Board's Report

To the Members,

Your Directors take pleasure in presenting the 4th Integrated Report (prepared as per the framework set forth by the International Integrated Reporting Council) and the 112th Annual Accounts on the business and operations of your Company, along with the summary of standalone and consolidated financial statements for the year ended March 31, 2019.

A. Financial Results

(₹ crore)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from operations	70,610.92	60,519.37	1,57,668.99	1,24,109.69
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	50,047.98	44,740.41	1,28,285.65	1,02,676.50
Operating Profit	20,562.94	15,778.96	29,383.34	21,433.19
Add: Other income	2,405.08	763.66	1,420.58	881.10
Profit before finance cost, depreciation, exceptional items and taxes	22,968.02	16,542.62	30,803.92	22,314.29
Less: Finance costs	2,823.58	2,810.62	7660.10	5,454.74
Profit before depreciation, exceptional items and taxes	20,144.44	13,732.00	23,143.82	16,859.55
Less: Depreciation and amortisation expenses	3,802.96	3,727.46	7,341.83	5,741.70
Profit/(Loss) before share of profit/(loss) of joint ventures & associates, exceptional items & tax	16,341.48	10,004.54	15,801.99	11,117.85
Share of profit/(loss) of Joint Ventures & Associates	-	-	224.70	239.12
Profit/(Loss) before exceptional items & tax	16,341.48	10,004.54	16,026.69	11,356.97
Add/(Less): Exceptional Items	(114.23)	(3,366.29)	(120.97)	9,599.12
Profit before taxes	16,227.25	6,638.25	15,905.72	20,956.09
Less: Tax Expense	5,694.06	2,468.70	6,718.43	3,392.33
(A) Profit/(Loss) after taxes - from Continuing operations	10,533.19	4,169.55	9,187.29	17,563.76
Profit/(loss) before tax from Discontinued operations	-	-	(98.60)	206.96
Less: Tax expense of Discontinued Operations	-	-	(9.64)	13.06
Profit/(Loss) after tax from Discontinued Operations	-	-	(88.96)	193.90
Profit/(Loss) on Disposal of Discontinued Operations	-	-	-	5.15
(B) Net Profit/(loss) after tax - from Discontinued operations	-	-	(88.96)	199.05
(C) Net Profit/(Loss) for the Period [A + B]	10,533.19	4,169.55	9,098.33	17,762.81
Total Profit/(Loss) for the period attributable to:				
Owners of the Company	-	-	10,218.33	13,434.33
Non-controlling interests	-	-	(1,120.00)	4,328.48
(D) Total other comprehensive income	(50.22)	(61.12)	7.79	(3,078.01)
(E) Total comprehensive income for the period [C + D]	10,482.97	4,108.43	9,106.12	14,684.80
Retained Earnings: Balance brought forward from the previous year	18,700.25	12,280.91	7,801.99	(11,447.01)
Add: Profit for the period	10,533.19	4,169.55	10,218.33	13,434.33
Less: Distribution on Hybrid perpetual securities	266.12	266.13	266.12	266.13
Add: Tax effect on distribution of Hybrid perpetual securities	92.99	92.70	92.99	92.70
Add: Other Comprehensive Income recognised in Retained Earnings	3.88	155.39	(425.92)	(2,780.05)
Add: Other movements within equity	1.49	3,427.46	(1,995.47)	9,926.37
Balance	29,065.68	19,859.88	15,425.80	8,960.21
Which the Directors have apportioned as under to:				
(i) Dividend on Ordinary Shares	1,145.92	971.22	1,144.76	970.05
(ii) Tax on dividends	224.86	188.41	224.61	188.17
Total Appropriations	**1,370.78**	**1,159.63**	**1,369.37**	**1,158.22**
Retained Earnings: Balance to be carried forward	27,694.90	18,700.25	14,056.43	7,801.99

Notes:

(1) On January 28, 2019, T S Global Holdings Pte. Ltd. (‘**TSGH**’) (an indirect wholly-owned subsidiary of the Company) executed definitive agreements to divest its entire equity stake in NatSteel Holdings Pte. Ltd. (‘**NSH**’) and Tata Steel (Thailand) Public Company Ltd (‘**TSTH**’). As per the agreements, the divestment will be made to a company, to be formed, in which 70% equity shares will be held by an entity controlled by HBIS Group Co. Ltd. and 30% will be held by TSGH.

The assets and liabilities of NSH and TSTH have been classified as ‘held for sale’ as on March 31, 2019 and have been presented separately in the Consolidated Balance Sheet. The results for the current period of NSH and TSTH have been disclosed within discontinued operations and results for the previous periods have been restated accordingly.

(2) During the year under review, exceptional items (Consolidated Accounts) primarily represents:

a) Provision for demands and claims amounting to ₹329 crore relating to certain statutory demands and claims on environment and mining matters at Tata Steel Limited (Standalone).

b) Provision of ₹172 crore in respect of advances with public bodies paid under protest by Tata Steel BSL Limited.

c) Provision for Employee Separation Scheme (‘**ESS**’) under Sunehere Bhavishya Ki Yojana (‘**SBKY**’) scheme amounting to ₹35 crore at Tata Steel Limited (Standalone).

d) Impairment charges of ₹10 crore in respect of property, plant and equipment (including capital work-in-progress and capital advances) and intangible asset at Tata Steel BSL Limited.

Partly offset by:

e) Profit on sale of non-current investments amounting to ₹180 crore, primarily in TRL Krosaki Refractories Limited (an associate of the Company) and certain other subsidiaries and joint ventures.

f) Restructuring and write back of provisions amounting to ₹245 crore which primarily includes write-back of liabilities no longer required at Tata Steel BSL Limited and arbitration settlement at Jamshedpur Utilities & Services Company Limited, partly offset by charge at Tata Steel Europe.

The exceptional items (Consolidated Accounts) in Financial Year 2017-18 primarily include:

a) Gains arising out of modification in benefit structure for members of the new pension scheme (‘**NBSPS**’) versus their benefits under Tata Steel Europe’s British Steel Pension Scheme (‘**BSPS**’), offset by settlement charges for those members who did not join the NBSPS and one-off costs at Tata Steel Europe amounting to ₹13,851 crore.

Partly offset by:

b) Provision of ₹3,214 crore in respect of certain statutory demands and claims relating to environment and mining matters, net of liability written back towards District Mineral Fund at Tata Steel Limited (Standalone).

c) Provision for advances paid for repurchase of equity shares in Tata Teleservices Ltd. from NTT DoCoMo Inc. amounting to ₹27 crore at Tata Steel Limited (Standalone).

d) Provision for Employee Separation Scheme (‘**ESS**’) under Sunehere Bhavishya Ki Yojana (‘**SBKY**’) Scheme ₹108 crore mainly at Tata Steel Limited (Standalone) and at Jamshedpur Utilities & Services Company Limited.

e) Impairment charges ₹903 crore in respect of Property, Plant and Equipment (including capital work-in-progress) and intangible assets relating to Global Mineral entities.

1. Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**‘Listing Regulations’**) the Board of Directors of the Company **(‘the Board’)** formulated and adopted the Dividend Distribution Policy (**‘the Policy’**). As per the Policy, the Company, after considering various external factors that may have an impact on the business as well as internal factors such as the long-term growth strategy of the Company and the liquidity position including working capital requirements and debt servicing obligations, will endeavour to pay dividend up to 50% of profit after tax of the Company, subject to the applicable rules and regulations.

The Policy is annexed to this report (**Annexure 1**) and is also available on our website www.tatasteel.com

2. Dividend

The Board recommended a dividend of ₹13 per fully paid Ordinary Share on 112,64,89,680 Ordinary Shares of face value ₹10 each, for the year ended March 31, 2019. (Dividend for Financial Year 2017-18: ₹10 per fully paid Ordinary Share on 112,64,84,815 fully paid Ordinary Shares of face value ₹10 each).

The Board also recommended a dividend of ₹3.25 per partly paid Ordinary Share on 7,76,36,705 partly paid Ordinary Shares of face value ₹10 each (paid up ₹2.504 per share) for the year ended March 31, 2019. [Dividend for Financial Year 2017-18: ₹2.504 per partly paid Ordinary Share on 7,76,34,625 partly paid Ordinary Shares of face value ₹10 each (paid-up ₹2.504 per share)]. The Board recommended dividend based on the parameters laid down in the Dividend Distribution Policy.

The dividend on Ordinary Shares (fully paid as well as partly paid) is subject to the approval of the Shareholders at the Annual General Meeting (**‘AGM’**) scheduled to be held on Friday, July 19, 2019.

The dividend once approved by the Shareholders will be paid on and from Tuesday, July 23, 2019. If approved, the dividend would result in a cash outflow of ₹1,795.87 crore inclusive of dividend distribution tax of ₹306.21 crore. The dividend on Ordinary Shares (fully paid as well as partly paid) is 130% of the paid-up value of each share. The total dividend pay-out works out to 17% (Previous Year: 33%) of the net profit for the standalone results.

The Register of Members and Share Transfer Books of the Company (for fully paid as well as partly paid shares) will remain closed from Saturday, July 6, 2019 to Friday, July 19, 2019 (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2019 and the AGM.

3. Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2018-19 in the statement of profit and loss.

4. Capex and Liquidity

During the year under review, the Company, on a consolidated basis spent ₹9,091 crore on capital projects across India, Europe and Canada largely towards essential sustenance, replacement and on-growth projects in India (Kalinganagar plant and Tata Steel BSL Limited), and in the Netherlands. Despite this significant spend, the Company was able to keep the gross debt level stable during the year.

