

## BOARD'S REPORT

To the Members,

Your Directors take pleasure in presenting the 8<sup>th</sup> Integrated Report [prepared as per Integrated Reporting <IR> framework of the International Integrated Reporting Council (IIRC) (now consolidated into IFRS Foundation)] and the 116<sup>th</sup> Annual Accounts on the business and operations of Tata Steel Limited ('Tata Steel' or 'Company'), along with the summary of standalone and consolidated financial statements for the financial year ended March 31, 2023.

### A. Financial Results

(₹ crore)

Particulars	Tata Steel Standalone		Tata Steel Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from operations	1,29,006.62	1,29,021.35	2,43,352.69	2,43,959.17
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	1,01,304.65	77,891.50	2,11,052.53	1,80,469.22
Operating Profit	27,701.97	51,129.85	32,300.16	63,489.95
Add: Other income	3,325.48	1,452.02	1,037.48	784.89
Profit before finance cost, depreciation, exceptional items and tax	31,027.45	52,581.87	33,337.64	64,274.84
Less: Finance costs	3,792.14	2,792.08	6,298.70	5,462.20
Profit before depreciation, exceptional items and tax	27,235.31	49,789.79	27,038.94	58,812.64
Less: Depreciation and amortisation expenses	5,434.61	5,463.69	9,335.20	9,100.87
Profit / (Loss) before share of profit/(loss) of joint ventures & associates, exceptional items & tax	21,800.70	44,326.10	17,703.74	49,711.77
Share of profit / (loss) of Joint Ventures & Associates	-	-	418.12	649.16
<b>Profit / (Loss) before exceptional items &amp; tax</b>	<b>21,800.70</b>	<b>44,326.10</b>	<b>18,121.86</b>	<b>50,360.93</b>
Add/(Less): Exceptional Items	(778.78)	(235.45)	113.26	(134.06)
<b>Profit before tax</b>	<b>21,021.92</b>	<b>44,090.65</b>	<b>18,235.12</b>	<b>50,226.87</b>
Less: Tax Expense	5,526.81	11,079.47	10,159.77	8,477.55
<b>(A) Profit/(Loss) after tax</b>	<b>15,495.11</b>	<b>33,011.18</b>	<b>8,075.35</b>	<b>41,749.32</b>
Total Profit / (Loss) for the period attributable to:				
Owners of the Company	-	-	8,760.40	40,153.93
Non controlling interests	-	-	(685.05)	1,595.39
<b>(B) Total other comprehensive income</b>	<b>100.37</b>	<b>694.90</b>	<b>(13,849.07)</b>	<b>1,305.42</b>
<b>(C) Total comprehensive income for the period [ A + B ]</b>	<b>15,595.48</b>	<b>33,706.08</b>	<b>(5,773.72)</b>	<b>43,054.74</b>
<b>Retained Earnings: Balance brought forward from the previous year</b>	<b>76,498.67</b>	<b>46,480.00</b>	<b>55,647.79</b>	<b>16,476.70</b>
Add: Profit for the period	15,495.11	33,011.18	8,760.40	40,153.93
Less: Distribution on Hybrid perpetual securities	-	1.46	-	1.46
Add: Tax effect on distribution of Hybrid perpetual securities	-	0.37	-	0.37
Add: Other Comprehensive Income recognised in Retained Earnings	210.31	5.67	(9,981.60)	366.39
Add: Other movements within equity	-	9.99	(33.12)	1,656.02
Balance	92,204.09	79,505.75	54,393.47	58,651.95
Which the Directors have apportioned as under to:-				
(i) Dividend on Ordinary Shares	6,233.11	3,007.08	6,227.15	3,004.16
<b>Total Appropriations</b>	<b>6,233.11</b>	<b>3,007.08</b>	<b>6,227.15</b>	<b>3,004.16</b>
<b>Retained Earnings: Balance to be carried forward</b>	<b>85,970.98</b>	<b>76,498.67</b>	<b>48,166.32</b>	<b>55,647.79</b>

