

BOARD'S REPORT

To the Members,

Your Directors take pleasure in presenting the 6th Integrated Report (prepared as per the framework set forth by the International Integrated Reporting Council) and the 114th Annual Accounts on the business and operations of Tata Steel Limited ('Tata Steel' or 'Company'), along with the summary of the standalone and consolidated financial statements for the financial year ended March 31, 2021.

A. Financial Results

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from operations	64,869.00	60,435.97	1,56,294.18	1,48,971.71
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	43,103.65	45,574.40	1,25,789.92	1,31,144.14
Operating Profit	21,765.35	14,861.57	30,504.26	17,827.57
Add: Other income	637.89	404.12	895.60	1,821.99
Profit before finance cost, depreciation, exceptional items and tax	22,403.24	15,265.69	31,399.86	19,649.56
Less: Finance costs	3,393.84	3,031.01	7,606.71	7,580.72
Profit before depreciation, exceptional items and tax	19,009.40	12,234.68	23,793.15	12,068.84
Less: Depreciation and amortisation expenses	3,987.32	3,920.12	9,233.64	8,707.67
Profit / (Loss) before share of profit / (loss) of joint ventures & associates, exceptional items & tax	15,022.08	8,314.56	14,559.51	3,361.17
Share of profit / (loss) of Joint Ventures & Associates	-	-	327.34	187.97
Profit / (Loss) before exceptional items & tax	15,022.08	8,314.56	14,886.85	3,549.14
Add / (Less): Exceptional Items	2,773.05	(1,703.58)	(1,043.16)	(4,929.58)
Profit before tax	17,795.13	6,610.98	13,843.69	(1,380.44)
Less: Tax Expense	4,188.51	(132.82)	5,653.90	(2,552.90)
(A) Profit / (Loss) after tax	13,606.62	6,743.80	8,189.79	1,172.46
Total Profit / (Loss) for the period attributable to:				
Owners of the Company	-	-	7,490.22	1,556.54
Non-controlling interests	-	-	699.57	(384.08)
(B) Total other comprehensive income	408.74	(648.87)	(7,211.01)	4,482.83
(C) Total comprehensive income for the period [A + B]	14,015.36	6,094.93	978.78	5,655.29
Retained Earnings: Balance brought forward from the previous year	32,106.96	27,694.90	18,127.82	14,056.43
Add: Profit for the period	13,606.62	6,743.80	7,490.22	1,556.54
Less: Distribution on Hybrid perpetual securities	242.34	266.15	242.34	266.15
Add: Tax effect on distribution of Hybrid perpetual securities	60.99	66.97	60.99	66.97
Add: Other Comprehensive Income recognised in Retained Earnings	61.34	(345.18)	(7,627.26)	4,459.24
Add: Other movements within equity	(138.68)	-	(187.98)	40.32
Balance	45,454.89	33,894.34	17,621.45	19,913.35
Which the Directors have apportioned as under to:-				
(i) Dividend on Ordinary Shares	1,145.93	1,489.67	1,144.75	1,488.13
(ii) Tax on dividends	-	297.71	-	297.4
Total Appropriations	1,145.93	1,787.38	1,144.75	1,785.53
Retained Earnings: Balance to be carried forward	44,308.96	32,106.96	16,476.70	18,127.82

Notes:

- (1) As on March 31, 2021, in respect of NatSteel Holdings Pte. Ltd. ('NSH') and Tata Steel (Thailand) Public Company Ltd. ('TSTH') which were earlier classified as "Held for Sale", Tata Steel Group ('TSG') has reviewed the developments and progress and concluded that the conditions for such a classification are no longer met.

In accordance with Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of these businesses have been re-classified from 'Held for Sale' as at March 31, 2021 and the results have been re-classified from "Discontinued Operations" to "Continuing Operations" during the year along with restatement of the previous periods to conform to such a re-classification.

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

- Impairment charges (net of reversal) of ₹1,954 crore in respect of property, plant and equipment (including capital work-in-progress), right-of-use assets and other assets primarily at Tata Steel Europe ('TSE'), mining operations carried out in Canada, South-East Asian Operations, offset by reversal at Tata Steel Special Economic Zone Limited.
- Loss on liquidation of subsidiaries amounting to ₹10 crore at TSE.
- Net Provision for Employee Separation Scheme ('ESS') amounting to ₹444 crore primarily under Special Scheme at Company's Jharia Collieries amounting to ₹467 crore, offset by credit for ESS under Sunehere Bhavishya Ki Yojana ('SBKY') scheme amounting to ₹23 crore at Tata Steel Limited (Standalone).
- Fair valuation loss on investment in debentures of a joint venture company amounting to ₹50 crore at Tata Steel Limited (Standalone).

Partly offset by,

- Restructuring and write back of provisions which primarily includes write-back of provisions at TSE ₹88 crore.
- Reversal of fair value loss ₹1,230 crore on reclassification of South East Asia businesses, earlier recognised as 'Held for Sale'.
- Reversal of impairment of investments provided earlier in one of the associates of TSG ₹70 crore.
- Profit on sale of subsidiaries includes profit of ₹26 crore on realisation of deferred consideration at TSE.

The exceptional items (Consolidated Accounts) in financial year 2019-20 primarily include:

- Impairment charges ₹3,197 crore in respect of property, plant and equipment (including capital work-in-progress and capital advances, right-of-use assets and intangible asset)

primarily at Tata Steel Europe, mining operations carried out in Canada, Tata Steel Special Economic Zone Limited, and at Tata Steel BSL Limited ('TSBSL') along with impairment of Goodwill at Bhubaneswar Power Private Limited.

- Fair value loss of non-current assets classified as 'held for sale' of South-East Asian operations ₹1,175 crore.
- Provision for demands and claims amounting to ₹196 crore relating to certain statutory demands and claims on environment and mining matters including ₹86 crore relating to SVLDRS – Sabka Vishwas Legal Dispute Resolution Scheme at Tata Steel Limited (Standalone).
- Provision for Employee Separation Scheme under Sunehere Bhavishya Ki Yojana scheme amounting to ₹107 crore at Tata Steel Limited (Standalone).
- Restructuring provisions amounting to ₹161 crore at TSE.
- Expenses incurred on stamp duty and registration fees for a portion of land parcels and mines acquired as part of business combination ₹27 crore and provision for coal block performance guarantee ₹134 crore at Tata Steel Long Products Limited (formerly Tata Sponge Iron Limited).
- Provision for impairment of doubtful capital advances amounting to ₹42 crore at TSBSL.
- Provisions for severance pay amounting to ₹16 crore at Tata Steel Thailand.
- Fair valuation loss on investment in preference shares held at one of the associate companies amounting to ₹250 crore at Tata Steel Limited (Standalone).

Partly offset by,

- Restructuring and write-back of provisions which primarily includes write-back of liabilities no longer required at Tata Steel BSL Limited amounting to ₹154 crore and settlement credit received at The Indian Steel & Wire Products Ltd. amounting to ₹18 crore.
- Profit on sale of subsidiaries amounting to ₹149 crore and profit on liquidation of group companies amounting to ₹41 crore at TSE.
- Net gain on disposal of Subsidiaries amounting to ₹13 crore at NatSteel Holdings.
- Gain on recovery of advances earlier provided for amounting to ₹1 crore at Tata Steel Limited (Standalone).

1. Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') the Board of Directors of the Company (the 'Board') formulated and adopted the Dividend Distribution Policy ('Policy').