The Company's liquidity position remains strong at ₹15,284 crore as on March 31, 2019, comprising ₹5,937 crore in cash and cash equivalent and ₹9,347 crore in undrawn bank lines.

5. Management Discussion and Analysis

The Management Discussion and Analysis as required in terms of the Listing Regulations is annexed to the report (**Annexure 2**) and is incorporated herein by reference and forms an integral part of this report.

B. Integrated Report

In keeping with the Company's commitment to society, in 2016, we transitioned from compliance based reporting to governance based reporting by adopting the <IR> framework developed by the International Integrated Reporting Council.

We present to you our 4th Integrated Report which highlights the Company's efforts during the year that contribute to long-term sustainability and value creation, paving way for a better tomorrow.

C. External Environment

1. Macroeconomic Conditions

Following an upswing in the last two years, global growth declined to 3.6% in 2018, owing to various factors such as increase in trade tensions and tariff hikes between the United States and China, decline in business confidence, tightening of financial conditions, and higher policy uncertainty across many economies. While the first half of 2018 witnessed strong growth at 3.8%, the second half saw a deceleration in global economic activity, in light of the various factors affecting major economies.

Growth in China was at 6.6%, its slowest pace since 1990, due to necessary domestic regulatory tightening, slower domestic investment, and tariff hikes and trade tensions with the United States. The United States witnessed a growth of 2.9%, the highest since 2015, with major contribution coming from personal spending, fixed investment, public expenditure and inventories. Growth in the Euro area economy slowed to 1.8% in 2018, owing to weakening consumer and business sentiments, disruptions in car production in Germany due to delay in introduction of new fuel emission standards, fiscal policy uncertainty, elevated sovereign spreads, and declining investment in Italy, and drop in external demand, especially from emerging Asia. Growing concerns about a no-deal Brexit also probably weighed on investment spending within the euro area. Activity in Japan weakened mainly due to natural disasters.

Growth in India was 7.1%, primarily due to growth in construction sector (8.9%) and manufacturing sector (8.1%). The Gross fixed capital formation is estimated to have increased by 10%, thereby contributing to 32.3% of GDP.

Overall, increasing trade tensions took a toll on business confidence, worsening financial market sentiments. Also, tightening financial conditions for vulnerable emerging markets in early 2018 and for advanced economies later in the year showed its impact on global demand, leading to a slowdown in global economic growth.

2. Economic Outlook

According to the International Monetary Fund (**'IMF'**), global economic growth is expected to further decline to 3.3% in 2019 but return to 3.6% in 2020. While the slow paced growth in the second half of 2018 is likely to continue in the first half of 2019, growth in the second half of 2019 is expected to gain momentum, owing to an ongoing build-up of policy stimulus in China, improvements in global financial market sentiment, waning of some temporary drags on growth in the euro area, and a gradual stabilisation of conditions in stressed emerging market economies. Improved momentum for emerging market and developing economies is projected to continue into 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress.

Growth in advanced economies is expected to slow down from 2.2% in 2018 to 1.8% in 2019 to 1.7% in 2020. The United States is expected to grow at a slower pace of 2.3% in 2019, down to a further 1.9% in 2020 as the impact of the fiscal stimulus fades. Growth in the Euro area is expected to decline to 1.3% in 2019 as the effect of the weakness in 2018 is likely to carry forward to the first half of 2019. China's economic growth is expected to be at 6.3% in 2019 due to lingering impact of trade tensions with the US.

The Indian economy is expected to grow at about 7.3% in 2019 and further by 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Resolution of Non-Performing Assets (**'NPA'**) and other recoveries over the past year have been efficacious. Large NPA accounts should continue to see resolution in 2019. The projected increase in growth rate can also be attributed to sustained rise in consumption, gradual revival in investments, and greater focus on infrastructure development.

D. Steel Industry

1. Global Steel Industry

According to the World Steel Association (**'WSA'**), global crude steel production reached 1,808.6 MnT in 2018, an increase of 4.6% over 2017. This increase is primarily due to growth in steel consumption in infrastructure, automotive, manufacturing and equipment sectors. China continued to be the world's largest crude steel producer, contributing to 51.3% of the global crude steel production. Crude steel production in India, increased to 106.5 MnT. India's crude steel production increased by 4.9% over the previous year, making India the second largest crude steel producing country.

Despite slowdown in the economy, global steel demand increased by 2.1% in 2018. The marginal increase over 2017 was mainly supported by government stimulus in China and better than expected economic activity. However, steel demand in developed economies slowed to 1.8% in 2018 as compared to 3.1% in 2017.

Steel demand in the European Union (**'EU'**) grew by 2.2% in 2018 as against 3.4% in 2017. Output growth in the steel consuming sectors in the EU eased in the second half of 2018, especially in the automotive sector. Output of passenger cars was negatively impacted by the introduction of new emission testing procedures and a slowdown in demand both inside and outside the EU. In 2018 the EU was a net importer of steel at 16.9 MnT. Exports from China to the rest of the world decreased again in 2018 to 68.8 MnT. Changing trade flows in the global steel market have caused an increase in the amount of anti-dumping measures.

2. Outlook for Steel Industry

As per WSA, global steel demand is forecasted to reach 1,735 MnT in 2019, an increase of 1.3% over 2018. In 2020, global steel demand is expected to reach 1,752 MnT, reflecting an increase of 1%. Although steel demand is expected to grow, the rate of growth will be lower owing to slowdown in global economy. Further, China's deceleration, uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment.

China plans for a major structural overhaul of the steel sector by 2020. Further, it plans to reduce the steel output which would ease the uneven supply-demand situation in the sector, modernise the steel mills to achieve energy consumption and pollutant emissions within the nation standard by 2020. Steel demand in developing Asia excluding China is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry. In the ASEAN region, infrastructure development is expected to support demand for steel. Steel demand in advanced economies is expected to grow at a slower pace owing to trade tensions and lower spend on construction activities.

Steel demand in India is expected to grow at 7% in 2019 as well as in 2020. Steel demand in India will be driven by broad based growth across sectors. Construction is expected to grow boosted by government spending on infrastructure. The automotive sector is expected to grow at about 7.5% in 2019 which is lower than that of 2018 as sales slowed towards the end of 2018 and early 2019. Policy to support real estate sector will lead to stronger growth in 2019. Recovery in the capital goods sector witnessed in 2018 is expected to sustain in 2019. The sector is expected to grow above 7% aided by increasing demand for construction and earthmoving equipment.

Industry consolidation through the Insolvency and Bankruptcy Code, 2016, is expected to lead to improved discipline in the marketplace and stable pricing. Change of ownership will also lead to improved capacity utilisation levels over the next 1-2 years.

E. Operations and Performance

1. Tata Steel Group

During the year under review, Tata Steel Group (**'the Group'**) recorded total deliveries of 26.80 MnT (previous year: 22.89 MnT). Increase in deliveries was due to acquisition of Bhushan Steel Limited [renamed Tata Steel BSL Limited (**'TSBSL'**)] along with higher volumes from Tata Steel Kalinganagar. The turnover for the Group was at ₹1,57,669 crore (previous year: ₹1,24,110 crore), an increase of 27% over the previous year. This increase is primarily attributable to increase in deliveries and realisations from domestic operations and increase in realisations at Tata Steel Europe.

The Group EBITDA was ₹29,770 crore (previous year: ₹21,369 crore), an increase of 39% over the previous year. EBITDA increased mainly at Tata Steel Limited (Standalone) on account of improved steel margins attributable to higher volumes, higher realisations and acquisition of TSBSL. Increase in EBITDA at Tata Steel Europe is attributable to better than expected market conditions with higher selling prices in the European market.

During the year under review, the Group reported a consolidated profit after tax (including discontinued operations) of ₹9,098 crore (previous year: ₹17,763 crore) which translated into a basic Earning per share of ₹87.75. Profits were lower than previous year as previous year's profit included an exceptional gain of ₹9,599 crore primarily due to non-cash accounting surplus arising from the formation of new British Steel Pension Scheme, as against a charge of ₹121 crore during the current year.

2. India

During the year under review, total deliveries at Tata Steel Limited (Standalone) were at 12.69 MnT (previous year: 12.15 MnT), recording an increase of 4.5% over the previous year. Turnover was ₹70,611 crore (previous year: ₹60,519 crore), 16.7% higher than that of the previous year. EBITDA from Tata Steel Limited (Standalone) was ₹20,744 crore (previous year: ₹15,800 crore), 31% higher than that of the previous year.

During the year under review, crude steel production in India (including TSBSL) increased by 35% to 16.81 MnT. Total deliveries at Tata Steel India were at 16.26 MnT, recording an increase of 34% over the previous year due to the acquisition of TSBSL and a ramp up at both Kalinganagar and TSBSL. Volumes from Indian operations account for more than 61% of the consolidated volumes.

The turnover (excluding inter-company eliminations and adjustments) from Indian operations (including TSBSL) was ₹88,987 crore, 47% higher than that of previous year. This was mainly due to higher steel realisation and volumes.

Indian operations including TSBSL reported EBITDA (excluding inter-company eliminations and adjustments) for the year was ₹23,777 crore, which has been highest ever in history. This has been achieved by strong operating and commercial performance.

Company's leadership position in chosen segments has been growing continuously and industrial products and project segments sales grew by 42% year-on-year. The branded products retails and solutions business grew by 30% year-on-year, the automotive segment sales increased by 21% year-on-year, and the automotive steel sales volume crossed 2.25 million mark in Financial Year 2018-19.