**Notes:**

- i. On July 4, 2022, Tata Steel Long Products Limited ('**TSLP**'), a non-wholly owned listed subsidiary of the Company, had completed the acquisition of Neelachal Ispat Nigam Limited ('**NINL**') for a total purchase consideration of ₹12,100 crore as per the terms and conditions of the Share Sale and Purchase Agreement ('**SPA**'). The financial statements of NINL have been consolidated effective July, 4 2022.
- ii. Pursuant to an order pronounced by the Hon'ble National Company Law Tribunal, Kolkata Bench ('**Hon'ble NCLT**') on April 7, 2022, Tata Steel Mining Limited ('**TSML**'), an unlisted wholly-owned subsidiary of the Company completed the acquisition of a controlling stake of 90% in Rohit Ferro-Tech Limited ('**RFT**') on April 11, 2022, under the Corporate Insolvency Resolution Process ('**CIRP**') of the Insolvency and Bankruptcy Code, 2016 ('**Code**'). Vide the same order, the Hon'ble NCLT also approved the amalgamation of RFT with TSML subject to TSML acquiring 100% equity stake in RFT. On July 7, 2022, RFT was amalgamated with TSML.
- iii. Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.
- iv. During the year under review, exceptional items (Consolidated Accounts) primarily represents:
  - a. Gain on sale of non-current investments at Tata Steel Europe ('**TSE**') amounting to ₹67 crore.
  - b. Impairment reversal ₹96 crore at TSE on deferred consideration of Speciality Business.
  - c. Net impairment reversal in respect of property, plant and equipment (including capital work-in-progress), right-of-use assets and other assets at TSE amounting to ₹37 crore.
  - d. Fair valuation gain on non-current investments amounting to ₹31 crore at Tata Steel Limited (Standalone).

Partly offset by,

- a. Net Provision for Employee Separation Scheme ('**ESS**') amounting to ₹92 crore under Sunehere Bhavishya Ki Yojana ('**SBKY**') scheme at Tata Steel Limited (Standalone).
- b. Expenses incurred in stamp duty and registration fees for a portion of land parcels and mines acquired as part of business combination amounting to ₹2 crore at TSLP.

- c. Impairment of Mini Blast Furnace at Tata Steel Thailand ('**TSTH**') amounting to ₹11 crore.
- d. Net impairment charge of ₹12 crore on Inter Corporate Deposit ('**ICD**') & investments in one of the associates at Tata Steel Limited (Standalone).

The exceptional items (Consolidated Accounts) in Financial Year 2021-22 primarily include:

- a. Restructuring and other provisions which includes charge on Employees Family Protection Scheme for COVID-19 amounting to ₹215 crore at Tata Steel Limited (Standalone), Tata Steel Downstream Products Limited ('**TSDPL**') and at Tata Steel Utilities and Infrastructure Limited ('**TSUISL**').
- b. Impairment charges (net of reversal) ₹172 crore in respect of property, plant and equipment (including capital work-in-progress), right-of-use assets and other assets primarily at TSE and TSTH.
- c. Provision for ESS amounting to ₹331 crore includes provisions made primarily under SBKY scheme amounting to ₹208 crore and Second Innings Scheme amounting to ₹123 crore, at Tata Steel Limited (Standalone).
- d. Impairment of Inter Corporate Deposits ('**ICDs**') given to an associate of the Company amounting to ₹100 crore at Tata Steel Limited (Standalone).
- e. Expenses incurred on stamp duty and registration fees for a portion of land parcels and mines acquired as part of business combination amounting to ₹27 crore at TSLP.
- f. Redundancy provisions at TSE amounting to ₹14 crore.
- g. Impairment on outstanding deferred consideration at TSE amounting to ₹81 crore.

Partly offset by,

- a. Profit on sale of subsidiaries and non-current investments in NatSteel Holdings Pte. Ltd. ('**NSH**') amounting to ₹725 crore.
- b. Reversal of fair valuation loss previously taken on investment in debentures of a joint venture of the Company amounting to ₹50 crore at Tata Steel Limited (Standalone).
- c. Gain on sale of land amounting to ₹31 crore at Tata Metaliks Limited ('**TML**').

## 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 (the '**Policy**').

The Policy is available on our website at <https://www.tatasteel.com/media/6086/dividend-policy-final.pdf>

## 2. Dividend

For the Financial Year 2022-23, the Board has recommended a dividend of ₹3.60 per Ordinary (equity) Share of face value of ₹1/- each (previous year: ₹51/- per fully paid-up Ordinary (equity) Share of face value of ₹10/- each).

