAFETY AND HEALTH

The health and safety of the employees across its operations remains the highest priority for the Group. All endeavours are being taken to enhance safety standards and processes towards minimising safety risks in all operations in the company. The Company continues to broaden the impact of its programmes, including those from DuPont the world benchmark, to establish a strong safety culture based on inculcating safe behaviour among its employees, contractors and their employees. The Lost Time Injury Frequency Rate for Financial Year 2013-14 dipped to 0.56, an improvement of 7% over last year. Extensive work has been on-going over more than a decade to ensure risk control in many high hazard processes including underground mining has resulted in performance improvements. However, the journey will continue to ensure risks of fatalities are minimised in future. The Company's specific improvement areas are in construction activities, road traffic management and contractor management.

In order to build a sustainable work place environment, a common health and safety management system across Tata Steel Group is being implemented. This includes cross-auditing activity to enhance sharing experiences and best practices across regions. During the year, Tata Steel was again recognised by its peers in World Steel Association with a health and safety recognition award for Tata Steel Europe.

ENVIRONMENT

Member companies of World Steel Association, including Tata Steel, are committed to a vision in which steel is recognised as

a key element of a sustainable future. Environment protection forms a focus area with member companies expected to optimise the eco-efficiency of their products through the product lifecycle, including increased resource and energy efficiency in the production of steel and during the use of steel products. It also enjoins members to promote the recovery, reuse and recycling of steel.

In line with the above commitment, Tata Steel continues to focus on operational excellence aimed at resource efficiency, energy efficiency, along with recovery, reuse and recycling of waste to minimise the ecological footprint of the Company. Tata Steel's 2.9 mtpa expansion project in India and the upgrade of the blast furnaces by the European operations were aimed at aligning its environmental performance with best in class. The previously installed "I" Blast Furnace and the "H" Blast Furnace as part of 1.8 mtpa and 2.9 mtpa expansion projects in Jamshedpur are among the most resource efficient in India. CO₂ emissions from the Jamshedpur Steel Works showed a significant change decreasing to 2.42 tCO₂/tcs in Financial Year 2013-14 from 2.52 tCO₂/tcs in Financial Year 2012-13.

Similarly, the Company is currently participating in a voluntary agreement with the Dutch government on energy efficiency improvements over the period 2013 to 2016 (with the previous agreement extending from 2009 to 2012 inclusive). The primary requirement of the agreement is an improvement in energy efficiency at the rate of 2% per annum, covering both energy used within the manufacturing process and energy saved across the product life cycle. The total energy efficiency improvement in 2013 was 4.9%. CO₂ emissions in TSE during the Financial Year 2013-14 were 1.88 tCO₂/tcs, against 1.95 tCO₂/tcs in Financial Year 2012-13.

Moreover, in the United Kingdom, TSE's engagement in a Climate Change Agreement ('CCA') continued to benefit the Company from reduced rates in relation to the Climate Change Levy ('CCL'). The UK Government also introduced an exemption from CCL for certain metallurgical & mineralogical processes from April 2014.

Specific environment protection measures and resultant benefits are provided in Annexure 'A' to the Directors' Report.

CORPORATE SOCIAL RESPONSIBILITY

Tata Steel's vision and strategies focus on having right balance between Value Creation and Corporate Citizenship. The new Companies Act 2013 mandates that every company, who meet certain eligibility criteria needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. However, Corporate Social Responsibility is an integral part of Tata Steel management process since inception.

Tata Steel's sustainable development and inclusive growth strategy is sustained through CSR programmes. The Company strives to enhance the livelihood of the local communities and contribute to their future economic and social well-being through a proactive community partnership programme based on three key pillars:

- Education – Improve and inspire future technical skills
- Environment – Acting responsibly and maintaining high standards
- Health & Well-being – Improving the quality of life in communities around our sites

The key focus areas are promoting quality education, creating livelihoods, enabling skill development, providing state-of-

the-art medical facilities and building sports, and training facilities. Tata Steel is committed towards providing health care services to the communities in and around the area of operations. During Financial Year 2013-14, 1.5 million people in India and nearly 80,000 people in Europe and UK benefitted from the community programmes of Tata Steel group.

Some of the key projects undertaken during the years are as follows:

In India:

- a. Project MANSI, aimed at improving maternal and new born survival rates, is being implemented in 167 villages of Seraikela district. The positive impact achieved includes a drop in the infant mortality rate by 26.5% and neonatal mortality rate by 32.7%. This project was recognised by the Government of Jharkhand, which has asked the Company to help upscale to the state level.
- b. Jyoti Fellowship awarded to nearly 3,000 meritorious students from the Scheduled Caste and Scheduled Tribes communities in the states of Jharkhand, Chhattisgarh and Odisha.
- c. Nearly 49,000 students in 383 Government schools in Jamshedpur were served the mid-day meal from a Central Kitchen established by Tata Steel.
- d. Project RISHTA on adolescent health was scaled up from Seraikela Kharsawan to other operational areas of the Company in Jharkhand and Odisha. It is now being implemented in 700+ villages across seven districts in the two states.
- e. The Company trained 93 tribal girls as nurses from the naxalite affected Saranda region of Jharkhand. Another

1,800 youth were trained through a range of skill development programmes across the Company's locations in Financial Year 2013-14.