The Company is striving for a sustainable business model and has undertaken a number of initiatives that will reduce its carbon footprint across the value chain. The CO_2 emission intensity at Jamshedpur plant improved to 2.28 tonnes of carbon per ton of steel in Financial Year 2018-19. The solid waste utilisation was in excess of 99%. Tata Steel Kalinganagar Phase - II expansion is progressing as per plan and is scheduled for completion in Financial Year 2021-22.

3. Europe

During the year under review, production at European operations was lower by 381k tonnes (4%) on account of operational issues at both the sites, mainly due to overrun of BF5 life extension works in the UK Pellet plant overhaul issues and fire at caster 22 in IJmuiden. Deliveries declined by 350k tonnes (4%) in line with lower production.

The turnover increased from ₹59,985 crore in previous year to ₹64,777 crore during the year owing to increase in average revenue per tonne due to improved market conditions. EBITDA increased by ₹1,701 crore (46%) attributable to better than expected market conditions with higher selling prices in the European market.

The European Operations reported loss before tax as compared to profit reported in the previous year which included gain of ₹13,851crore relating to non-cash accounting surplus arising from the formation of new British Steel Pension Scheme.

F. Strategy

The year under review has been quite rewarding for the Company in terms of meeting profitability targets, preparing for the future and witnessing progress on initiatives commenced in the previous years.

The acquisition of Bhushan Steel Limited (renamed Tata Steel BSL Limited) has enhanced the overall capacity of the Company by 5 MnT, thereby providing the structurally strong Indian business operations the required scale. The Company has further growth plans including growth of its long products business. During the year, the Company also entered into definitive agreements to divest majority stake in its South-East Asian operations in order to focus resources on growth in India.

The Company has also taken steps to establish a sustainable leadership position through simplification of the organisation and building scale in capabilities and new businesses. As part of its strategy, various teams have been set up to achieve certain goals for the organisation. These teams include: (i) an integrated technology team, to achieve the goal of being amongst the top 5 in steel technology globally; (ii) a One IT team to achieve the goal of value creation through digital transformation by investing in the required infrastructure and partnerships; and (iii) an integrated supply chain team to enable multi-locational growth and greater efficiency. In the Services & Solutions portfolio, 'Pravesh' (steel doors and windows) is making progress towards achieving the required scale.

The Graphene and Fibre Reinforced Polymer businesses have also established required enablers to scale up. The Steel Recycling Business is setting up the required business model and capabilities.

Going forward, the Company aspires to further strengthen its leadership position in the industry and is pursuing the following priorities in the medium term:

Industry leadership in Steel: In the near future, India, given its proposed infrastructure projects, is expected to be one of the largest consumers of steel and stimulators of steel demand. In order to meet this increasing demand, the Company has in place, plans to consistently grow through brownfield expansions as well as value creating acquisitions. In order to attain leadership position in the steel industry, key priority for the Company is to progress on implementation of TSK Phase - II. The Company is also working towards creating a larger long products portfolio to participate in the growing market for long products, driven by increase in urbanisation and infrastructure development. To achieve this objective, integration of the steel business of Usha Martin Limited and a roadmap for growth in Long Products will be the areas of focus for the future. The Company also aspires to attain leadership position in new segments viz. Lifting and Excavation, Oil and Gas, Pre-Engineered Buildings, etc. and to maintain leadership position in segments such as Automotive, Emerging Corporate Accounts (Small and Medium Enterprises), Individual House Builders, etc.

Consolidate position as global cost leader: The Company has consistently been one of the most profitable and lowest cost producers of steel in the world. Cost of captive iron ore and coal represents almost 50% of the operational cost base of the Company. Structural cost reduction projects in areas of operational efficiency, employee productivity, logistics, digital-enabled efficiency enhancement, etc. are being undertaken to consolidate and to maintain the Company's position as a cost leader. Realisation of the planned synergy benefits with Tata Steel BSL Limited is also a top priority in this area.

Insulate revenues from steel cyclicality: The steel industry is cyclical in nature. In order to insulate itself from this cyclicality, the Company is focusing on strengthening the branded consumer business and downstream product portfolio. Tata Steel has embarked on Services & Solutions (**'S&S'**) business to reduce the impact of steel cyclicality. Pravesh and Nest In are examples of our offering in S&S. These businesses are seeing significant growth. Leveraging our deep knowledge of customer needs and ability to execute insight-driven innovation, we believe that this portfolio will provide us with significant competitive advantage in future. We are planning for strong growth in S&S and these businesses can contribute 20% of our revenue going forward.

Tata Steel is also scaling up a portfolio of new materials, currently comprising of Graphene and Fibre Reinforced Polymer. These new businesses have exciting possibilities and we will use technology to create differentiating value propositions and new applications. S&S and new materials businesses will provide added impetus to our differentiated play and provide a unique growth opportunity.

Industry leader in Corporate Social Responsibility and Safety, Health and Environment: As one of the leading steel producers in the world, the Company aspires to be a leader in sustainable business practices in the industry. Towards this objective, the Company is taking steps to reduce its environment footprint. Focusing on steel scrap recycling business to promote sustainable steel making and to create a circular economy for steel is one of the key elements of our business model for growth in Long Products. The Company also recognises the need to create a safe and healthy environment for all employees and stakeholders and desires to be an industry leader in Corporate Social Responsibility (**'CSR'**) and Safety, Health & Environment (**'SHE'**). This will be achieved through enhanced focus on reducing unsafe incidents at the workplace, carbon emissions and consumption of natural resources such as water. The Company will continue to deepen the engagement with communities, aiming to touch many more lives through its CSR initiatives.

Strategic enablers: Creation of a set of core capabilities in the organisation is essential for the Company to achieve its Strategic Objectives. People are the key to success for any organisation and hence, the Company continues to direct its efforts towards building a skilled, engaged and diverse workforce. Along with this, the Company is also focussed on creating the right organisation culture that encourages agility and innovation. The Company is also focussed on investing in various digital initiatives, enabling new business models and enhancing the digital maturity of the organisation. During the year under review, initiatives were taken to put in place an innovation framework. In the coming year, the focus will be to put in place a structure and engagement mechanism for partnering with startups. The Integrated Technology Organisation will focus on creating outcome-based external collaborations and developing deep expertise in identified strategic thrust areas.

G. Key Developments

Acquisitions and Investments

Acquisition of Bhushan Steel Limited (renamed Tata Steel BSL Limited)

During the year under review, the Company through its wholly-owned subsidiary, Bamnipal Steel Limited (**'BNPL'**) completed the acquisition of controlling stake of 72.65% in Bhushan Steel Limited (renamed Tata Steel BSL Limited) (**'TSBSL'**), pursuant to the Resolution Plan (**'RP'**) as approved by the National Company Law Tribunal vide its Order dated May 15, 2018, under Corporate Insolvency and Resolution Process (**'CIRP'**) of the Insolvency and Bankruptcy Code, 2016 (**'IBC'**).

In March 2019, the Company acquired 1070,00,00,000 – 11.09% Non-Convertible Redeemable Preference Shares of face value ₹10 each, aggregating to ₹10,700 crore, in two tranches and 900,00,00,000 – 8.89% Optionally Convertible Redeemable Preference Shares of face value ₹10 each, aggregating to ₹9,000 crore, in two tranches, of TSBSL.

Further, on April 25, 2019, the Board of Directors of the Company approved the amalgamation of BNPL and TSBSL into and with the Company by way of a composite scheme of amalgamation and have recommended a merger ratio of 1 equity share of ₹10 each fully paid up of the Company for every 15 equity shares of ₹2 each fully paid up held by the public shareholders of TSBSL.

As part of the scheme, the equity shares held by BNPL and the preference shares held by the Company in TSBSL shall stand cancelled. The equity shares held by the Company in BNPL shall also stand cancelled. The amalgamation is subject to shareholders and other regulatory approvals.

Acquisition of Creative Port Development Private Limited

In January 2017, the Company entered into definitive agreement to acquire 51% equity stake in Creative Port Development Private Limited (**'CPDPL'**) for the development of Subarnarekha Port at Odisha through a wholly-owned subsidiary Subarnarekha Port Private Limited. On September 18, 2018, the Company completed the acquisition of 51% equity stake in CPDPL, a proposed greenfield port project.

Acquisition of Steel Business of Usha Martin Limited

On September 22, 2018, the Company, as a part of its strategy to grow in long products, executed definitive agreements for acquisition of steel business of Usha Martin Limited (**'UML'**), a special steel and wire rope manufacturer, through a slump sale on a going concern basis.

Tata Sponge Iron Limited (**'TSIL'**), a 54.5% subsidiary company engaged in the sponge iron business, had been evaluating various strategic options to enhance its product portfolio and had identified an entry into steel manufacturing in long products as a route to ensure sustainable value creation for its shareholders.

On October 24, 2018, the Company extended support for TSIL's entry into steel business and identified it as the strategic vehicle for acquisition of steel business of UML.

On April 9, 2019, TSIL completed the acquisition of steel business undertaking including captive power plants, for a cash consideration of ₹4,094 crore, which is subject to further hold backs of ₹640 crore, pending transfer of some of the assets including mines and certain land parcels.

Investment in TRF Limited

In March 2019, the Company acquired 25,00,00,000, 12.5% Non-Convertible Redeemable Preference Shares of face value ₹10 each of TRF Limited on private placement basis, aggregating to ₹250 crore.

Investment in Tata Metaliks Limited

In March 2019, the Company acquired 27,97,000 equity shares of face value ₹10 each of Tata Metaliks Limited at a price of ₹642 per equity share aggregating to ₹179.57 crore and 34,92,500 Warrants of face value ₹10 each at a price of ₹642 per Warrant, with a right exercisable by the Company to subscribe for one equity share per Warrant of face value of ₹10 each, aggregating to ₹224.22 crore (25% paid on application).