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

The dividend on Ordinary (equity) Shares is subject to the approval of the Shareholders at the Annual General Meeting ('**AGM**') scheduled to be held on Wednesday, July 5, 2023 and will be paid on and from Monday, July 10, 2023.

Based on the number of Ordinary (equity) Shares as on the date of this report, the dividend, if approved would result in a cash outflow of ~₹4,400 crore. The dividend on Ordinary (equity) Shares is 360% of the paid-up value of each share. The total dividend pay-out works out to 28% (previous year: 19%) 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 Friday, June 23, 2023 to Wednesday, July 5, 2023 (both days inclusive) for the purpose of payment of the dividend and AGM for the financial year ended March 31, 2023.

## 3. Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for the Financial Year 2022-23 in the statement of profit and loss.

## 4. Capex and Liquidity

During the year under review, the Company, on a consolidated basis, spent ₹14,142 crore on capital projects across India and Europe, largely towards ongoing growth projects in India, essential sustenance and replacement schemes.

The Company's liquidity position, on a consolidated basis, is ₹28,688 crore as on March 31, 2023, comprising ₹17,083 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 forms part of this Integrated Report and Annual Accounts 2022-23 (**Annexure 1**).

## B. Integrated Report and Business Responsibility and Sustainability 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 of the International Integrated Reporting Council (IIRC) (now consolidated into IFRS Foundation). Our 8<sup>th</sup> Integrated Report highlights the measures taken by the Company that contributes to long-term sustainability and value creation, while embracing different skills, continuous innovation, sustainable growth and a better quality of life.

In accordance with Regulation 34(2)(f) of the SEBI Listing Regulations, the Securities and Exchange Board of India ('**SEBI**'), in May 2021, introduced new sustainability related reporting requirements to be reported in the specific format of Business Responsibility and Sustainability Report ('**BRSR**'). BRSR is a notable departure from the existing Business Responsibility Report and a significant step towards giving platform to the companies to report the initiatives taken by them in areas of Environment, Social and Governance. Further, SEBI has mandated top 1,000 listed companies, based on market capitalisation, to transition to BRSR from FY2022-23 onwards. Accordingly, we are glad to present our inaugural BRSR for FY2022-23.

## C. Operations and Performance

### 1. Tata Steel Group

During the year under review, the consolidated crude steel production for Tata Steel Group ('**TSG**') was

30.65 MnT as against 31.03 MnT of FY2021-22, a marginal decline of 1%. The production increased at Tata Steel Limited (Standalone) by 3%, to 18.97 MnT, (FY2021-22: 18.38 MnT), Tata Steel Europe ('TSE') produced 9.35 MnT, lower by 8% (FY2021-22: 10.11 MnT) as TSUK undertook a significant maintenance programme focused on its steelmaking assets in Port Talbot in order to improve operational stability along with weakening of market during the 2<sup>nd</sup> half of the financial year. Tata Steel Long Products (standalone) produced 0.71 MnT (FY2021-22: 0.68 MnT). Moreover, with the completion of the acquisition of Neelachal Ispat Nigam Limited ('NINL') during the year, the production further increased by 0.20 MnT. Production at South-East Asia ('SEA') was 1.43 MnT (FY2021-22: 1.86 MnT) which was lower due to disposal of Singapore operations of NatSteel Holdings Pte. Ltd. ('NSH') during FY2021-22. The consolidated steel deliveries of TSG was at 28.79 MnT in FY2022-23 as against 29.52 MnT in FY2021-22, a marginal decrease of 2%, primarily at TSE due to weakening of market and at SEA.

The turnover of TSG at ₹2,43,353 crore was marginally lower over FY2021-22 by ₹606 crore. This was on account of decline in steel realisations across geographies except European operations, attributable to decrease in demand and implementation of export duty on steel in India during the year, along with lower steel deliveries by 0.73 MnT.

The EBITDA of TSG for FY2022-23 at ₹32,698 crore was lower over FY2021-22 by ₹31,132 crore (49%), primarily due to increase in input cost mainly in coking coal along with lower steel realisations in India.