- f. Nearly 10,000 youth learned tribal scripts for Ho, Santhali and Oraon languages.
- g. Under the solar street light project, nearly 2,300 solar street lights were installed in villages of Jharkhand and Odisha in Financial Year 2013-14.

In Europe:

- a. Tata Steel created the Industrial Cadets Program that raises awareness on local career opportunities in the industrial and manufacturing sectors, helps students and employees develop life skills and create a talent pipeline. The programme involves industry-based activities where 11-19 year olds can develop personal skills and enhance careers awareness whilst gaining accreditation. The inspiration for Industrial Cadets came from HRH The Prince of Wales. The Department for Communities and Local Government support the initiative. Tata Steel pioneered the programme by working with the very first Industrial Cadets.
- b. Employees of Tata Steel are increasingly acting as STEM ambassadors to attract more youngsters to the disciplines of Science, Technology, Engineering and Mathematics.
- c. Girls' Day is part of a national programme across the Netherlands which focusses on introducing technical studies to girls between the ages of 8-14. In 2013, 140 girls attended Girls' Day in IJmuiden.
- d. Marquette run organised in the local area of the IJmuiden

site, the run focusses on the health and well-being of kids (2,000 participants, of which 1,000 are youngsters).

- e. The first time neighbour days were held to introduce people from the community around the Company's European sites to various on-site activities. More than 2,500 people were introduced to the production processes on site.
- f. In 2006, Tata Steel became the corporate partner of the British Triathlon Federation. In 2013, almost 10,000 children participated in 12 events and in November TSE celebrated the 100th Tata – Kids of Steel with a mini-triathlon at the Houses of Parliament in London, United Kingdom.

Details of various initiatives undertaken during Financial Year 2013-14 under Corporate Social Responsibility by the Company are covered in this Annual Report.

SUBSIDIARIES

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. The Ministry of Corporate Affairs, Government of India vide its Circular No.5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the balance sheet of the Company, provided certain conditions are fulfilled. Accordingly, the annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of

the subsidiary companies will also be kept for inspection by any investor at its Head Office in Mumbai and that of the subsidiary companies concerned.

Details of major subsidiaries of the Company are covered in this Annual Report.

DIRECTORS

- a. In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Cyrus P. Mistry and Mr. Ishaat Hussain retire by rotation and are eligible for re-appointment.
- b. Mr. Koushik Chatterjee, Executive Director & Group Chief Financial Officer of the Company was appointed as Group Executive Director (Finance and Corporate) of the Company with effect from 19th September, 2013.
- c. Mr. T. V. Narendran, was appointed as an Additional Director designated as the Managing Director – Designate, India & South East Asia with effect from 19th September, 2013. Mr. T. V. Narendran will hold office till the date of the forthcoming Annual General Meeting (AGM) and notice has been received from a Member proposing the candidature of Mr. T. V. Narendran for being appointed as a Director of the Company.
- d. Mr. H. M. Nerurkar stepped down as the Managing Director of the Company on 31st October, 2013 on reaching the age of superannuation. The Directors would like to place on record their sincere appreciation for his ability, unstinting commitment and outstanding contribution to the Company during his tenure on the Board since 2009.

- e. Mr. T. V. Narendran has succeeded Mr. H. M. Nerurkar as Managing Director, India and South East Asia with effect from 1st November, 2013.
- f. Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. Nusli N. Wadia, Mr. Subodh Bhargava, Mr. Jacobus Schraven, Mrs. Mallika Srinivasan and Mr. O. P. Bhatt as Independent Directors for the terms given in the Notice of the 107th Annual General Meeting. Details of the proposal for the appointment of above Independent Directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 107th Annual General Meeting.
- g. Mr. Andrew Robb, who holds office up to the date of the forthcoming AGM has informed that he would not be seeking re-election to the Board. The Directors would like to place on record their sincere appreciation for his commitment and contribution made by him during his tenure on the Board since 2007.

AUDITORS

M/s Deloitte Haskins & Sells LLP (DHS LLP), Chartered Accountants, who are the statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Pursuant to provisions of Section 139 of the Companies Act, 2013 and rules framed thereunder, it is proposed to appoint DHS LLP as statutory auditors of the Company from the conclusion of the ensuing AGM till the conclusion of the 110th AGM to be held

in the year 2017, subject to annual ratification by members at Annual General Meeting.

During the year, the Company had received intimation from DHS LLP stating that Deloitte Haskins & Sells had been converted into a limited liability partnership (LLP). Accordingly, the audit of the Company for Financial Year 2013-14 was conducted by DHS LLP.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules there under, in respect of the employees of the Company, is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members, excluding the aforesaid Annexure. The Annexure is available for inspection by Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM, and if any Member is interested in obtaining a copy thereof such Member may write to the Company Secretary, whereupon a copy would be sent.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of the energy conservation and research and development activities undertaken by Tata Steel Limited along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board

of Directors) Rules, 1988, are provided as an Annexure to the Directors' Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and the Managing Director's and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report is included in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that –

1. in the preparation of the annual accounts for the Financial Year 2013-14, the applicable Accounting Standards have been followed and that there are no material departures;
2. they have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

3. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 4. they have prepared the annual accounts on a going concern basis.
- as well as their collective contribution to the Company's performance. The Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.
- On behalf of the Board of Directors

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all Company's employees for their enormous personal efforts

CYRUS P. MISTRY*Chairman*

Mumbai, 14th May, 2014