Divestments

Divestment of stake in Black Ginger 461 Pty. Ltd.

On October 18, 2018, T S Global Minerals Holdings Pte. Ltd. entered into an agreement with IMR Asia Holding Pte Ltd, a group company of IMR Metallurgical Resources AG, a global metals and mining group headquartered in Switzerland, to divest its entire stake in its wholly-owned step down subsidiary Black Ginger 461 Pty. Ltd. which in turn holds 64% in Sedibeng Iron ore Pty Ltd, South Africa, the operating company. The divestment was completed on February 18, 2019.

Sale of shares in NatSteel Holdings Pte. Ltd. ('NSH') and Tata Steel (Thailand) Public Company Ltd. ('TSTH')

T S Global Holdings Pte. Ltd. (**'TSGH'**), an indirect wholly-owned subsidiary of the Company, executed definitive agreements to divest its entire equity stake held in NSH (100%) and TSTH (67.9%) to a company in which 70% equity shares will be held by an entity controlled by HBIS Group Co. Ltd (**'HBIS'**) and the balance 30% will be held by TSGH.

The definitive agreements signed between the two companies is a significant milestone in strategic relationship, offering the South-East Asian business robust growth opportunities, given the access to resources, technical expertise and regional understanding of HBIS. The Company remains committed through its shareholding to help create a sustainable future for all stakeholders.

Joint Venture between Tata Steel and thyssenkrupp AG

Following the signing of a Memorandum of Understanding in September 2017, the Company, on June 30, 2018, signed definitive agreements with thyssenkrupp AG to combine the European Steel Business into a 50:50 joint venture, named thyssenkrupp Tata Steel BV, which will be positioned as a leading pan European high quality flat steel producer with a strong focus on performance, quality and technology leadership. The joint venture is built on the strong foundations of common value systems and a long heritage in the industry. The transaction is subject to merger control clearance in several jurisdictions, including the European Union.

Tata Steel and thyssenkrupp have been engaging parallelly with the European Commission (**'EC'**) to provide information in relation to the businesses which would be part of the proposed joint venture. Following pre-notification engagement with the EC, both parties notified the proposed joint venture to the EC on September 25, 2018.

On October 30, 2018, in line with the expected timelines of the merger review process, the EC announced that it will undertake an indepth review of the merger proposal and investigate certain areas of preliminary competition concern. The Company has noted the EC's concerns and will continue its discussions with the EC including providing further information and analysis, especially in relation to sectors they have identified, to secure approval for the proposed joint venture. Until completion of the JV process, thyssenkrupp Steel Europe and Tata Steel Europe will continue to operate as separate companies.

Issue of Securities

Issue of Debt Securities

On March 1, 2019, the Company allotted 43,150 - 9.8359% Unsecured Redeemable, Rated, Listed, Non-Convertible Debentures (**'NCDs'**) having face value ₹10 lakh each for an amount aggregating to ₹4,315 crore, to identified investors on private placement basis. The NCDs are listed on the WDM segment of BSE Limited. The NCDs mature in 4 equal instalments at the end of the 12th, 13th, 14th and 15th year from the date of allotment. The last and final maturity date of NCDs is March 1, 2034.

First and final call on Partly Paid Shares

In Financial Year 2017-18, the Board approved the simultaneous but unlinked issue of 4:25 fully paid shares for an amount up to ₹8,000 crore at a price of ₹510 per share and 2:25 partly paid shares for an amount upto ₹4,800 crore at price of ₹615 per share (₹154 paid-up) on rights basis. The shares were allotted to the shareholders on March 14, 2018.

The first and final call on partly paid shares was to be made within 12 months from the date of allotment. In terms of regulatory clarification(s) received, the Company is permitted to make the call on partly-paid shares beyond 12 months if (i) the issue size exceeds ₹500 crore and (ii) the Company complies with the requirement under the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations regarding monitoring agency. The Company is in compliance with both these conditions. Accordingly, the Board will make the first and final call on the partly paid shares of the Company at an appropriate time.

Credit Rating

During the year under review, Moody's Investors Services upgraded long-term Corporate Family Rating of the Company by one notch from Ba3 to Ba2 while S&P has revised its ratings outlook on the Company from 'Stable' to 'Positive' and affirmed the long-term credit rating of 'BB-'.

H. Sustainability

Stemming from our founder's belief that, what comes from society should go back to society, sustainability is deep rooted in the culture of the organisation. The belief is embedded in Company's Vision which balances the aspiration of value creation and commitment to being a Corporate Citizen.

The sustainability approach of the Company is articulated in Sustainability Policy of the Company as well as in the Corporate Social Responsibility Policy, Environment Policy, Energy Policy, Climate Change Policy, Biodiversity Management Policy, Affirmative Action Policy, and Human Resource policy, etc which reinforces the triple bottom-line approach in its systems and processes. The Company also has systems in place to capture the voice of stakeholders periodically and review its long-term strategy in line with the stakeholder expectations.

Bracing itself for the future, the Company is working towards integrating the key issues on planet and people into its strategy and business practices across the value chain. During the year, Environment, Social and Governance aspects of material issues were revisited through a third party Materiality Study covering stakeholders across all locations. This will further reinforce the Company's strategy for value creation across all stakeholders and capitals. Aspirations of taking our carbon emissions to less than 2 tCO_2/tcs, zero waste and zero effluent discharge and doubling our CSR reach by 2025 are significant facets of this strategy.

In order to mainstream sustainability in the decision making, the Company organised a Sustainability Immersion Programme designed and facilitated by Cambridge Institute of Sustainability Leadership for Board Members, Senior Management, Senior Executives, and Union Leadership Team. During the year, the Company organised four batches of the programme covering majority of the Board Members, entire senior Management team and more than 100 senior executives and Union Leadership Team across locations.

The Company is committed to serving its customers through a portfolio of eco-friendly products. During the year, the Company obtained CII's GreenPro eco-label for Tata Pravesh Steel Doors and Windows and Tata Structura and Tata Pipes. The third party eco-label certification ensures customers of minimal environmental impacts of the certified products in a transparent way. For the first time in India, Steel Products have received the eco-label. Going forward, the Company will adopt the global best practice of having Environmental Product Declaration of key products to enable a transparent declaration of the environmental impacts of its products and processes in order to enable informed purchasing by the end consumer.

The continued focus on 'Sustainability' across the value chain has helped the Company in being adjudged as the Steel Industry Leader globally on Sustainability in Dow Jones Sustainability Index in 2018 with a top score of 100 percentile in Environmental Dimension. The Company has also received the distinction of being recognized as Sustainability Champion by World Steel Association for the second year in a row.

Environment

The Company aims to be the benchmark for environmental stewardship in the steel industry by focusing on operational excellence aimed at resource efficiency through a 'Prevent, Minimise, Recover, Reuse and Recycle' hierarchical approach to reduce its ecological footprint. The Company is committed to responsible use and protection of the natural environment through conservation and sustainable practices. The Company has implemented environmental management systems that meet the requirements of international standard ISO 14001:2015 at Jamshedpur Works and has initiated proceedings at Kalinganagar Works. These systems provide the Company with a framework for managing compliance and improving environmental performance, making it future ready to address stakeholder requirements.

The Company pursues responsible advocacy on policy and regulatory issues by being member of the World Steel Association Environment Committee, the Central Pollution Control Board's National Taskforce, the Indian Steel Association, Confederation of Indian Industries and various other organisations. The Company has in place a board level Safety, Health & Environment Committee that provides necessary direction and guidance on matters relating to environment and monitors the performance of the Company and its impact on the environment.

During the year, Tata Steel continued its efforts to reduce its carbon footprint by adopting best available technologies for energy efficiency and heat recovery. The Plant at Jamshedpur is the benchmark in India for CO_2 emissions intensity at 2.29 tonnes of CO_2/tcs through BF-BOF route. The Company continues to use the internal Carbon Pricing mechanism for evaluation of capital expenditure projects with shadow price of carbon @US$15/$tCO_2$. Contributing to national commitment towards the Paris agreement, the Company has taken up aspirational goals to achieve global benchmark levels of less than 2 t/tcs CO_2 emissions. Various cross functional projects have been undertaken to identify and reduce CO_2 emissions. Recycling steel scrap is an important lever to reduce carbon footprint and the Company has set up a Steel Recycling business unit which will facilitate formalisation of the scrap market in India and make more scrap available for conversion to steel.

In Europe, the Company continues to invest in short to medium term CO_2 emission reduction and energy efficiency improvements. In addition to these improvements, as a follow up to the ULCOS (Ultra-Low CO_2 Steelmaking, co-operative research initiative to achieve a step change in CO_2 emissions from steelmaking), the Company is also working on a major long-term project to develop a new smelting reduction technology (**'HIsarna'**) to produce steel without the need for coke making or agglomeration processes, thereby improving efficiency, reducing energy consumption and reducing CO_2 emissions. The pilot plant is located at the Company's IJmuiden site in the Netherlands.

Climate Change

Climate change is one of the most pressing issues the world faces today and the Company recognises its obligation to minimise its contribution to climate change. The Company aims to play a leadership role in addressing the challenge of climate change. The Company recognises that, though steel is considered a 'hard to abate' sector globally, it will be an integral part of the solution to climate change because of its infinite recycling properties.

Considering all these factors, the Company has formulated a climate change strategy based on 5 key themes as outlined below:

Emissions Reduction: The Company will continue to improve its current processes to increase its energy efficiency and to reduce its carbon footprint.

Investing in Technology: The Company will continue to invest in long-term breakthrough technologies.