## 2. India

During the year under review, the crude steel production in Tata Steel Limited increased by 3% to 18.97 MnT on account of better operational performance. During the year under review, total deliveries at Tata Steel Limited (Standalone) were at 18.22 MnT (previous year: 17.62 MnT). Turnover was ₹1,29,007 crore (previous year: ₹1,29,021 crore), which was at par against the previous year mainly due to higher deliveries, offset by decline in steel prices. EBITDA was at ₹28,175 crore (previous year: ₹51,456 crore), 45% lower than that of the previous year, primarily on account of higher raw material cost, mainly coking coal.

TSLP on a consolidated basis achieved crude steel production of 0.91 MnT, while deliveries stood at 0.82 MnT, both higher than previous year, due to

acquisition of NINL during the year. The turnover at ₹8,992 crore was significantly higher on account of higher deliveries and higher prices. EBITDA was at negative ₹613 crore and loss after tax was at ₹2,304 crore. This was primarily on account of higher input cost, mainly coking coal prices along with expenditure incurred on revamping NINL which started production within 3 months of its acquisition. Increase in finance cost and depreciation and amortisation charge post NINL acquisition further impacted the profits.

Total deliveries of Tata Steel from its Indian operations (including TSLP) stood at 18.87 MnT which is higher than the previous year by 3%. The turnover was ₹1,37,030 crore, a marginal increase by ~1% against previous year and EBITDA (excluding inter-company eliminations and adjustments) was ₹27,561 crore, 48% decline over previous year, owing to sharp increase in operating cost due to increase in imported coking coal prices and decline in steel realisations, which was partly offset by, higher steel deliveries.

## 3. Europe

During the year under review, liquid steel production from European operations was 9.35 MnT (previous year: 10.11 MnT), a decrease of 8% against the previous year due to low demand from the market in the second half of the year following the general economic slowdown in Europe, although production was not as low as deliveries due to a build-up of inventory in TSN in order to support operations during an extended outage for the Blast Furnace 6 reline at the start of FY2023-24. Deliveries from European operations decreased by around 10% to 8.16 MnT primarily due to decline in demand. Turnover from operations was ₹90,300 crore (previous year: ₹90,023 crore) which was marginally higher than FY2021-22. However, in GBP terms, revenue increased by 5% due to improved average revenue per tonne which more than offset the lower deliveries.

EBITDA stood at ₹4,632 crore (previous year: ₹12,164 crore) which declined over the previous year. This reflected contrasting EBITDA performance between the first and second half of the year with the first half benefitting from exceptionally high selling prices resulting in record EBITDA performance. The second half however experienced a reduction in selling prices due to lower market demand following the economic slowdown in Europe although raw material and energy costs remained high which resulted in EBITDA losses.

## D. Key Developments

### 1. Amalgamation

#### a) Amalgamation of Tata Steel Long Products Limited into and with Tata Steel Limited

The Board of Directors of the Company ('**Board**'), at its meeting held on September 22, 2022, approved the scheme of amalgamation of Tata Steel Long Products Limited ('**TSLP**') into and with the Company ('**TSLP Scheme**'). TSLP is the listed subsidiary of the Company. The Board has recommended a share exchange ratio of 67 fully paid-up equity shares of nominal value of ₹1/- each of the Company for every 10 fully paid-up equity shares of nominal value of ₹10/- each held by the public shareholders of TSLP. As part of the TSLP Scheme, the equity and preference shareholding of the Company in TSLP shall stand cancelled. The Company has received the 'observation letter' dated March 31, 2023 from the National Stock Exchange of India Limited and BSE Limited and has filed an application before the Hon'ble National Company Law Tribunal, Mumbai Bench for necessary directions. The amalgamation is subject to approval from the shareholders and other regulatory/governmental authorities.

#### b) Amalgamation of The Tinplate Company of India Limited into and with Tata Steel Limited

The Board, at its meeting held on September 22, 2022, approved the scheme of amalgamation of The Tinplate Company of India Limited ('**TCIL**') into and with the Company ('**TCIL Scheme**'). TCIL is the listed subsidiary of the Company. The Board has recommended a share exchange ratio of 33 fully paid-up equity shares of nominal value of ₹1/- each of the Company for every 10 fully paid-up equity shares of nominal value of ₹10/- each held by the public shareholders of TCIL. As part of the TCIL Scheme, the equity shareholding of the Company in TCIL shall stand cancelled. The Company has received the 'observation letter' dated March 31, 2023 from the National Stock Exchange of India Limited and BSE Limited and has filed an application before the Hon'ble National Company Law Tribunal, Mumbai Bench for necessary directions. The amalgamation is subject to approval from the shareholders and other regulatory/governmental authorities.