The Policy is annexed to this report (**Annexure 1**) and is also available on our website at <https://www.tatasteel.com/media/6086/dividend-policy-final.pdf>

2. Dividend

For financial year 2020-21, the Board has recommended a dividend of ₹25/- per fully paid-up Ordinary (equity) Share (previous year: ₹10/- per fully paid-up Ordinary (equity) Share) and in respect of the outstanding partly paid-up Ordinary (equity) Shares of the Company on which call money remains unpaid as on the date of book closure for the dividend payment, the dividend will be paid in proportion to the amount paid-up on such shares i.e. ₹6.25 per partly paid-up Ordinary (equity) Share of ₹10/- each (paid-up ₹2.504 per share) [previous year: ₹2.504 per partly paid-up Ordinary (equity) Share].

The Board has recommended dividend based on the parameters laid down in the Dividend Distribution Policy and dividend will be paid out of the profits for the year.

The dividend on Ordinary Shares (fully paid-up as well as partly paid-up) is subject to the approval of the Shareholders at the Annual General Meeting ('AGM') scheduled to be held on Wednesday, June 30, 2021 and will be paid on and from Friday, July 2, 2021.

Based on the Ordinary Shares (fully paid-up as well as partly paid-up) as on the date of this report, the dividend, if approved would result in a cash outflow of ₹2,996.60 crore. The dividend on Ordinary Shares (fully paid-up as well as partly paid-up) is 250% of the paid-up value of each share. The total dividend pay-out works out to 22% (previous year: 17%) of the net profit (on Standalone basis).

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the shareholders effective April 1, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, June 19, 2021 to Wednesday, June 30, 2021 (both days inclusive) for the purpose of payment of the dividend and AGM for the financial year ended March 31, 2021.

3. Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for financial year 2020-21 in the statement of profit and loss.

4. Capex and Liquidity

During the year under review, the Company, on a consolidated basis, spent ₹6,979 crore on capital projects across India, Europe and Canada, largely towards essential sustenance and replacement schemes, while moderating the spend on

ongoing growth projects in India (Kalinganagar plant and Tata Steel Mining Limited).

The Company's liquidity position, on a consolidated basis, is ₹20,082 crore as on March 31, 2021, comprising ₹13,113 crore in cash and cash equivalent and balance in undrawn credit lines.

5. Management Discussion and Analysis

The Management Discussion and Analysis as required in terms of the SEBI Listing Regulations is annexed to the report (**Annexure 2**).

B. Integrated Report

In keeping with the Company's valued tradition of "thinking about society and not just the business", in 2016, we transitioned from compliance based reporting to governance based reporting by adopting the <IR> framework developed by the International Integrated Reporting Council.

Our 6th Integrated Report highlights the measures taken by Company that contributes to long-term sustainability and value creation, while embracing different skills, continuous innovation, sustainable growth and a better quality of life.

C. Operations and Performance

1. Impact of COVID-19 on operations

The outbreak of COVID-19 pandemic has led to an unprecedented health crisis and has disrupted economic activities and global trade, while weighing on consumer sentiments.

During the year under review, the Government of India had imposed stringent nationwide lockdowns, in phases, which severely impacted manufacturing activities. Though the Steel and Mining sectors were allowed to operate under the Essential Services Maintenance Act, 1968 they were subject to certain guidelines. Steel demand was affected as key steel consuming sectors struggled to operate amidst weakening economic activities, working capital constraints, shortage of manpower, and logistical issues.

In Europe, the outbreak of COVID-19 further accentuated the sustained weak steel demand. The share of steel imports to total consumption in the European Union continued to remain at elevated levels which was a cause of concern.

The risk-intelligent culture embedded across the Company helped in developing and adopting a multi-pronged strategy to effectively respond to the evolving pandemic situation. The health and safety of our employees and the communities in which we operate continue to be the foremost priority of the Company. To mitigate the risks and challenges faced by the Company during the pandemic, the Company enhanced safety and hygiene norms at offices, implemented work from home, staggered shift timings for safety of employees and

leveraged digital platforms for its day-to-day operations. During the challenging times, the Company maintained its liquidity position by minimising cash outflows and maintaining a judicious mix of funding instruments to fulfil its operational requirements.

Further details on the impact of COVID-19 on the Company's operations, cash flow, liquidity and profitability as well as the Company's contribution to the community in wake of the pandemic is provided in the Management Discussion and Analysis as annexed to this report.

2. Tata Steel Group

During the year under review, the Tata Steel Group ('TSG') recorded total deliveries of 28.50 MnT (previous year: 28.88 MnT). The steel deliveries decreased at Tata Steel Europe ('TSE') and NatSteel Holdings ('NSH'), partly off-set by higher deliveries at Tata Steel BSL Limited ('TSBSL'), Tata Steel Long Products Limited ('TSLP') and Tata Steel Thailand ('TSTH'). Despite disruptions due to COVID-19 pandemic, the Company contributed to deliveries through higher exports.

The Company was able to balance deliveries between domestic and export markets, to counter pandemic-led demand disruptions in the Indian steel market in the first half of the year.

The turnover of TSG was ₹1,56,294 crore during the financial year 2020-21 (previous year: ₹1,48,972 crore), an increase of 5% over the previous year primarily contributed by Indian operations on account of higher steel realisations and deliveries. Further, the EBITDA of TSG was ₹30,892 crore, significantly higher during the financial year 2020-21 as compared to ₹18,103 crore in the previous year, an increase of ~71% owing to higher revenues, due to increased steel prices, lower input cost, and favourable foreign exchange movement at overseas entities.

During the year under review, TSG reported a consolidated profit after tax of ₹8,190 crore which is significantly higher than the profit of ₹1,172 crore in the previous year. The increase was mainly due to improvement in EBITDA, lower exceptional charge, partly offset by lower interest income at TSE primarily from refinancing activities and higher tax charge in India due to higher profits against deferred tax reversals in the previous year and increase in deferred tax charge at Europe as compared to deferred tax credit in the previous year.

3. India

During the year under review, total deliveries at Tata Steel Limited (Standalone) were at 12.36 MnT (previous year: 12.32 MnT). Turnover was ₹64,869 crore (previous year: ₹60,436 crore), increase of ~7% than that of the previous year. EBITDA from Tata Steel Limited (Standalone) was ₹21,952 crore (previous year: ₹15,096 crore), 45% higher than that of the previous year.

During the year under review, the crude steel production in Tata Steel Limited decreased by 7% to 12.19 MnT mainly owing

to lower production on account of decrease in demand due to the lockdown in Q1FY2021.

TSBSL achieved crude steel production and sales of 4.08 MnT and 4.31 MnT, respectively. This was due to higher exports and improvement in demand in domestic markets in the second half of the year. Despite the nationwide lockdown during financial year 2020-21, TSBSL's EBITDA stood at ₹5,481 crore, an increase of 131% compared to the previous year. TSBSL also achieved significant gross debt rationalisation due to improved financial performance.

TSLP achieved crude steel production of 0.65 MnT while deliveries stood at 0.64 MnT, owing to higher demand and higher availability of finished goods.

Total deliveries of Tata Steel from its Indian operations (including TSBSL and TSLP) stood at 17.31 MnT which is marginally higher than the previous year. The turnover was ₹91,037 crore, an increase by ~11% than previous year and EBITDA (excluding inter-company eliminations and adjustments) was ₹28,587 crore, 62% increase than previous year, both owing to increase in steel realisations, higher steel deliveries, and higher sales of by-products and other materials. Moreover, lower operational cost led to improvement in EBITDA.

4. Europe

During the year under review, liquid steel production from European operations was 9.56 MnT (previous year: 10.26 MnT), a decrease of 7% than previous year. Deliveries from European operations decreased by around 5% to 8.82 MnT primarily due to overall weakness in economic activities. Due to the COVID-19 pandemic, the first half of the financial year 2020-21 was challenging for TSE with lower demand and lower selling prices. However, there was strong recovery during the second half of the financial year 2020-21. Turnover from operations was ₹56,051 crore (previous year: ₹55,939 crore). Despite the headwinds from COVID-19 and higher cost of emission rights, there was improvement in EBITDA due to better control of costs and benefits from the transformation programme.