Market Opportunities: The Company endeavours to develop such new products and services that reduce the environmental impact over its products' life-cycles and help its customers to reduce their carbon footprints.

Employee Engagement: The Company will actively engage its workforce and encourage everyone to contribute to its strategy.

Lead by Example: The Company will further develop its pro-active role in global steel sector initiatives through the World Steel Association.

Health and Safety

Health and Safety Management remains Tata Steel's foremost priority and we are committed to being a benchmark in the industry. To us, Health and Safety is not just a metric but a part of our value system. The desire to being a benchmark is demonstrated through leadership commitment and is cascaded across the organisation in the form of long, medium and short-term action plans.

The Company has been working on six corporate level long-term strategies viz. Build (Safety) leadership capability at all levels to achieve zero harm, improve competency and capability for hazard identification & risk management, contractor safety risk management, elimination of safety incidents on road & rail, excellence in process safety management, and establishing industrial hygiene and improving occupational health. These strategies are enablers through which several initiatives are undertaken that aid the Company in achieving its objective of 'Committed to Zero'.

For the Indian operations, one of the key initiatives undertaken during the year under review was to strengthen Company's quality management system, which is the foundation on which all other systems are based. The company-wide IT based, Generic Document Control System (GDCS) was re-designed and re-launched to ensure availability of latest and controlled Standard Operating Procedures (**'SOPs'**) to employees for performing their tasks safely. The plant at Jamshedpur was re-certified for OHSAS 18001:2007 and a similar process has begun for the plant at Kalinganagar.

During the year under review, a concerted effort has been made to increase risk sensitivity of the Company. A well articulated methodology to evaluate and assess safety related risks has been developed with its associated mitigation techniques. This is currently being rolled out in phases and it has already helped in achieving 26% reduction of high potential incidences in comparison to last year. The initiative to roll out Process Safety through a 'Center of Excellence' methodology at Jamshedpur has been appreciated by World Steel as the 'best practice' of 2018, across the industry. Currently, the process safety has been rolled out to 30 of 41 operating departments at Jamshedpur and Kalinganagar. The balance departments will be covered by Fiscal 2020.

Contractor employees' fatality remains the topmost safety concern for the Company. It is with deep regret that we report two fatalities in India and one fatality in Singapore involving our contractor partners. The Company is continuously channelising its efforts to eliminate such incidents and achieve zero fatality. Apart from taking various initiatives to improve their safety performance, the Company has also taken upon itself to ensure that contractor employees in India have the desired skills and competencies to perform their job safely. They are being tested and certified by Shavak Nanavati Technical Institute (**'SNTI'**) to ensure competence. In many cases they are also being trained to achieve desired skills and competence. During the year under review, the Company covered a large part of the contractor employee workforce in India. It's an ongoing process and we expect to achieve 100% coverage within a year.

The Company is leveraging state of the art digital technology at various places to improve surveillance and analytics, reduce hazardous man-machine interface and for various other corrective and preventive actions.

On the health front, during the year under review, three distinct campaigns were launched for the Indian operations. A detailed ergonomic study has been undertaken in labour intensive departments, industrial hygiene projects have been undertaken in departments where it has been assessed as a health risk and physical exercise has been introduced off duty hours, facilitated by a professional agency at various locations of the Company at Kalinganagar, Bhubaneswar, Joda, Jamshedpur, etc. to improve employee health and wellness. This has helped to improve health index of the Company vis-à-vis previous year. These initiatives will continue with increased intensity in times to come.

At Tata Steel Europe, the long-term strategies to focus on occupational health and process safety has facilitated in achieving zero fatality. Training for senior managers focusing on their leadership role related to health & safety continued during the year. The combined LTIFR in Financial Year 2018-19 for employees and contractors deteriorated to 1.45 as compared to 1.36 in the previous year. The recordable rate, which includes lost time injuries as well as minor injuries, also deteriorated from 4.13 in Financial Year 2017-18 to 4.92 in Financial Year 2018-19. A campaign focusing on hazard identification and risk minimisation continued during the year under review and there were various initiatives undertaken to accelerate deployment of standards, understand the mindset and behaviour and improve maturity of the Group's health & safety management system

Research and Development

In line with the aspiration to be amongst the top five innovation driven companies in the world, the Company has put in place a new technology organisational structure. The technology road map exercise has materialised and teams are formed to work on selected projects. The year has been rewarding on many fronts for Research & Development. During the year under review, the Company became a leading player in the Indian Steel industry in terms of patent filing by crossing the 1,000 mark. There is a progress in Graphene work from commercialisation perspective. Industrial solutions developed with graphene doped composites have offered significant improvement in the operational costs of the process plants. Also, Graphene anti corrosion coatings have been established towards a green alternative to the current coating technologies. A number of breakthrough projects have crossed the 'proof-of concept' stage and ventured into advanced stages. The Company has successfully conducted trials on an innovative process to make use of non-coking coal along with coking coal. Amongst the notable new developments, a new process to produce high purity iron powder using in-plant byproducts has been developed. A grade of the said iron powder with high sinter ability and superior toughness properties has been tested and commercialised for Diamond cutting tools.

In Europe, Research & Development has contributed to several new products. The range of Prime Lubrication Treatment has been extended to the MagiZinc protective galvanising coating. XPF1000 has been launched as a new ultra-high strength steel grade for the Chassis & Suspension market, and a new range of hybrid sandwich panels is now available for Construction via Building Systems. Further, Research and Development has also been vital in getting many potential new products to reach higher Technology Readiness levels throughout the year.

In order to make technology development more effective and robust for the Company in the future, the cross-functional delivery of the TSE technology roadmap is now coordinated via a new committee, the Central Technology Committee, chaired by the Director R&D Europe and sponsored by the Chief Technology Officer. This Committee ensures that priorities and gaps in the delivery of technology are identified and dealt with in an appropriate manner. Research & Development continues to provide significant effort towards various research and technology initiatives such as sustainable and more environment friendly steel production through the HIsarna project that has progressed on the maturity ladder with a formal move from the HIsarna pilot plant from an R&D environment to full integration with the MLE manufacturing hub. HIsarna is a novel and more flexible reduction technology for iron production. In the past year, the HIsarna pilot plant has set several new production records. R&D will continue to support this development way forward.

New Product Development

In order to achieve the Company's endeavour to create superior customer experience, the Company has adopted best in class manufacturing practices, invested in creating brands, developed products keeping customers at the centre, and focussed on environment and safety. Furthermore, the Company is steadily venturing into a new gamut of solutions and ready to use products for further value creation.

During the year under review, the Company developed 114 new products in India. Tata Steel Kalinganagar plant played a key role by developing 61 products such as high strength steel grades for global players in Lifting & Excavation, and Pre-Engineered Building (PEB) manufacturers, approval upto API 5L X60 grade from state owned Natural Gas Processing & Distribution company for Oil & Gas pipelines and the first approvals of hi-tensile (590MPa) grades in automotive applications. In addition, the products developed have also helped 'Tata Astrum' to enter in the Transmission & Distribution segment with high strength grade of ASTM A572 Gr 65.

Environment friendly products such as polysteel and chrome free passivation based coatings have been developed for the ECA (Emerging Corporate Accounts) business. Polysteel has the potential to eliminate the dependency on 7 tank degreasing process, which results in environmentally hazardous discharge. In addition, polysteel also provides long-term corrosion protection, better surface finish, anti-fingerprint surface and high scratch resistance. Chrome free passivation in galvanised products is environment friendly and eliminates requirement of oiling. The trials are successful for clean room partition panels and supply for appliance segment will be initiated shortly. Services and solution, a new business vertical, successfully launched Tata Pravesh vista windows, an extension of the existing product, Tata Pravesh doors. Vista windows were launched with 3 novel design elements: unique slide cum swing, concealed spring loaded auto lock tower bolt, and gas spring assist and hold, providing comfort and safety.

In Europe, 22 new products were launched during the year. These launches include major developments for the automotive, construction, and engineering markets. Notable example of product and service launches includes XPF1000. XPF1000, latest addition to Tata Steel's XPF hot rolled product family for the automotive chassis and suspension market, combines ultra-high 1000MPa tensile strength with excellent formability and fatigue properties. A new range of 25mm/1' gauge hot rolled products was developed for the engineering and yellow goods markets, enabling customers to replace equivalent reversing mill plate offerings and to achieve better part yield and surface finish. Improved Colorcoat® prepainted steels using Tata Steel's next generation MagiZinc® hot dip galvanised coating for optimised product longevity in construction building envelope applications was also developed. Packaging has continued to commercialise its already launched Protact® products, including Protact® for food.

Customer Relationship

During the year under review, the Company undertook specially designed initiatives to create and maintain long-term relationship with channel partners and customers to be the first choice of producer. In India, the Company largely caters to B2B, B2C and B2ECA (Emerging Corporate Accounts) customer groups. These segments are further bifurcated into micro segments based on application and buying behaviour. The Company focusses to understand the expectations and requirements of current and potential customers/market segments to deliver customer specific products and services and provide value-creating solutions.

During the year under review, the Company organised its biennial 'Driving Steel' summit on Automotive Steels. The summit brought together industry experts including automotive majors and ancillaries, from around the globe as well as from India. The knowledge summit facilitated the Company to develop insightful understanding of the emerging trends in the automotive industry, and to help build new partnerships. The Company engages with B2B customers through cross-functional Customer Service Teams (**'CSTs'**) to work on new product development, quality improvement and value-creating ideas which help to achieve operational excellence. In addition, the Company has collaborated with key automotive customers to provide cost and weight reduction solutions using the Value Analysis & Value Engineering (**'VAVE'**) platform and the Advanced Product Application support. This has also enabled the Company to partner with discerning customers for future product launches. Engagement through CST and VAVE is deployed to B2B customers of Industrial Products and Projects Vertical. Senior leadership team actively engaged with leading B2B customers by visiting premises of customers and attending exclusive interacting sessions organised across regions.