#### c) Amalgamation of Tata Metaliks Limited into and with Tata Steel Limited

The Board, at its meeting held on September 22, 2022, approved the scheme of amalgamation of Tata Metaliks Limited ('**TML**') into and with the Company ('**TML Scheme**'). TML is the listed subsidiary of the Company. The Board has recommended a share exchange ratio of 79

fully paid-up equity shares of nominal value of ₹1/- each of the Company for every 10 fully paid-up equity shares of nominal value of ₹10/- each held by the public shareholders of TML. As part of the TML Scheme, the equity shareholding of the Company in TML shall stand cancelled. The Company has received the 'observation letter' dated March 31, 2023 from the National Stock Exchange of India Limited and BSE Limited and has filed an application before the Hon'ble National Company Law Tribunal, Mumbai Bench for necessary directions. The amalgamation is subject to approval from the shareholders and other regulatory/governmental authorities.

#### d) Amalgamation of TRF Limited into and with Tata Steel Limited

The Board, at its meeting held on September 22, 2022, approved the scheme of amalgamation of TRF Limited ('**TRF**') into and with the Company ('**TRF Scheme**'). TRF is the listed associate of the Company. The Board has recommended a share exchange ratio of 17 fully paid-up equity shares of nominal value of ₹1/- each of the Company for every 10 fully paid-up equity shares of nominal value of ₹10/- each held by the public shareholders of TRF. As part of the TRF Scheme, the equity and preference shareholding of the Company in TRF shall stand cancelled. The Company has received the 'observation letter' dated March 31, 2023 from the National Stock Exchange of India Limited and BSE Limited and has filed an application before the Hon'ble National Company Law Tribunal, Mumbai Bench for necessary directions. The amalgamation is subject to approval from the shareholders and other regulatory/governmental authorities.

#### e) Amalgamation of The Indian Steel & Wire Products Limited into and with Tata Steel Limited

The Board, at its meeting held on September 22, 2022, approved the scheme of amalgamation of The Indian Steel & Wire Products Limited ('**ISWP**') into and with the Company ('**ISWP Scheme**'). ISWP is an unlisted subsidiary of the Company. Upon the Scheme coming into effect, the shareholders of ISWP (except the Company) shall receive ₹426/- for every 1 fully paid-up equity share of nominal value of ₹10/- each of ISWP held by the shareholders of ISWP. As part of the ISWP Scheme, the equity shareholding of the Company in ISWP shall stand cancelled. The Company has received the 'observation letter' from the National Stock Exchange of India Limited and BSE Limited on March 24, 2023. The amalgamation is subject to approval from the shareholders and other regulatory/governmental authorities.



**f) Amalgamation of Tata Steel Mining Limited into and with Tata Steel Limited**

The Board, at its meeting held on September 22, 2022, approved the scheme of amalgamation of Tata Steel Mining Limited ('**TSML**') into and with the Company ('**TSML Scheme**'). TSML is a wholly-owned subsidiary of the Company and upon the TSML Scheme coming into effect, the entire paid-up share capital of TSML shall stand cancelled. The TSML Scheme is pending approval before the Hon'ble National Company Law Tribunal, Cuttack Bench. The amalgamation is also subject to approval from other regulatory/governmental authorities.

**g) Amalgamation of S & T Mining Company Limited into and with Tata Steel Limited**

The Board, at its meeting held on September 22, 2022, approved the scheme of amalgamation of S & T Mining Company Limited ('**S&T Mining**') into and with the Company ('**S&T Scheme**'). S&T Mining is a wholly-owned subsidiary of the Company and upon the S&T Scheme coming into effect, the entire paid-up share capital of S&T Mining shall stand cancelled. The S&T Scheme is pending approval before the Hon'ble National Company Law Tribunal, Kolkata Bench. The amalgamation is also subject to approval from other regulatory/governmental authorities.