D. Key Developments

Amalgamation

Amalgamation of Bamnival Steel Limited and Tata Steel BSL Limited into and with Tata Steel Limited

The Board of Directors of the Company, at its meeting held on April 25, 2019, approved the amalgamation of Bamnival Steel Limited and Tata Steel BSL Limited, into and with the Company by way of a composite scheme of amalgamation ('Scheme').

Pursuant to the orders of the Hon'ble National Company Law Tribunal ('NCLT'), Mumbai Bench, a meeting of the equity shareholders was convened and held on Friday,

March 26, 2021, to consider and if thought fit, approve the Scheme. The Scheme was approved by the shareholders by requisite majority at the said meeting.

Pursuant to the shareholders' approval, the Company filed the "Company Scheme Petition" with the NCLT, Mumbai Bench with the prayer that the Scheme of Amalgamation of Bamnival Steel Limited and Tata Steel BSL Limited into and with Tata Steel Limited be sanctioned with effect from the Appointed Date as defined in the Scheme and be binding on the Petitioner Companies and all its shareholders, creditors, stakeholders and all concerned persons. The Scheme will be implemented once sanctioned by the NCLT.

Upon implementation of the Scheme, the equity shareholders of Tata Steel BSL Limited will be entitled to fully paid shares of Tata Steel Limited in the ratio as set out in the Scheme. The Scheme will enable the companies to realise benefits of greater synergies between their businesses, yield beneficial results and avail pooled resources in the interest of maximising value to the shareholders and other stakeholders.

Acquisitions and Investments

Investment in Tata Metaliks Limited

Pursuant to the conversion of Warrants issued on preferential basis by Tata Metaliks Limited ("TML") at a price of ₹642/- per Warrant, on September 25, 2020, the Company acquired 34,92,500 equity shares of ₹10/- each of TML, by exercising its right to subscribe to one equity share per warrant of face value of ₹10/- each, aggregating to ₹224.22 crore (25% was paid on application). As a result of this, the Company's holding in TML increased from 55.06% to 60.03%.

Financing and Debt

Issue of Debt Securities

During the financial year 2020-21, the Company allotted the following Unsecured, Rated, Listed, Redeemable, Non-Convertible Debentures ("NCDs") of face value of ₹10,00,000/- each to identified investors on a private placement basis:

Number of NCDs	Coupon Rate (%)	Date of Allotment	Amount (₹ crore)	Tenure	Date of Maturity
10,250	7.85	April 17, 2020	1,025	3 years	April 17, 2023
5,100	7.85	April 22, 2020	510	3 years	April 21, 2023
10,000	Floating Coupon	April 27, 2020	1,000	3 years	April 27, 2023
5,000	Series A: Floating Coupon	April 30, 2020	500	3 years	April 28, 2023
5,000	Series B: 7.95	April 30, 2020	500	3 years 6 months	October 30, 2023
10,000	8.25	May 20, 2020	1,000	3 years	May 19, 2023
4,000	Floating Coupon	June 3, 2020	400	3 years	June 2, 2023

Business and portfolio restructuring

Update on European Portfolio

As part of its efforts to arrive at a strategic resolution for its European portfolio, during the year under review, the Company had discussions with SSAB Sweden for the potential divestment of Tata Steel's Netherland business including Ijmuiden steelworks. However, the discussions did not materialise. Tata Steel is committed to making the European operations simpler, leaner, and sustainable.

Portfolio Restructuring

The Company had previously announced that it is embarking on a comprehensive strategic organisation level restructuring to consolidate its diversified business portfolio of Tata Steel Group ("TSG") companies. The strategic objective is to group the TSG companies under four distinct clusters viz. (a) Long Products (b) Downstream (c) Mining and (d) Utilities and Infrastructure Services, each controlled through a subsidiary company ("Cluster Hold Co."), which will be responsible for nurturing and scaling the business of its respective cluster to become a leading strategic player in the industry.

In line with the above objective, the Company during the period under review, transferred its holding in (a) Tata Steel Special Economic Zone Limited, (b) The Tata Pigments Limited, (c) Jamipol Limited and, (d) Nicco Jubilee Park Limited to Tata Steel Utilities and Infrastructure Services Limited, (Company's wholly-owned subsidiary) and its holding in (a) Jamshedpur Continuous Annealing and Processing Company Private Limited, and (b) Tata Bluescope Steel Private Limited to Tata Steel Downstream Products Limited, (Company's wholly-owned subsidiary).

Exercise of Call Option in respect of Non-Convertible Debentures and Perpetual Hybrid Securities

On November 13, 2020, the Board of Directors ("Board") of the Company approved the proposal to exercise Call Option to redeem the following Unsecured, Rated, Listed Non-Convertible Debentures ("NCDs") / Perpetual Hybrid Securities ("PHS") in the form of NCDs of the Company, as per their terms of issue:

Particulars of NCDs / PHS	Amount (₹ crore)	Date of Redemption
10.25% NCDs	670	December 22, 2020
10.25% NCDs	3,350	January 6, 2021
11.80% PHS	1,500	March 18, 2021
11.50% PHS	775	May 11, 2021

First and Final Call on Partly Paid-up Ordinary (equity) Shares

On February 9, 2021, the Board approved the making of the first and final call of ₹461/- (comprising ₹7.496 towards face value and ₹453.504 towards securities premium) per partly paid-up equity share ("First and Final Call") on 7,76,36,788 outstanding partly paid-up equity shares of face value ₹10/- each, issued by the Company, on a Rights basis, pursuant to the Letter of Offer dated January 22, 2018.

Pursuant to the First and Final Call, the Stakeholders' Relationship Committee ("SRC"), duly authorised by the Board, on March 24, 2021 approved the conversion of 7,02,49,241 partly paid-up equity shares of face value ₹10/- each into fully paid-up equity shares of face value ₹10/- each, against which the first and final call money of ₹461/- (comprising ₹7.496 towards face value and ₹453.504 towards securities premium) per share was received.

Further, the reminder-cum-forfeiture notice dated April 14, 2021 was sent to holders of partly paid-up shares on which the call money remained unpaid.

On April 23, 2021, the SRC approved the conversion of 73,888 partly paid-up equity shares of face value ₹10/- each into fully paid-up equity shares of face value ₹10/- each, against which the first and final call money of ₹461/- (comprising ₹7.496 towards face value and ₹453.504 towards securities premium) per share was received.

The converted shares rank *pari passu* with the existing fully paid-up equity shares.

Credit Rating

In April 2021, S&P Global Ratings revised the issuer credit rating of the Company from 'B+' Outlook: Stable to 'BB-' Outlook: Stable and revised the Long-term foreign currency issuer credit rating for ABJA Investment Co. Pte. Ltd., a wholly-owned subsidiary of the Company, from 'B+' Outlook: Stable to 'BB-' Outlook: Stable.

The revision in rating was triggered due to strong operating momentum and significant reduction in the Company's debt levels as compared to March 2020.

E. Sustainability

The Company's philosophy of steel production is deep rooted in the principles of zero harm, resource efficiency, circular economy, minimising ecological footprint and care for community and workforce. The sustainability approach of the Company is aligned with its overall vision to be industry leaders in the areas of climate change, water, waste and biodiversity. Underpinning this approach are strategies on low carbon transition, reducing dependence on freshwater consumption, maximising value from waste and exploring opportunities in the circular economy, enhancing biodiversity in the areas where the Company has its operations, building a sustainable and resilient supply chain and customer focussed product stewardship.

The Company has adopted the UN Sustainable Development Goals ("UNSDG") and linked it with its long-term strategy and has revised its sustainability targets. Aspirations of taking our carbon emissions to <2tCO₂/tcs, mitigating dependence on fresh water by lowering specific fresh water consumption to <2m³/tcs, enhancing value proposition on circular economy and scaling up the steel recycling business are significant facets of this strategy. Tata Steel in Europe aims to decarbonise as required under the European regulations.