Collaborative Reform with ECA for Advanced Technical Enhancement (**'CREATE'**) was conceptualised to provide support to various ECA customers by generating cost and weight savings via redesigning of components. Platforms such as APPLICON (Appliance segment), and PANORAMA (Panel segment) were conceived to gain deeper understanding and engagement with microsegments. These platforms witnessed participation of Original Equipment Manufacturers (**'OEM'**) from consumer durable industry and provided an opportunity to engage with policy making bodies such as CEAMA (Consumer Electronics & Appliance Manufacturers Association), and COSMA (Control Panel and Switchgear Manufacturers' Association) and to enable all stakeholders to understand the upcoming technologies in the microsegments.

During the year under review, the Company also rolled out various digital initiatives across customer groups. 'Aashiyana', an e-selling platform has been launched for multiple B2C brands and has crossed a turnover of ₹100 crore. 'COMPASS', a digital supply chain visibility solution rolled out to select B2B customers, generated 122KT of sales this year. DigEca, an initiative that captures lead management for ECAs has achieved 659 KT sales enquiries and 375 KT purchase orders making the process convenient for the customers.

In services & solutions space, select platforms have been developed to understand the consumer decision making, such as the 'Consumer Connect' programme wherein the lady of the house is invited to join the program, visit exclusive retail outlet for experience and have an option of display van carrying the product closer to the consumer and 'consultative selling' wherein a sales expert helps in product demonstration.

In Europe, the Company partners with customers to help them excel in their market, co-creating more sustainable value throughout the entire value chain. 'Customer Focus', contains several company wide and local programmes such as Strategic Account Management programme that reinforce our mission and drive towards customer centricity. Improvements on this front have also been acknowledged in the Tata Business Excellence Model assessment. The Company also has a value chain transformation programme known as 'Future Value Chain' programme, which focusses on driving service and quality improvements. European operations are also focusing on a balanced portfolio and differentiation strategy, which aims to increase the proportion of high-margin differentiated products. As part of the strategy, the Company launched 22 new products in Europe this year. These launches include major developments for the automotive, construction, and engineering markets. Along with products, the Company also offers services such as Electronic Data Interchange, Track and Trace, Early Vendor Involvement, Design and Engineering support, Building Information Modelling, Life Cycle Analysis and Technical Support. In addition, the Company has a commercial improvements programme called 'Future Commercial Excellence' which focusses on driving improvements for commercial terms.

Human Resources Management & Industrial Relations

Human resource has always been one of the most valued stakeholders for Tata Steel. The Company is committed towards creating and maintaining an ideal work culture for engaged and capable workforce to deliver for the future. Tata Steel has strong values, pioneering practices, a culture of working together through joint consultation between Union and Management and a very strong commitment towards community development. Our people practices have always been centered around employee welfare and wellness, creating an environment of collaboration and connect which has aided us to achieve industrial harmony of over 90 years.

Improving employee productivity is of utmost importance to the organisation and achieving benchmark performance in this area year-on-year is the goal for the organisation. This led to an improvement in productivity from 769 tonnes of crude steel/employee/year to 800 tonnes of crude steel/employee/year and the employees on roll moving from 34,072 to 32,984.

The year under review was a milestone year for the Company as it embarked on major improvements in areas related to diversity and inclusion. Various initiatives such as Wings, an employee resource group for LGBTQ+; Take Two, a career opportunity for women on a break; Step-up-to-success, an in-house women's mentoring program; Deployment of women in B-shift operations; and Paternity leave for blue collared workforce, were introduced to bring about a change in the culture and mindset of the workforce with regard to the aspects of diversity and inclusion. The focus for the year was on Gender diversity and Differently Abled Persons. Efforts have been taken on hiring and creating infrastructure for diverse workforce as well as retaining and developing women leaders to create a pool of diverse talent in the organisation. Our continuous efforts in this direction have led to the increase in gender diversity from 6.1% to 6.5% of the total workforce.

Continuing the capability development journey, the Capability Development wing, during the year, started serving external clients as well as generating a revenue through their products and services.

The Management has been focusing on digitalisation since past few years. During the year under review, the role of digitalisation in providing a rich employee experience has been immense. The Company launched the first HR Chat-bot – 'Amigo' to provide interactive resolutions to the queries pertaining to HR policies. The year has also been significant for Digital HR owing to the major involvement of teams in designing and development of a customised HRM Talent Suite. Data analytics and reporting have become key inputs in formulating policies and strategies for the Company.

During the year under review, the Company acquired Bhushan Steel Limited (renamed Tata Steel BSL Limited). The seamless integration of the newly acquired organisation with Tata Steel was ensured through deployment of the Company's employees in the key functional areas such as Safety, Ethics, Supply Chain, etc. and senior leadership positions and by adopting and implementing various policies and practices. Trust was built among the workforce by bringing in transparency and openness in the system and by imbibing Tata Philosophy across the value chain.

During the year under review, Tata Steel was certified as Great Place to Work in the Great Place to Work study conducted for the year 2019. Tata Steel was declared as one of the top 25 'India's Best Places to Work in the Manufacturing sector' by Great Place to Work. Tata Steel also secured 8th rank in the 'Best Companies to work for' survey by Business Today and featured in the top 10 companies for the 2nd year in a row. Tata Steel won the Golden Peacock Award for HR Excellence (Steel Sector) in 2019. This recognition was bestowed on the Company for the 2nd year in a row. The Company was conferred with CII Eastern Region Productivity Award for overall improvement in productivity.

In Europe, the Company continues to invest in the recruitment, engagement, health and development of its employees. The Tata Steel Academy in Europe aims to strengthen the organisation's competitive advantage by enabling its people to achieve the highest standards of technical and professional expertise, with a combined use of practical 'on the job', virtual and classroom training to maximise training effectiveness. The Company aims to offer modern employment conditions that ensure healthy long-term employability and are responsive to the needs of both current and future employees. In Europe, the Company strives to ensure that the employees' motivation and capabilities are enhanced by its leaders, organisational structure, operational protocols, including daily management and operational excellence programmes, communication processes & business excellence and reward and recognition policies. The Company also focusses on promoting physical health through various central and local programmes and provides training and support to promote mental health inside and outside the workplace.

Corporate Social Responsibility

The Company's vision is to be a global benchmark in 'value creation' and 'corporate citizenship'. The objective of the Company's Corporate Social Responsibility (**'CSR'**) initiatives is to improve the quality of life of communities through long-term value creation for all stakeholders.

For decades, the Company has pioneered various CSR initiatives. The Company continues to remain focussed on improving the quality of life. During the year under review, the Company impacted the lives of more than a million children, women and men from our communities through initiatives in health, drinking water, education, livelihood, sports, infrastructure development, etc.

The Company is working closely with tribal communities in its areas of operation in India. The Company has partnered with State Governments of Jharkhand and Odisha and with various reputed national and international development organisations in delivering its programmes.

The Company has in place a CSR policy which provides guidelines to conduct CSR activities of the Company. The CSR policy is available on the website of the Company www.tatasteel.com

During the year under review, the Company spent ₹314.94 crore on CSR activities. The Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 and the Rules framed thereunder, is annexed to this report (**Annexure 3**).

In Europe, the Company focusses on local Communities. The Company nurtures and sustains the communities close to its operational plants. The Company conducts regular dialogues with these communities to understand and address their concerns. The Company is transparent with information on the environmental impact of its activities, as well as its goals and improvement targets. Local communities are part of the sustainable economy as we help each other to co-exist successfully with a good understanding of the mutual benefits that we provide to one another. The Company runs regular programmes to invite the public to see our work and also enjoy and see the important wildlife and flora that flourish on its sites. The Company sponsors local activities and support charities. In IJmond, the Company celebrated the annual Tata Steel Chess Tournament that attracts thousands of players and spectators and boosts the local tourism economy in the off-season in January. We sponsor local sports teams and children's events, most notably in recent years the Tata Kids of Steel® triathlons. We also engage with communities as an existing and potential workforce, running programmes to involve young people, and girls in particular, so that they can discover the interesting career opportunities that our organisation offers.

I. Corporate Governance

At Tata Steel, we ensure that we evolve and follow the corporate governance guidelines and best practices dilligently, not just to boost long-term shareholder value but also to respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding the operations & performance, leadership and governance of the Company.

In accordance with the Tata Steel Group's Vision, the Tata Steel Group aspires to be the global steel industry benchmark for value creation and corporate citizenship. The Tata Steel Group expects to realise its Vision by taking such actions as may be necessary in order to achieve its goals of value creation, safety, environment and people.

Pursuant to the Listing Regulations, the Corporate Governance Report along with the Certificate from a Practicing Company Secretary, certifying compliance with conditions of Corporate Governance, is annexed to this report (**Annexure 4**).

Board Meetings

For seamless scheduling of meetings, a calendar is prepared and circulated in advance. The Board met 7 times during the year under review, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

Selection of new Directors and Board Membership Criteria

The Nomination and Remuneration Committee (**'NRC'**) works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole as well as for its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. The Company has in place a Policy on appointment & removal of Directors (**'Policy'**).