**h) Amalgamation of Angul Energy Limited into and with Tata Steel Limited**

The Board of Directors of the Company, at its meeting held on February 6, 2023, approved the scheme of amalgamation of Angul Energy Limited ('**AEL**') into and with the Company ('**AEL Scheme**'). Upon the AEL Scheme coming into effect, the shareholders of AEL (except the Company) shall receive ₹1,045 for every 1 fully paid-up equity share of nominal value of ₹10/- each of AEL held by the shareholders of AEL. The Company has filed the application with the National Stock Exchange of India Limited and BSE Limited for necessary directions. The amalgamation is subject to approval of the shareholders and other regulatory/governmental approvals.

**2. Acquisitions & Investments**
**a) Acquisition of Rohit Ferro-Tech Limited through Tata Steel Mining Limited, a wholly-owned subsidiary**

On April 11, 2022, in terms of the approved Resolution Plan under the Corporate Insolvency Resolution Process ('**CIRP**') of the Insolvency and Bankruptcy Code 2016 ('**Code**'), the

Company through Tata Steel Mining Limited ('**TSML**'), a wholly-owned subsidiary, completed the acquisition of 90% stake in Rohit Ferro-Tech Limited ('**RFT**').

On June 22, 2022, TSML acquired the remaining 10% equity stake of RFT held by the financial creditors for a consideration of ~₹20.06 crore which was paid by TSML on June 14, 2022. Upon completion of the said acquisition, RFT became a wholly-owned subsidiary of TSML. Further, on July 7, 2022, RFT was amalgamated with TSML, pursuant to the order of the Hon'ble National Company Law Tribunal, Kolkata Bench dated April 7, 2022 approving the Resolution Plan submitted by TSML for acquisition of RFT.

**b) Acquisition of Preference Shares of TRF Limited**

On May 13, 2022, the Company acquired 1,30,00,000 - 11.25% Optionally Convertible Redeemable Preference Shares ('**OCRPS**') of face value ₹10/- each of TRF Limited ('**TRF**'), a listed associate of the Company, on a preferential basis aggregating to ₹13 crore. Further, on June 8, 2022 and March 1, 2023, the Company acquired 16,50,00,000 - 12.17% (effective yield) Non-cumulative, Non-convertible, Non-Participating, Redeemable Preference Shares ('**NCRPS**') and 7,40,00,000 - 12.17% (effective yield) NCRPS, respectively of face value ₹10/- each of TRF on a preferential basis aggregating to ₹165 crore and ₹74 crore, respectively.

The OCRPS and NCRPS have been acquired to assist TRF in repayment/prepayment of the whole or a part of its existing indebtedness (including financial and operational creditors), additional working capital requirements, payment against long-outstanding vendor dues, to seek their support towards material supplies for completing legacy projects and delivering other committed orders and/or for other general corporate purposes.

The voting rights of the Company as a preference shareholder of TRF will be as per the provisions of the Companies Act, 2013 read with the Articles of Association of TRF. Further, the equity stake of the Company in TRF remains at 34.11%.

**c) Investment in Tata Steel Mining Limited**

On June 14, 2022 and August 30, 2022, the Company acquired 1,04,75,196 equity shares and 2,81,98,433 equity shares, respectively of face value ₹10/- each of Tata Steel Mining Limited ('**TSML**') at a premium of ₹9.15 per share on a preferential basis aggregating to ~₹20.06 crore

and ~₹54 crore, respectively. TSML continues to be a wholly-owned subsidiary post both the investments.

**d) Acquisition of Neelachal Ispat Nigam Limited through Tata Steel Long Products Limited and investment in Neelachal Ispat Nigam Limited**

On July 4, 2022, the Company through its listed subsidiary Tata Steel Long Products Limited ('TSLP'), completed the acquisition of 93.71% stake in Neelachal Ispat Nigam Limited ('NINL'). The acquisition was completed for an aggregate consideration of ₹12,100 crore as per the terms and conditions of the Share Sale and Purchase Agreement entered into by the Company in accordance with the process carried out by Department of Investment and Public Asset Management ('DIPAM') and consequently, NINL became a step-down subsidiary of the Company.