The Company is a signatory to the Task Force on Climate-related Financial Disclosures ("TCFD") for climate change and has identified transition risks and opportunities to decarbonise its operations over a period of time. Specific mitigation and contingency plans for each of the identified risks have been integrated within the Company's long-term strategy. Tata Steel in Europe has embraced a target to reduce its CO₂ emissions by 30% by 2030, compared to 2018, and to achieve carbon neutrality of its steel making operations by 2050.

The Company had identified supply chain sustainability as a key material issue and in order to take this forward, the Tata Steel Responsible Supply Chain Policy was adopted in February 2020. During the year under review, the Company initiated the deployment of the Supply Chain Policy through multiple communications across segments of supply chain partners to set the expectations on four important principles of the policy viz. Fair Business Practice, Human Rights, Health and Safety and Environment Protection. Further, the Company also initiated third-party assessment on the compliance of the above mentioned four principles for the critical supply chain partners. During the year under review, the Company also became a member of ResponsibleSteel™ - steel industry's first global multi-stakeholder standard and certification initiative.

The Company is committed to serving its customers through a portfolio of eco-friendly products and disclosure of the

environmental impact of its products by using Life Cycle Assessment ('LCA') methodology. During the year under review, the Company conducted a comparative LCA study for a steel intensive construction structure – HabiNest, that has a functionally similar conventional structure and published a whitepaper on the superior environmental footprint of HabiNest. The Company also collaborated with CII Green Business Centre for developing the GreenPro standard for Steel Rebars.

In Europe, almost the entire product range is certified to be at the BES 6001 sustainable sourcing standard. Tata Steel Europe has also published Environmental Product Declarations ('EPD'), setting out the environmental characteristics of products throughout their life-cycle, for a large number of its products manufactured in Europe. The Company has developed a tool to assess the sustainability of all new products against the products they replace, in a semi-quantitative manner. The Sustainability Assessment Profiler is a unique framework supporting the Company's mission to become sustainable in every sense, creates value propositions related to sustainability and supports customer engagement. The framework considers environmental, social and economic aspects over the complete product life cycle in a consistent manner in an approach that puts the Group ahead of other international steel companies. The Sustainability Assessment Profiler achieved recognition in Tata Group's flagship innovation platform, winning the 2020 Innovista award in the Implemented Innovation category.

In order to augment the efforts of the Company to conserve biodiversity at its operational sites in India, the Company has constituted a Centre of Excellence for Biodiversity Management to strategically formulate and implement Biodiversity Management Plans ('BMPs'). During the year under review, the Company planted more than 2.98 lakh of native tree saplings across locations, reclaimed 100-hectares Pundi dump at West Bokaro to create Sir Dorabji Tata Biodiversity Park and developed a 12-hectares Ecological Importance Park on municipal solid waste dump site at Jamshedpur.

The continued focus on 'Sustainability' has led Tata Steel Limited and Tata Steel Europe, to be recognised as Sustainability Champions by World Steel Association for four consecutive years. The Company ranked amongst the top 5 global steel companies in Dow Jones Sustainability Indices ('DJSI') Corporate Sustainability Assessment 2020 and retained its position in the DJSI Emerging Markets Index for the 9th year in a row. The Company also received dual recognition at the 14th edition of CII National Award for Excellence in Water Management 2020 for its continuous efforts and commitment to water sustainability. Also, Tata Steel's Plant at Jamshedpur was awarded the 'Most Sustainable Company' award by Indian Institute of Metals in the integrated steel plant category.

Environment

The Company has not only adopted environment-friendly processes and deployed state-of-the-art digital real-time monitoring system to monitor its stack emissions, air and effluent quality, but it is also leveraging technology to enhance environmental responsiveness. The Company continues to be amongst the top global steel industries in environmental sustainability, climate and water disclosures.

The Company is committed to responsible use and protection of environment through resource conservation, pollution control, and sustainable practices for waste management. The Company focusses on operational excellence through "Reduce, Reuse, Recover and Recycle" approach. The Company continues its pursuit of establishing best-in-class facilities and channelising its investment to upgrade manufacturing and distribution facilities to improve operational and environmental performance. The Company maintains accredited laboratories for environmental performance assessment.

The Company has implemented environment, health and safety management system in accordance with international standards ISO 14001 and ISO 45001, which provides the necessary framework for managing compliance and improving environmental performance.

The Safety, Health, & Environment Committee of the Board provides oversight and necessary guidance on environmental matters. The Company has dedicated Environment Management teams at all its operating locations, globally. The Company endeavours to practice responsible advocacy on regulatory issues and actively participates in various national and international organisations on diverse issues.

During the year under review, the Company achieved Indian benchmark figures in CO₂ emission intensity, specific stack dust emissions and specific water consumption. The Company endeavours to set steel industry benchmark in environmental performance. In Europe, the Company launched Roadmap+ in December 2020, a large-scale investment programme worth ~€300 million intended to improve environmental performance at its IJmuiden steelworks between 2020 and 2030 by addressing the concerns of the surrounding community on areas such as dust, noise and odours. This represents a further development and deployment of the original Roadmap 2030, launched in 2019.

Climate Change

Climate change is one of the most pressing issue the world faces today and the Company recognises its obligation to work towards mitigation of climate change related risks and strives to reduce its carbon footprint across all geographies.

The Company is committed to being aligned with India's Nationally Determined Contribution and the European Union's commitment on Climate Change. In India, the Company has successfully reduced its carbon footprint by over 25% in the last fifteen years by improving resource efficiency and adoption of best available technologies and strives to achieve carbon emission intensity of <2tCO₂/tcs by 2025.

The Company has in place its long-term decarbonisation plan and is in the process of deployment of key enablers for deep decarbonisation including use of more scrap in steelmaking, fuel switching from oil and coal to natural gas, innovating in alternative reductants such as biomass and hydrogen and, to address residual carbon emissions, the deployment of carbon capture, use and storage ('CCUS') technologies as and when they become technically and commercially viable.

Climate-related risks have in recent years become central to Tata Steel Europe's ('TSE') risk management process. This includes climate-related physical risks such as those linked to rising sea levels and extreme weather events (e.g. storms, flooding, droughts, severe winds), and transition risks which include technological, policy and market changes to adapt to a lower-carbon economy.

For the steel industry, transition risks include increased unit costs within Emissions Trading Systems (both UK and EU) and a reduction in the free allocation of CO₂ allowances under those schemes. In addition, steel producers in the Netherlands are subject to Netherlands' specific carbon tax which, under certain conditions, may come on top of any EU Emissions Trading Systems costs.

One of the major challenges facing the steel sector is the ambition to move towards low carbon steelmaking with key stakeholders putting pressure on the industry to make a step change in CO₂ emissions.

Tata Steel UK and Tata Steel Netherlands ('TSN') are working in partnership with governments on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low carbon future.

In Europe, together with the Dutch Government, TSN has laid out its CO₂ reduction ambitions through an Expression of Principles document in which it has further refined its plans for decarbonisation to support the goals under the Dutch Climate Agreement. TSN is considering multiple technological and operating options in order to achieve these ambitions, and is in discussion with the government, regulators and other stakeholders.

In the UK, the Government published its Industrial Decarbonization Strategy in March 2021, the stated aim of which is to create a thriving industrial sector aligned with the net zero target, without pushing emissions and business abroad, with the costs and risks shared fairly between industry,

its customers and the taxpayer. The strategy also includes certain funding to undertake engineering and design studies for industrial decarbonisation 'clusters', including in South Wales, where Tata Steel's blast furnaces are located.