The salient features of the Policy are:

- It acts as a guideline for matters relating to appointment and re-appointment of directors.
- It contains guidelines for determining qualifications, positive attributes for directors, and independence of a Director
- It lays down the criteria for Board Membership
- It sets out the approach of the Company on board diversity
- It lays down the criteria for determining independence of a director, in case of appointment of an Independent Director

The Policy was adopted by the Board on March 31, 2015 and the same was revised on March 29, 2019 to incorporate the changes in regulatory requirements pertaining to criteria for determining independence of a director.

The Policy is available on the website of the Company www.tatasteel.com

Familiarisation Programme for Directors

All new Directors (including Independent Directors) inducted to the Board go through a structured orientation programme. Presentations are made by Senior Management giving an overview of the operations, to familiarize the new Directors with the Company's business operations. The new Directors are given an orientation on the products of the business, group structure and subsidiaries, Board constitution and procedures, matters reserved for the Board, and the major risks and risk management strategy of the Company. Visits to plant and mining locations are organised for the new Directors to enable them to understand the business better.

During the year under review, no new Independent Directors were inducted to the Board. Details of orientation given to the existing independent directors in the areas of strategy, operations & governance, safety, health and environment, industry & regulatory trends, competition and future outlook are available on the website of the Company www.tatasteel.com

Evaluation

The Board evaluated the effectiveness of its functioning, that of the Committees and of individual Directors.

The Board sought the feedback of Directors on various parameters including:

- Degree of fulfillment of key responsibilities towards stakeholders (by way of monitoring corporate governance practices, participation in the long-term strategic planning, etc.);
- Structure, composition and role clarity of the Board and Committees;
- Extent of co-ordination and cohesiveness between the Board and its Committees;
- Effectiveness of the deliberations and process management;
- Board/Committee culture and dynamics; and
- Quality of relationship between Board Members and the Management.

The Chairman of the Board had one-on-one meeting with the Independent Directors (**'IDs'**) and the Chairman of NRC had one-on-one meeting with the Executive and Non-Executive, Non-Independent Directors. These meetings were intended to obtain Directors' inputs on effectiveness of the Board/Committee processes.

The Board considered and discussed the inputs received from the Directors. Further, the IDs at their meeting reviewed the performance of the Non-Independent Directors, the Board as a whole and Chairman of the Board after taking into account views of Executive Directors and other Non-Executive Directors.

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, cohesiveness amongst the Board Members, constructive relationship between the Board and the Management and the openness of the Management in sharing strategic information to enable Board Members to discharge their responsibilities.

In the coming year, the endeavour is to enhance focus on de-leveraging Balance Sheet (Reduction of debt) and making the European Operations more sustainable.

Remuneration Policy for the Board and Senior Management

Based on the recommendations of the NRC, the Board has approved the Remuneration Policy for Directors, Key Managerial Personnel (**'KMPs'**) and all other employees of the Company. As part of the policy, the Company strives to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay, reflecting short, medium and long-term performance objectives appropriate to the working of the Company and its goals.

The Remuneration Policy for Directors, KMPs and other Employees was adopted by the Board on March 31, 2015.

The salient features of the Policy are:

- It lays down the parameters based on which payment of remuneration (including sitting fees and commission) should be made to Independent Directors (IDs) and Non-Executive Directors (NEDs).
- It lays down the parameters based on which remuneration (including fixed salary, benefits and perquisites, bonus/ performance linked incentive, commission, retirement benefits) should be given to whole-time directors, KMPs and rest of the employees.
- It lays down the parameters for remuneration payable to Director for services rendered in other capacity.

During the year under review, there have been no changes to the Policy. The Policy is available on the website of the Company www.tatasteel.com

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report (**Annexure 5**).

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of this report.

Independent Directors' Declaration

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, read with Regulations 16 and 25(8) of the Listing Regulations that he/she meets the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b) and 25(8) of the Listing Regulations.

Directors

The year under review saw the following changes to the Board of Directors (**'Board'**).

Inductions to the Board

On the recommendations of the Nomination and Remuneration Committee, the Board appointed Mr. Vijay Kumar Sharma as Additional (Non-Executive) Director of the Company effective August 24, 2018. Mr. Sharma brings to Board valued insights and perspectives on complex financial and operational issues.

The resolution for confirming the appointment of Mr. Vijay Kumar Sharma as Director of the Company forms part of the Notice convening the Annual General Meeting (**'AGM'**) scheduled to be held on July 19, 2019.

Re-appointments

In terms of the provisions of the Companies Act, 2013, Mr. Koushik Chatterjee retires by rotation at the ensuing AGM and being eligible, seeks re-appointment.

During the year under review, based on the recommendations of Nomination and Remuneration Committee (**'NRC'**), the Board re-appointed Mr. T. V. Narendran as Chief Executive Officer & Managing Director of the Company for a period of five years effective September 19, 2018, not liable to retire by rotation. The Board approved the re-appointment of Mr. Narendran based on his significant contributions to the Company and the same is subject to the approval of the Members of the Company.

Based on the recommendations of the NRC and pursuant to the performance evaluation of Ms. Mallika Srinivasan as a Member of the Board, the Board proposed to re-appoint Ms. Srinivasan as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term effective August 14, 2019 through May 20, 2022.

Also, based on the recommendation of the NRC and pursuant to the performance evaluation of Mr. O. P. Bhatt as a Member of the Board, the Board proposed to re-appoint Mr. O. P. Bhatt as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term effective August 14, 2019 through June 9, 2023.

The necessary resolutions for re-appointments of Mr. Koushik Chatterjee, Mr. T. V. Narendran, Ms. Mallika Srinivasan and Mr. O. P. Bhatt form part of the notice convening the ensuing AGM scheduled to be held on July 19, 2019.

The profile and particulars of experience, attributes and skills of the above Directors is disclosed in the Notice convening the AGM to be held on Friday, July 19, 2019.

Cessation

Mr. D. K. Mehrotra stepped down as a Member of the Board effective May 16, 2018. Mr. Mehrotra joined the Board as a Non-Executive Director on October 22, 2012.

The Board of Directors places on record its appreciation towards Mr. Mehrotra's contributions during his tenure as Director of the Company.

Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnels of the Company as on March 31, 2019 are – Mr. T. V. Narendran, Chief Executive Officer & Managing Director, Mr. Koushik Chatterjee, Executive Director & Chief Financial Officer and Mr. Parvatheesam K, Company Secretary & Chief Legal Officer (Corporate & Compliance). During the year under review, there has been no change in the Key Managerial Personnels.

Audit Committee

The Audit Committee was constituted in the year 1986. The Committee has adopted a Charter for its functioning. The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

The Committee met 5 times during the year under review, the details of which are given in the Corporate Governance Report. As on March 31, 2019, the Committee comprises Mr. O. P. Bhatt (Chairman), Mr. Aman Mehta, Dr. Peter Blauwhoff and Mr. Saurabh Agrawal.

Internal Control Systems and Internal Audit

The Board of Directors of the Company is responsible for ensuring that Internal Financial Controls have been laid down in the Company and that such controls are adequate and operating effectively. The Internal Financial Controls (**'IFC'**) are based on the Tata Code of Conduct (**'TCoC'**), policies and procedures adopted by the Management, corporate strategies, annual business planning process, management reviews, management system certifications and the risk management framework.

The Company has an IFC framework, commensurate with the size, scale and complexity of the Company's operations. The framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with corporate policies. The controls, based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on Internal Financial Controls over Financial Reporting has been reviewed by the internal and external auditors.

The Company uses various IT platforms to keep the IFC framework robust and our Information Management Policy governs these IT platforms. The systems, standard operating procedures and controls are implemented by the executive leadership team and are reviewed by the internal audit team whose findings and recommendations are placed before the Audit Committee.

The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee at its meetings reviews the reports submitted by the Internal Auditor. Also, the Audit Committee at frequent intervals has independent sessions with the statutory auditor and the Management to discuss the adequacy and effectiveness of internal financial controls.

Risk Management

Given the uncertain and volatile business environment, companies face continuous changes in technology, geo-politics, financial markets, regulations, etc. which affect the value chain. To build a sustainable business that can weather these changes, companies need to manage risk and opportunities on a pro-active basis.

Keeping this in mind, the Company has adopted a robust Enterprise Risk Management (**'ERM'**) process across the organisation. The objective of the ERM process is to develop a 'risk intelligent' culture which drives informed decision making and builds resilience to adverse developments while ensuring that opportunities are exploited to create value for all stakeholders. In order to achieve this, the Company focusses on 4 broad principles viz. risk oversight, risk Infrastructure, risk process and ownership, and risk integration.

- The Risk oversight function consists of the Board of Directors, Risk Management Committee (**'RMC'**) and Group Risk Review Committee (**'GRRC'**) to oversee the risk management policy, to provide guidelines for implementing the ERM framework and ERM process across the Company. The RMC also reviews the key risks that the Company faces and the progress of the mitigation plans.

  GRRC is a Management Committee comprising the Senior Management team as its members. The GRRC is responsible for the implementation of ERM process across the Company and providing the necessary resources, framework & structures to enable the ERM. The GRRC reviews the risks and the proposed mitigation plans and engages with risk owners regularly across the business to drive mitigation.

  A dedicated ERM team has been set up to deploy the ERM process across the Business Units. The ERM team is led by Group Head – Corporate Finance & Risk Management who acts as the Chief Risk Officer (CRO) of the Company. The CRO regularly reports to the RMC and the GRRC on the progress of the implementation of ERM and the various risks faced by the Company

- The Company has developed a 5 step ERM process (establish context, risk identification, risk assessment & evaluation, mitigation and monitor, review & report), which takes inputs from international standards and references such as Committee of Sponsoring Organisation of the Treadway Commission (**'COSO'**), ISO 31000 and best practices from industries across the globe. For better efficacy, the process is deployed using a 'top down' and 'bottom up' approach.
- The Company strives to integrate the ERM process with the existing management processes and embed it across the Company. The top-down risks in conjunction with the bottom up risks identified by the Business Units drive the strategy and the capital allocation of the Company.