During the year, the Company directly acquired equity shares aggregating to 5.24% in NINL by way of purchase of equity shares from minority shareholders and by acquiring additional equity shares issued by NINL on preferential basis. As on March 31, 2023, TSLP holds 92.68% and the Company holds 5.24% in NINL.

**e) Investment in Tata Steel Downstream Products Limited**

During the year under review, the Company acquired 7,11,743 equity shares of ₹10/- each at a premium of ₹130.50 per share, of Tata Steel Downstream Products Limited, a wholly-owned subsidiary of the Company, on a preferential basis for an amount aggregating to ₹10 crore.

**f) Investment in Tata Steel Advanced Materials Limited**

During the year under review, the Company acquired 4,26,93,207 (75.94%) equity shares of Tata Steel Advanced

Materials Limited ('TSAML') from Tata Steel Downstream Products Limited, for an aggregate amount of ₹54.69 crore. Further, on March 23, 2022, the Company acquired the balance 1,35,29,959 (24.06%) shares held by Tata Steel Downstream Products Limited for an aggregate amount of ₹17.33 crore. Post the said acquisition, TSAML has become a direct wholly-owned subsidiary of the Company. The shares of TSAML are of face value of ₹10/- each and were acquired at a premium of ₹2.81 per share.

**g) Investment in Tata Steel Utilities and Infrastructure Services Limited**

On January 31, 2023 and March 23, 2023, the Company acquired 26,97,674 and 4,65,116 equity shares, respectively of face value ₹10/- each of Tata Steel Utilities and Infrastructure Services Limited ('TSUISL') at a premium of ₹205/- per share, on rights basis for an aggregate amount of approximately ₹68 crore. TSUISL continues to be a wholly-owned subsidiary of the Company.

**3. Divestments**

**Divestment of partial stake in Al Rimal Mining LLC, Oman**

On October 3, 2022, T S Global Holdings Pte. Ltd. ('TSGH'), an indirect wholly-owned subsidiary of the Company, set up in South-East Asia, concluded the divestment of its 19% equity stake in Al Rimal Mining LLC ('Al Rimal') to Oman National Investments Development Company ('Tanmia') pursuant to an agreement entered into between TSGH and Tanmia, thereby reducing its equity stake in Al Rimal from 70% to 51%.

**4. Financing and Debt Redemption**

**a) Issue of Non-Convertible Debentures**

During FY2022-23, the Company allotted the following Unsecured, Rated, Listed, Redeemable, Non-Convertible Debentures ('NCDs') to identified investors on a private placement basis:

No. of NCDs	Face value (₹)	Amount (₹ crore)	Date of allotment	Coupon	Tenure	Date of Maturity
5,000	10,00,000	500	September 20, 2022	7.50% (Series 1)	5 years	September 20, 2027
15,000	10,00,000	1,500	September 20, 2022	7.76% (Series 2)	10 years	September 20, 2032
2,15,000	1,00,000	2,150	February 27, 2023	8.03%	5 years	February 25, 2028

The NCDs are listed on the wholesale debt market segment of BSE Limited.

**b) Redemption of NCDs**

The Company has redeemed the following NCDs on the relevant due date as per their respective terms of issue:

Amount (₹ crore)	Date of allotment	Coupon	Date of Maturity
1,025	April 17, 2020	7.85%	April 17, 2023
510	April 22, 2020	7.85%	April 21, 2023
1,000	April 27, 2020	Floating Rate	April 27, 2023
500	April 30, 2020	Floating Rate	April 28, 2023

**c) Credit Rating**

During the year under review, international rating agency, S&P Global Ratings reaffirmed Tata Steel's Corporate Family Rating at 'BBB-' and revised the Outlook to Positive from Stable. Further, Moody's also reaffirmed the rating to 'Ba1' and revised the Outlook to Positive from Stable due to the Company's track record of good operating performance and conservative financial policy.

During the year, the domestic rating agencies, India Ratings and CARE had reaffirmed Tata Steel's long term credit rating at AA+. India Ratings revised the outlook from Stable to Positive.