The Company is committed towards alignment with TCFD Framework for Climate Change related Risk and Opportunity assessment and mitigation. Recognition of TSG by CDP in Leadership Band (A-) for the climate and supply chain disclosures is testimony of the Company's long-term commitment to climate change mitigation and adaptation.

Health and Safety

Health and Safety Management remains the Company's foremost priority and we are committed to achieve 'Zero Harm'. In pursuit of this objective, the Company continues to work on six strategies viz. build safety leadership capability at all levels to achieve zero harm, achieve zero harm to contract employees by strengthening deployment of contractor safety management standard, improve competency and capability for hazard identification & risk management, improve road & rail safety across the Company, excellence in process safety management, and establish industrial hygiene and improve occupational health.

During the year under review, the Company undertook proactive measures to minimise the impact of the COVID-19 pandemic on the Company's workforce through agile decision-making and timely deployment of several policies and measures for the benefit of the employees. A novel initiative, the 'POD concept', was implemented to tackle the spread of COVID-19 within the Company premises. Self-sufficient groups of people having self-contained set of skills to do an intended job have been formed and deployed at manufacturing and raw material locations as well as at profit centres.

The Company took several initiatives to improve the health and safety standards of its employees, including rolling out a reward and recognition policy for Indian operations to encourage positive safety behaviour among employees. Further, to boost employee morale during the pandemic situation, the Company organised the 'SHE Excellence Award' on virtual platform, recognizing and rewarding employees / departments for their remarkable contribution towards maintaining 'safety' within the Company.

The Company took initiative to enhance the competency of the workforce and provided safety training at the Safety Leadership Development Centre formed by the Company. For effective learning and deployment of Safety Standards across organisation, 14 Safety Standards were simplified and e-learning modules were developed. The Company took several efforts in training the majority workforce in simplified safety standards through these e-modules. The Company's efforts were recognised through the 'Brandon Hall Group Excellence Award 2020'.

Contractor’s safety has always been a priority for the Company. During the year under review, the Company provided state-of-the-art health check-up facility for its contractual employees at Jamshedpur, India.

Further, the initiative to roll out Process Safety through ‘Centre of Excellence’ methodology gained momentum. Currently, the process safety has been rolled out to 74 departments across locations as well as amongst Tata Steel Group Companies. The Company has been awarded for its best practice in “Digitalization of Process Safety Performance Indicators” by the World Steel Association under Safety & Health Excellence Recognition 2020.

Further, the Company has taken initiatives in leveraging digital technology in the field of health and safety through digitalisation of dashboard for effective control of Process Safety Performance Indicators and developing of Smart Signaling System for the railway tracks to avoid derailment at its plant locations in Jamshedpur and Kalinganagar.

Towards Occupational Health, the Company has implemented Industrial Hygiene hazard control measures to minimise the exposure level at Jamshedpur and Kalinganagar. Ergonomic control measures were taken across Jamshedpur and other raw material locations to achieve the best mutual adjustment of man and his work environment. Further, in order to develop competency in First Aid and CPR for emergency situations, 5,325 employees were trained across India. High risk cases of about 56%, relating to life style diseases, have been transformed to moderate or low risk category, through the Company’s theme-based health awareness campaigns and Wellness@workplace programme.

Employees’ fatality remains the topmost safety concern for the Company. It is with deep regret that we report four fatalities in TSG. During the year under review, two distinct Safety campaigns viz. ‘Slip/trip/fall’ and ‘Moving Machinery Risk perception & Risk elimination’ were launched across locations to address gaps and improve safety awareness. Monthly review of red risk incidents by senior leadership helped in achieving ~61% reduction of red risk incidents vis-à-vis previous year. Deployment of various safety initiatives has helped in achieving ~25% reduction in ‘Lost-Time-Injury’ cases and ~17% reduction in first-aid cases vis-à-vis previous year.

At Tata Steel Europe, health and safety continues to be of utmost priority. In a year dominated by the COVID-19 pandemic, the Company responded with pace and with a coordinated agile approach in order to protect the health and well-being of all employees and stakeholders. This resulted in those who could work from home doing so, supported by the appropriate tools, systems, policies and guidelines in line with national requirements. Employees in the manufacturing processes continued to operate successfully with new social distancing

rules and procedures in place. Effective communication and engagement was key to maintain safe and healthy working environment and to recognise the challenges to employees physical health, mental health and well-being throughout the year. With this backdrop, the overall safety performance of the Company improved and the Company reported no fatalities in Europe during the year.

Research and Development

In line with the aspiration to be amongst the top innovation and technology driven steel companies globally, the Company continues to strengthen its Technology Leadership Areas (‘TLAs’). Cross functional teams have been constituted and projects have commenced based on TLAs. During the year under review, the Research and Development (‘R&D’) team of the Company has developed an artificial neural network based model to predict the mechanical properties of various steel grades rolled in Thin Slab Casting and Rolling (‘TSCR’) plant of Tata Steel, at Jamshedpur. This system assures continuous quality maintenance of the coils rolled in TSCR.

In order to utilise and generate value from the captive low grade raw materials, R&D team has completed the lab scale studies to utilise captive Low-Grade Manganese Ore and produce high value products such as Electrolytic Manganese Metal and High Purity Manganese Sulphate to cater to the requirements of the ‘battery’ manufacturing industry. The Company is under process to set up a pilot plant to upscale this process.

Conservation of the environment and sustainability has always been an important area for the Company. The Company strives towards reducing its carbon footprint and in alignment to this, Amine absorption based 5 TPD (ton per day) CO₂ capture form blast furnace gas has been installed at LD#1, Jamshedpur. The recovered CO₂ will be utilised in water treatment as well as bottom purging of LD vessels at LD#1.

Amongst the notable new product development, the R&D team of the Company has developed a novel process of manufacturing Variable Thickness Tube and the Company is engaging with customers to commercialise the technology. The Company has also developed a corrosion resistant hybrid coating formulation based upon an organometallic complex and organic resin and has undertaken plant trials for the same.

In Europe, the R&D team has contributed to the development of various new products and has been involved in the development and implementation of new process control models and other process improvements. The Company has progressed in its product developments which includes the Valast®450 (an abrasion resistant steel grade for the engineering sector), and XPF®800 for tubes (a cost-effective high-strength alternative to Boron steel used in automotive twist beam applications). The Company has also introduced various process improvements which includes reduction of defects in the galvanising lines by tuning the burner settings,

improved strip steering control to prevent tail end damage, and improved control of annealing processes (implementation of the OSCAR model in the Zodiac-line), thereby reducing the number of reject products. During the year under review, the Company also implemented the STORM model in the Hot Strip Mill 2 at IJmuiden, Netherlands. Further, R&D has also been vital in getting many potential new products to reach higher level of Technology Readiness throughout the year and support the customer interactions on a technical level.

R&D continues to help the Company in its drive to become more sustainable and more environmental friendly. The Hlsarna project has demonstrated its potential to solve many of the current issues faced by the steel industry in dealing with circularity and climate change. R&D will continue to support this development and be heavily involved in the technical discussions for upscaling the process in India and IJmuiden. Two other important aspects that have been worked on are the capture of CO₂ (engineering study) and the use of zinc containing reverts. To increase the effectiveness and robustness of the technology development for the Company, the Central Technology Committee coordinates the delivery of the TSE technology roadmap. This Committee ensures that priorities and gaps in the delivery of technology are identified and dealt with in an appropriate manner.