During the year under review, the Company has been continuously working on strengthening the ERM process including facilitating the top-down risk assessment process, deploying various analytical tools to analyse the risks, and strengthening the integration with strategy, capital allocation and internal audit. The strengthening has also enhanced coverage of ERM across the Company with the ERM roll out to new business units and domestic subsidiaries.

During the year under review, the Company was declared as Winner of 'Golden Peacock Award for Risk Management' for 2018 for attaining significant achievements in the field of Risk Management. The Company was also awarded the India Risk Management Awards for Best Risk Management Framework & Systems under the 'Metals & Mining' and 'Risk Governance' categories for the second year in a row.

Vigil Mechanism

Commitment towards highest moral and ethical standards in the conduct of business is of utmost importance to the Company. To advance standards of ethical practices, the Company has deployed the Management of Business Ethics (**'MBE'**) across the organisation through a well-defined framework.

The Company also has a Vigil Mechanism that provides a formal channel for all its Directors, employees and vendors to approach the Ethics Counselor/Chairman of the Audit Committee and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Tata Code of Conduct **('TCOC')**.

In order to adhere to the highest of the ethical standard, the vigil Mechanism includes policies viz. the Whistle Blower Policy for Directors & Employees, the Whistle Blower Policy for Business Associates, the Whistle Blower Protection Policy for Business Associates (vendors/customers), the Policy for Receipts of Gift and Hospitality and the Conflict of Interest Policy for Employees.

The Whistle Blower Policies for Directors & Employees and Business Associates are an extension of the TCoC that encourage every Director, employee and Business Associate to promptly report to the Management any actual or possible violation of the TCoC or any event wherein he or she becomes aware of any event that could affect the business or reputation of the Company.

The Whistle Blower Reward and Recognition Guidelines for employees has been implemented to encourage employees to report genuine misconduct or unethical activity taking place in the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Whistle Blower Policy.

The Whistle Blower Protection Policy for Business Associates including vendors and customers provides protection to Business Associates from any victimisation or unfair trade practices by the Company.

The Company has adopted a Policy for Receipts of Gift and Hospitality that requires its employees to take the right decisions when they are offered gifts or hospitality while conducting business or official transactions on behalf of the Company. The Company has also adopted a Conflict of Interest policy. The policy requires employees to act in the best interest of the Company without any conflicts and declare conflicts, if any (real, potential or perceived).

During the year under review, the Company undertook a series of communication and training programmes for internal stakeholders and vendors, with the aim to create awareness about Tata values, TCoC and other ethical practices of the Company. The Company undertook various theme based campaigns, town hall and departmental events. 'Neeti Katha' i.e. storytelling through snippet series on scenarios of 'The ethics of safety' and 'Trust Behaviour' were mailed to employees as part of the awareness campaign. The Company also celebrates the month of July as Ethics Month. All communications and programmes are theme based. This practice has helped in reinforcing employee involvement in driving the MBE.

The Company's robust system to raise concerns on unethical behaviour, efforts undertaken to make stakeholders aware of such systems as well as of their responsibility to report such concerns, practice of non-retaliation and strong mechanism to address such concerns instills in our stakeholders the confidence to report any ethical violations.

Related Party Transactions

During the year under review, the Company did not have any contracts or arrangements with related parties in terms of Section 188(1) of the Companies Act, 2013.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 along with the justification for entering into such contracts or arrangements in Form AOC-2 does not form part of the report, as the same is not applicable.

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company received 20 complaints of sexual harassment, out of which 19 complaints have been resolved by taking appropriate actions. The 1 pending complaint is under investigation as on the date of this report.

Directors' Responsibility Statement

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external agencies including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2018-19.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability confirms:

a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;

b) that we have selected such accounting policies and 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;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the annual accounts have been prepared on a going concern basis;

e) that proper internal financial controls were laid down and that such internal financial controls were adequate and were operating effectively; and

e) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Business Responsibility Report

The Securities and Exchange Board of India (**'SEBI'**) requires companies to prepare and present to stakeholders a Business Responsibility Report (**'BRR'**) in the prescribed format. SEBI, however, allows companies to follow an internationally recognized framework to report on the environmental and social initiatives undertaken by the Company. Further, SEBI has on February 6, 2017 advised companies that are required to prepare BRR to transition towards an Integrated Report.

As stated earlier in the Report, the Company has followed the <IR> framework of the International Integrated Reporting Council to report on all the six capitals that are used to create long-term stakeholder value. Our Integrated Report has been assessed and KPMG has provided the required assurance. We have also provided the requisite mapping of principles between the Integrated Report, the Global Reporting Initiative (**'GRI'**) and the BRR as prescribed by SEBI. The same is available on our website www.tatasteel.com.

Subsidiaries, Joint Ventures and Associates

We have 237 subsidiaries and 54 associate companies (including 28 joint ventures) as on March 31, 2019. During the year under review, the Board of Directors reviewed the affairs of material subsidiaries. We have, in accordance with Section 129(3) of the Companies Act, 2013 prepared the consolidated financial statements of the Company and all its subsidiaries, which form part of the Integrated Report. Further, the report on the performance and financial position of each subsidiary, associate and joint venture and salient features of their Financial Statements in the prescribed Form AOC-1 is annexed to this report (**Annexure 6**).

In accordance with the provisions of Section 136 of the Companies Act, 2013 and the amendments thereto, read with the Listing Regulations, the audited Financial Statements, including the Consolidated Financial Statements and related information of the Company and financial statements of the subsidiary companies will be available on our website www.tatasteel.com. These documents will also be available for inspection during business hours at the Registered Office of the Company and will also be kept open at the venue of AGM till the conclusion of AGM.

The names of companies that have become or ceased to be subsidiaries, and associates (including joint venture companies) are disclosed in an annexure to this report (**Annexure 7**).

Auditors

Statutory Auditors

Members of the Company at the AGM held on August 8, 2017, approved the appointment of Price Waterhouse & Co Chartered Accountants LLP (**'PW'**), Chartered Accountants, as the statutory auditors of the Company for a period of five years commencing from the conclusion of the 110th AGM held on August 8, 2017 until the conclusion of 115th AGM of the Company to be held in the year 2022.

The report of the Statutory Auditor forms part of the Annual Report. The said report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors did not report any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

Cost Auditors

In terms of Section 148 of the Companies Act, 2013 (**'Act'**), the Company is required to maintain cost records and have the audit of its cost records conducted by a Cost Accountant. Cost records are made and maintained by the Company as required under Section 148(1) of the Act. The Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s Shome & Banerjee as the cost auditors of the Company (Firm Registration No. 000001) for the year ending March 31, 2020.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the Members of the Company. Accordingly, appropriate resolution forms part of the Notice convening the AGM. We seek your support in ratifying the proposed remuneration of ₹20 lakh plus applicable taxes and reimbursement of out-of-pocket expenses payable to the Cost Auditors for the Financial Year ending March 31, 2020.

M/s Shome & Banerjee have vast experience in the field of cost audit and have been conducting the audit of the cost records of the Company for the past several years.

The Cost Audit Report of the Company for the Financial Year ended March 31, 2018 was filed by the Company in XBRL mode on August 21, 2018.

Secretarial Auditors

Section 204 of the Companies Act, 2013 *inter alia* requires every listed company to annex to its Board's report, a Secretarial Audit Report, given in the prescribed form, by a Company Secretary in practice.

The Board appointed Parikh & Associates, Practicing Company Secretaries, as the Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2018-19 and their report is annexed to this report (**Annexure 8**). There are no qualifications, observations, adverse remark or disclaimer in the said Report.

The Board has also appointed Parikh & Associates as Secretarial Auditor to conduct Secretarial Audit of the Company for Financial Year 2019-20.

Extract of Annual Return

The extract of the Annual Return in Form MGT-9, as per provisions of the Companies Act, 2013 and Rules thereto, is annexed to this report (**Annexure 9**).

The extract of Annual Return in Form MGT 9 as per provisions of the Companies Act, 2013 and Rules thereto is available on the Company's website at https://www.tatasteel.com/media/9083/mgt-9.pdf

Significant and Material Orders passed by the Regulators or Courts

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's future operations. However, Members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the Financial Statements.

Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees given and investments made during the year under review in accordance with Section 186 of the Companies Act, 2013 is annexed to this report (**Annexure 10**).

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of the energy conservation, technology absorption and foreign exchange earnings and outgo are annexed to this report (**Annexure 11**).

Deposits

During the year under review, the Company has not accepted any deposits from public in terms of the Companies Act, 2013. Further, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Secretarial Standards

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

J. Acknowledgements

We thank our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

We thank the Government of India, the State Governments where we have operations, Governments of various countries and other government agencies for their support and look forward to their continued support in the future.

On behalf of the Board of Directors

sd/-
N. CHANDRASEKARAN
Chairman
DIN: 00121863

Mumbai
April 25, 2019

Declaration regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted the Tata Code of Conduct for its employees including the Managing Director and the Whole-time Directors. In addition, the Company has adopted the Tata Code of Conduct for the Non-Executive Directors. Both these Codes are available on the Company's website at www.tatasteel.com

I confirm that the Company has in respect of the Financial Year ended March 31, 2019, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Chief Executive Officer & Managing Director as on March 31, 2019.

sd/-
T. V. NARENDRAN
Chief Executive Officer &
Managing Director
DIN: 03083605

Mumbai
April 25, 2019