New Product Development

During the year under review, the Company developed 79 new products in India. For superior customer experience, the Company has adopted best-in-class manufacturing practices, invested in product branding and developed its products to best serve its customers. The focus of new product development in hot rolled steel segment has been directed towards automotive structural and wheel applications along with strong entry into the line-pipe and pressure vessel segment. Products with special attributes such as highstretch-flangeability, higher radial fatigue life, heat treatable automotive steels, line-pipe steels with excellent low temperature impact toughness have been successfully commercialised. For cold rolled products segment, the Company received multiple Auto Original Equipment Manufacturers (‘OEM’) approvals for CRDP780. Also, during the year under review, the Company commercialised Fe500 CRS to be used in the construction sector. For coating segment, the Company also entered into ‘functional secondary coatings’ market and got approval for lubrication-coated GA (T-COAT) in exposed panel application. Amongst first of its kind, the Company obtained approval for skin panel for passenger vehicles based upon bake-hardenable grade BH180 GA. In the long products segment, the Company commercialised high strength, high ductility rebar grade – Fe500 SD, from New Bar Mill.

During the year under review, 16 new products were launched in Europe. These launches include major developments for engineering, packaging and construction markets. A notable example of product launch includes TCCT® Protact® (Tata Steel

Europe’s polymer coated packaging steel brand) for aerosol applications. TCCT® is a novel, REACH compliant alternative to Electrolytic Chromium Coated Steel (‘ECCS’), and is the first packaging steel electrocoating system developed since fifty years. Switching to this substrate will provide customers a sustainable, food-safe, and future-proof packaging steel solution. The Company developed Magizinc® 310 for solar panel frame applications, providing customers with a 25-year guarantee of corrosion performance in service.

In the construction sector, the Company launched Colorcoat Urban® Seam Façade, a self-supporting façade system, certified to meet stringent new fire regulations in the residential metal facades segment. Additionally, the Company extended its offerings in high strength linepipe for offshore oil & gas applications, and commercialised a tubular solution for trailer landing legs, requiring tight tolerance control. Furthermore, the automotive sector continued to extend and commercialise its advanced high strength steel portfolio through additional routes to market.

Customer Relationship

The year under review commenced with nationwide lockdown due to the COVID-19 pandemic. This has impacted the global economy including the domestic economy. During such challenging times, the Company took an approach of empathy, support and innovativeness to engage with its customers. The Company’s digital initiatives served as a big game changer during the pandemic and helped the Company to connect with customers in unserved territories and markets. The year under review was therefore dedicated to forging stronger relationship with customers and renewing our commitment to quality both in terms of products and services.

During the year under review, the Company continued its efforts to enhance its relationship with automotive manufacturers and their value chain partners. Considering the changing business requirements, the Company focussed on multi-locational top ancillaries from regional to central level. In the wake of the need to shift to virtual customer engagements in B2B space, the Company launched the first ever in-house digital Value Analysis & Value Engineering (‘VAVE’) platform called “e-DRIVE: Digital Relationship Initiatives for Value Excellence” to enable seamless integration of 3D viewer software and Microsoft tools in transforming tech-support activities thereby providing the customer with a virtual engagement medium. The Company also transformed the supply chain experience for its customers through its digital solution COMPASS which provides a digital platform to customers and OTIF (‘On Time in Full’) to track inventory.

During the year under review, ‘Golden Home Consumer’ - Tata Tiscon’s loyalty and advocacy programme for Individual House Building segment, was digitalised and the brand touched 8,000+ consumers. The Company’s efforts were recognised and the Company was awarded for ‘customer centric excellence’ in

Business leader of the year awards 2021. Tata Tiscon increased its footprint by providing safe shopping experience to consumers through implementation of safety guidelines. The positive experience of consumers led to an increase in NPS by 10% over the previous year.

During the year under review, Tata Basera, a programme for Individual Home Builders, launched its revamped version – Tata Basera 2.0. Leveraging the digital footprint of partner brands, consumers of Tata Basera can avail facilities across India.

Tata Shaktee, the Company’s flagship brand in the field of galvanised corrugated sheets realised year-on-year growth of over 7.6%. Tata Shaktee reached out to over 2,000 farmers across India via Kisan Meets conducted on the occasion of Kisan Diwas. The Company’s e-selling digital platform ‘Aashiyana’ which caters to multiple B2C brands crossed a turnover of ₹726 crore as against ₹316 crore in the previous year. The fabricator loyalty programme Shakteeman enrolled over 8,000 fabricators, the highest ever so far, achieving sales of over 8,000 tonnes for the year. As COVID-19 precautions hindered physical engagements, digital became the key medium for connecting with stakeholders. Tata Shaktee connected with over five crore people through various campaigns on digital media.

B2ECA (Business to Emerging Corporate Accounts) consisting of brands such as Tata Astrum (HR), Tata Steelium (CRCA) and Galvano (GPZS) showed resilience, with sharp recovery post COVID-19 impact in first quarter of the year under review. The Company through its subsidiary, Tata Steel BSL Limited, launched new coated brands such as GalvaRoS (GPRS), Galvanova (GL) and Colornova (CC) for entry into new product & market segments and promote sustainability.

During the COVID-19 pandemic, the Company continued to nurture the customer relationship through ‘Ecafez’, an online platform where training workshops, events, quality focussed webinars, Micro-segment specific Engagement Programmes like “Panorama (for Panel Industry)” and “Solarix (for Solar Industry)” were conducted. DigEca, a digital solution for ECA business, has created real-time, segment visibility of sales for channel partners and end customers.

For the B2B construction segment, the Company has launched #Converse to Construct-Conversations that builds Tomorrow- a platform to interact and share ideas with different stakeholders of the construction sector that would enable adoption of faster, sustainable and modern construction practices in line with global benchmarks. The Company has also collaborated with the World Steel Association (through ConstructSteel forum) to support them in their efforts to improve steel intensity in construction in India.

In the Services and Solutions segment, the Company has two major offerings – Tata Pravesh Steel doors and windows and NEST-IN, a smart steel based modular construction solution. The entire consumer decision journey was reimagined with

introduction of Artificial Intelligence (‘AI’) powered chatbots, virtual showrooms and online billing to contactless installation service. The team also designed the #Shutoutcorona campaign to educate consumers about ‘the new normal’ guidelines. Due to the initiatives taken by the Company, Tata Pravesh installations grew by 40% in financial year 2020-21 over the previous year. The Company also launched Tata Pravesh’s new brand campaign ‘Akela hi Kaafi hai’.

NEST-IN has built competency in developing and sustaining long-term value-creating partnerships with its customers and channel partners by leveraging digital tools like (i) CRM platform for end-to-end system monitoring, control and over-view of customers, (ii) customer meets and technical discussions through webinars (iii) bringing real-life experiences to the customers using AR-VR (Augmented Reality - Virtual Reality) for key solutions, (iv) launch website for better customer experience and dissemination of information, and (v) dedicated Key Account Managers for high “lifetime order value” customers.

In Europe, the Company partners with customers to help them excel in their market, co-creating more responsible and sustainable value throughout the entire value chain. As part of its Transformation Programme, the Company has improved its integrated initiatives such as the ‘Commercial Topline’ for driving quality improvements, and has undertaken initiatives to optimise the product mix, and identify and capture additional opportunities in the market. ‘Commercial Excellence’ improvement has been acknowledged in the Tata Business Excellence Model assessment. The Company also has a value chain transformation programme previously known as ‘Ops 1 & 2’ which focusses on performance throughout the value chain. European operations are increasing its focus on business development to achieve a balanced portfolio in terms of both products and customer setup. The Company maintains its differentiation strategy, which aims to increase the proportion of high margin differentiated products. As part of the strategy, the Company has launched various new products in Europe during the year. These launches include major developments for the engineering, automotive, packaging, and construction markets. Along with products, the Company also offers services such as eCommerce webshops, coil sales utilising Dutch flower auction methodology, Track and Trace, Early Vendor Involvement, Design and Engineering support, Building Information Modelling, Life Cycle Analysis, and Technical Support.

Corporate Social Responsibility

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. 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 at

<https://www.tatasteel.com/media/11804/tata-steel-csr-policy-latest-2019.pdf>

For decades, the Company has pioneered various CSR initiatives and continues to remain focussed on improving the quality of life. During the year under review, the Company has impacted the lives of around 1.61 million people from the most vulnerable sections of society, including initiating a large-scale national programme in response to the COVID-19 pandemic. The Company implements its CSR programmes primarily through the Tata Steel Foundation, which works in close collaboration with public systems and partners.

The Company’s signature CSR programmes are recognised as models of positive change addressing critical development issues at scale in school education, maternal and neonatal health, tribal identity and building of a multi thematic corridor of well-being connecting its operational hubs in Jharkhand and Odisha. The Company also focuses on development imperatives of communities proximate to its operations especially indigenous tribal groups through multiple initiatives including enhancing household livelihoods, eliminating child labour and empowering women, youth and Persons With Disabilities.

During the year under review, the Company spent ₹221.98 crore on CSR activities. The Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 (‘the Act’) and the Rules framed thereunder, is annexed to this report (Annexure 3).

F. Corporate Governance

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

In accordance with our Vision, Tata Steel aspires to be the global steel industry benchmark for value creation and corporate citizenship. Tata Steel 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 SEBI 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).

Meetings of the Board and Committees of the Board

The Board met six times during the year under review. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI Listing

Regulations. The Committees of the Board usually meet the day before or on the day of the Board meeting, or whenever the need arises for transacting business. Details of composition of the Board and its Committees as well as details of Board and Committee meetings held during the year under review are given in the Corporate Governance Report.

Selection of New Directors and Board Membership Criteria

The Nomination and Remuneration Committee (‘NRC’) engages 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, finance, governance, and public service. Thereafter, the NRC recommends to the Board the selection of new Directors.

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.

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 of 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.

During the year under review there were no changes in the Policy and the same is available on the website of the Company at <https://www.tatasteel.com/media/6816/policy-on-appointment-and-removal-of-directors.pdf>

Familiarisation Programme for Directors

As a practice, 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 familiarise 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/ industry trends, operations & governance, and safety, health and environment initiatives are available on the website of the Company at <https://www.tatasteel.com/media/12333/familiarization-programme-for-independent-directors-for-website.pdf>

Evaluation

The Board evaluated the effectiveness of its functioning, of the Committees and of individual Directors, pursuant to the provisions of the Act and the SEBI Listing Regulations.

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 above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The Chairman of the Board had one-to-one meeting with the Independent Directors ('IDs') and the Chairman of NRC had one-to-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.

In a separate meeting of the IDs, the performance of the Non-Independent Directors, the Board as a whole and Chairman of the Company were evaluated taking into account the views of Executive Directors and other Non-Executive Directors.

The Nomination and Remuneration Committee reviewed the performance of the individual directors and the Board as a whole.

In the Board meeting that followed the meeting of the Independent Directors and the meeting of the NRC, the performance of the Board, its Committees, and individual directors were discussed.

In the coming year, the Board intends to enhance focus on sustainability and digital interventions.

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 salient features of the Policy are:

- It lays down the parameters based on which payment of remuneration (including sitting fees and remuneration) 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 has been no change to the policy. The policy is available on the website of the Company at <https://www.tatasteel.com/media/6817/remuneration-policy-of-directors-etc.pdf>

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, 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 Act, 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 as set out in the said Rules forms part of this report.

Directors

Re-appointment of Director retiring by rotation

In terms of the provisions of the Act, Mr. Saurabh Agrawal (DIN: 02144558), Director of the Company, retires at the ensuing AGM and being eligible, seeks re-appointment.

The necessary resolution for re-appointment of Mr. Saurabh Agrawal forms part of the Notice convening the AGM scheduled to be held on Wednesday, June 30, 2021.

The profile and particulars of experience that qualify Mr. Agrawal for Board membership, are disclosed in the said Notice.

Independent Directors' Declaration

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

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

Key Managerial Personnel

In terms of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. T. V. Narendran, Chief Executive Officer & Managing Director, Mr. Koushik Chatterjee, Executive Director & Chief Financial Officer and Mr. Parvatheesam Kanchinadham, Company Secretary & Chief Legal Officer (Corporate & Compliance). During the year under review, there has been no change in the Key Managerial Personnel.

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 comprises Mr. O. P. Bhatt (Chairman), Mr. Aman Mehta, Dr. Peter Blauwhoff, Mr. Saurabh Agrawal, and Mr. Deepak Kapoor. The Committee met eight times

during the year under review, the details of which are given in the Corporate Governance Report.

During the year under review, there were no instances when the recommendations of the Audit Committee were not accepted by the Board.

Internal Control Systems

The Company's internal control systems commensurate with the nature of its business, the size, and complexity of its operations and such internal financial controls with reference to the Financial Statements are adequate.

Risk Management

The Company has developed and institutionalised an Enterprise Risk Management ('ERM') process which is based on international standards like Committee of Sponsoring Organization of the Treadway Commission ('**COSO**') and ISO 31000. The Company follows coordinated risk assurance and the ERM process is integrated with Corporate Audit, Strategy & Business Planning, Corporate Legal and Compliance functions. This brings further rigour in driving the ERM process across the organisation as well as across several TSG companies. An in-house built IT system has been deployed across the organisation to enable recording and review of risks through live dashboards and real-time monitoring of data.

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 and provide guidelines for implementing the ERM framework and ERM process across the Company and develop a risk intelligent culture within the organisation. The RMC, amongst others, reviews the key risks, progress of ERM implementation across locations and challenges faced. During the year under review, the RMC and the Board of Directors of the Company approved and adopted the 'risk appetite' of the organisation. The risk appetite is aligned to the Company's Vision and is driven by the following:

- Health and safety of our employees and the communities in which we operate are our prime concern and our operating strategy is focused on the above objective.
- All business decisions are aligned to the Tata Code of Conduct.
- Management actions are focussed on continuous improvement.
- Environment and Climate Change impacts are assessed on a continuous basis and business decisions support systems including capital allocation considers impact of climate through the internal carbon pricing framework.
- The long-term strategy of the Company is focussed on generating profitable growth and sustainable cashflows that creates long-term stakeholder value.

Risk Owners may accept risk exposure to their annual and long-term business plans, which after implementation of mitigation strategies, is aligned to the Company's risk appetite.

The Company has formed a dedicated business vertical to ensure deployment of the ERM process across the organisation. The team is led by Group Head – Corporate Finance & Risk Management who acts as the Chief Risk Officer ('CRO') of the Company. The ERM team scans the external environment for developments which may throw up risks for the organisation and risk flags are sent out to the Business Units ('BU'). BUs engage in identification and management of bottom-up risks, which are periodically reviewed as per defined ERM process. The risks are escalated and aggregated for reporting to GRRC and RMC. This is complemented by a top-down process, which helps in identification of strategic and enterprise level risks.

During the year under review, the Company undertook a Risk Maturity Assessment through an external partner to assess the maturity of the ERM process. The Board is pleased to report that with a score of 4.63 on a scale of 5, the Company has been recognised to be ahead in the risk maturity curve compared to its peers in mining & metal sector and marginally behind the highest scoring organisations (across sectors).

The Company's risk intelligent culture enabled it to manage the uncertainties in an unprecedented business environment during the year under review. As the COVID-19 situation evolved, "scenario-based risk assessment" was facilitated across the Company. Further, business decisions were pivoted to achieve cash neutrality in operations by reducing spend, managing working capital and reducing capital expenditures. Operating regime was recalibrated in response to the decline in domestic demand. Supply chain disruptions were managed through obtaining necessary licenses to ensure movement of raw materials and finished goods. In view of sluggish domestic steel demand, risk to sales was mitigated through enhanced exports and new international markets were targeted.

To reduce dependence on global commodity supply chains, captive coal, iron ore and pellet inventory were ramped up to reduce the buy, post normalisation of operations and improve profitability. Investments made by the Company over the years on digital transformation, ensured seamless migration of the work processes to remote working models across locations. The Company also engaged in assessing the risk of single geography sourcing and mitigations have been put in place to diversify sourcing and / or find alternate materials.

Implementation of focussed risk mitigation strategies coupled with improvement in the global and domestic macro environment has improved the Company's risk profile in second half of the financial year 2020-21. Despite the challenges posed by COVID-19, the Company has been able to deleverage beyond the target set for the year.

The Company continues to be vigilant of the evolving pandemic situation to proactively manage risks, as they emerge in financial year 2021-22. Health and safety of employees and the communities in the vicinity of our operations, continues to be the top-most priority for the Company, whilst simultaneously ensuring continuity of our business operations.

During the year under review, the Company has made significant progress in its journey towards risk intelligence. The Company has been adjudged the 'Masters of Risk in Metals & Mining' and 'Risk Technology' at the 7th edition of The India Risk Management Awards.

Vigil Mechanism

The Company has in place a Vigil Mechanism that provides a formal channel for all its Directors, employees and business associates including customers to approach the Chairman of the Audit Committee or Chief Ethics Counsellor and make protected disclosures about the unethical behaviour, actual or suspected fraud or violation of the Tata Code of Conduct ('TCoC'). No person is denied access to the Chairman of the Audit Committee.

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, the Gift and Hospitality Policy, the Conflict of Interest Policy for Employees, the Anti-Bribery & Anti-Corruption ('ABAC') Policy and the Anti-Money Laundering ('AML') Policy.

The Whistle-blower Policies for Directors & Employees, Business Associates and TCoC encourage every Director, employee, and Business Associate to promptly report any actual or possible violation of the TCoC or any event that he or she becomes aware of that could affect the business or reputation of the Company. This policy includes 'reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information ('UPSII')' as required in terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.

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

The ABAC and AML policies primarily covers risk assessment, third party due diligence, training & awareness, and audit & reporting.

The Gift and Hospitality Policy aims to provide guidance to directors, officers and employees or persons who perform services for or on behalf of the Company on what is appropriate and acceptable, and what is not acceptable, for offering, giving and accepting gifts and hospitality. The Policy is in consonance with ABAC and AML policies.

The Company has a Conflict of Interest policy that requires employees to act in the best interest of the Company without any conflicts and declare conflicts, if any (real, potential or perceived).

The Whistle-blower Reward and Recognition Guidelines for employees has been implemented to encourage employees to genuinely blow the whistle on any 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.

During the year under review, a Third-Party Whistle-Blowing helpline service was made effective through an external service provider, KPMG Advisory Services Private Limited, across the Company as well as the TSG. The Ethics helpline services includes toll free number, web access, postal services and e-mail facilities. This helpline service acts as a platform within the Tata Steel Group Companies, to raise concerns on unethical behaviour and enhance 'zero tolerance towards unethical activities'.

During the year under review, the Company also undertook a series of communication and training programmes for internal stakeholders, vendors and distributors, with the aim to create awareness amongst them about the Company's values, TCoC and other ethical practices of the Company. E-Learning modules on AML Policy and POSH Policy were launched by the Company during the financial year 2020-21 to sensitise the employees on the relevant laws and policies. The Company introduced a structured yet informal platform "Stay in Touch" for its employees to interact with Chief Ethics Counsellor to understand the issues and integrate employees with the Company's culture through an open discussion. The Company also undertook various theme-based campaigns, town hall, and departmental events. 'Neeti Katha / Neeti Sanchar' i.e. story-telling through snippet series on the scenarios of 'ABAC', 'Integrity' and 'Respectful workplace' were shared with employees as part of the awareness campaign. The Company also celebrated the month of July as Ethics Month with all communication and programmes centred around the theme "Responsible Me Responsible We". These engagement programmes have helped in reinforcing employee involvement in driving the Management of Business Ethics.

The Company has developed a robust system to raise concerns on unethical behaviour, taken efforts to make stakeholders aware of such systems as well as of their responsibility to report such concerns and practice non-retaliation. The strong mechanism to address such concerns instils in our stakeholders the confidence to report ethical violations. The Company has also leveraged digital platforms for training and communication, thereby resulting in greater clarity on the subject and system amongst the stakeholders.

The Company takes pride in winning one of the World's Most Ethical Companies ('WME') award for the 10th time by Ethisphere Institute, USA.

During the year under review, the Company received 777 whistle-blower complaints of which as on March 31, 2021, 541 complaints were investigated and appropriate actions were taken and investigations were underway for the remaining 236 complaints. Majority of these pending complaints were received during the quarter ended March 31, 2021.

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 made thereunder.

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

During the year under review, the Company received 21 complaints of sexual harassment, of which 15 complaints have been resolved by taking appropriate actions and 6 complaints are under investigation. These 6 complaints have been received during the months of February and March 2021.

Related Party Transactions

In line with the requirements of the Act and the SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website at <https://www.tatasteel.com/media/5891/policy-on-related-party-transactions.pdf>

During the year under review, all related party transactions entered into by the Company, were approved by the Audit Committee and were at arm's length and in the ordinary course of business. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. The Company did not have any contracts or arrangements with related parties in terms of Section 188(1) of the Act. Also, there were no material related party contracts entered into by the Company.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for financial year 2020-21 and hence does not form part of this report.

Details of related party transactions entered into by the Company, in terms of Ind AS-24 have been disclosed in the

notes to the standalone / consolidated financial statements forming part of this Integrated Report.

Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance system 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 2020-21.

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;
- they 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;
- they have taken proper and sufficient care 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;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- they have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are 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 recognised framework to report on the initiatives undertaken by the Company on environmental, social and governance perspective. 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 Ernst & Young Associates LLP 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

The Company has 209 subsidiaries and 49 associate companies (including 28 joint ventures) as on March 31, 2021. During the year under review, the Board of Directors reviewed the affairs of material subsidiaries. There has been no material change in the nature of the business of the subsidiaries.

We have, in accordance with Section 129(3) of the Act prepared Consolidated Financial Statements of the Company and all its subsidiaries, associates and joint ventures 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 Act and the amendments thereto, read with the SEBI Listing Regulations the audited Financial Statements, including the consolidated financial statements and related information of the Company and financial statements of the subsidiary companies are available on our website www.tatasteel.com

The names of companies that have become or ceased to be subsidiaries, joint ventures and associates during the year under review 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 (Registration No. 304026E/E300009), 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.

In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no more a legal requirement. Accordingly, the Notice convening the ensuing AGM does not carry any resolution on ratification of appointment of Statutory Auditors.

The report of the Statutory Auditor forms part of the Integrated Report and Annual Accounts for FY 2020-21. The said report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Statutory 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 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 prepared 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, 2022.

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.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration of ₹20 lakhs plus applicable taxes and reimbursement of out-of-pocket expenses 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, a resolution to this effect forms part of the Notice convening the AGM.

Secretarial Auditors

Section 204 of the Act, *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 had appointed Parikh & Associates, (Registration No. P1988MH009800) Practising Company Secretaries, as the Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year 2020-21 and their Report is annexed to this report (**Annexure 8**). There are no qualifications, observations, adverse remark or disclaimer in the said Report.

Annual Return

The Annual Return for financial year 2020-21 as per provisions of the Act and Rules thereto, is available on the Company's website at <https://www.tatasteel.com/media/13904/annual-return-2021.pdf>

Significant and Material Orders passed by the Regulators or Courts

There has been no significant and material order 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 or investments made during the year under review in accordance with Section 186 of the Act is annexed to this report (**Annexure 9**).

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 10**).

Deposits

During the year under review, the Company has not accepted any deposits from public in terms of the Act. 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.

G. Acknowledgements

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. 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 and the Governments in the countries where we have operations and other regulatory authorities and 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
May 5, 2021