**d) First and Final Call on Partly Paid-up Equity Shares**

On February 9, 2021, the Board of Directors of the Company approved the making of the first and final call of ₹461/- (comprising ₹7.498 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 (paid-up: ₹2.504 per share), issued by the Company, on a Rights basis, pursuant to the Letter of Offer dated January 22, 2018. As on March 31, 2022, the Company had 2,23,288 partly paid-up equity shares of face value ₹10/- each (paid-up: ₹2.504 per share) on which the first and final call money remained unpaid.

On March 18, 2023, the Stakeholder Relationship Committee approved the conversion of 3,16,580 partly paid-up shares of face value of ₹1/- each (31,658 partly paid-up equity shares of face value of ₹10/- each on which ₹2.504 was paid-up).

**5. Corporate Actions**
**a) Sub-division of Ordinary Shares of the Company**

On May 3, 2022, the Board of Directors of the Company, considered and approved the proposal for sub-division of 1 (one) equity share of the Company having face value of ₹10/- each into 10 (Ten) equity shares of the Company having face value of ₹1/- each ('**sub-division**')

and consequential amendments in the Capital Clause of the Memorandum of Association of the Company and Articles of Association of the Company, subject to the approval of the Shareholders of the Company and other necessary approvals. The said proposal was approved by the Shareholders of the Company at the Annual General Meeting held on June 28, 2022. The Record Date for the sub-division was set as July 29, 2022 and consequently, the face value of the equity shares of the Company (fully paid-up and partly paid-up) was sub-divided to ₹1/- each from ₹10/- each.

**b) Forfeiture of shares**

The Board of Directors, at their meeting held on March 27, 2023 considered and approved the forfeiture of 19,16,300 partly paid-up equity shares of face value ₹1/- each (prior to sub-division 1,91,630 partly paid-up equity shares of face value of ₹10/- each and paid-up ₹2.504 per share) on which the first and final call money was not paid.

**6. Operations**
**MoU with Punjab Government to set up a steel scrap based electric arc furnace steel plant**

On August 26, 2022, the Company signed a Memorandum of Understanding ('**MoU**') with the Government of Punjab for setting up a 0.75 MnTPA long products steel plant with a scrap-based electric arc furnace ('**EAF**'). This greenfield facility will be set up at Kadiana Khurd, Hitech Valley, Ludhiana in Punjab.

The state-of-the-art EAF-based steel plant would produce construction grade steel rebar under the Company's flagship retail brand 'Tata Tiscon', which would enable Tata Steel to further augment its market presence in the construction segment.

This is a part of the Company's commitment to investing in a circular economy and transitioning to low-carbon steelmaking through the steel recycling route. It is a step aligned to the Company's goal of achieving Net Zero carbon emission by 2045.



## E. Sustainability

Tata Steel is committed to sustainability and the environment. In alignment with Tata group sustainability initiative, 'Project Aalingana', the Company is committed to achieving Net Zero emissions by 2045 and is working on a decarbonisation road map that combines short, medium, and long-term goals.

Tata Steel's philosophy of steel production is deep rooted on the principles of zero harm, resource efficiency, circular economy, minimising ecological footprint and care for community & workforce. The Company has adopted the United Nations Sustainable Development Goals ('UN SDGs') and linked it with its long-term strategy and has revised its sustainability targets. The Company's strategy is to significantly reduce carbon emissions, minimise fresh water intake, become leader in nature based solutions, and include critical supply chain partners for Company's ESG risk assessment.

The Company takes it as its inherent responsibility to protect the rights of its stakeholders. The Company has adopted the Business and Human Rights Policy. The Policy is in consonance with the Universal Declaration of Human Rights, the UN Principles on Business and Human Rights, and the International Labour Organization Convention and Indian laws.

Tata Steel had identified supply chain sustainability as a key material issue and in order to take this forward, the Company had adopted the Tata Steel Responsible Supply Chain Policy. During the year under review, the Company took initiatives in deployment of the Policy through various communication channels, including a framework for shared growth between its suppliers and distributors for a sustainable supply chain.

The Company continues to be committed to serve its customers through a portfolio of products and disclosure of the environmental impact of its products by using the Life Cycle Assessment ('LCA') methodology. To accelerate its efforts in becoming a leader in product sustainability, Tata Steel strives to use LCA tool effectively in its products. During the year under review, the Company has undertaken LCA studies based on worldsteel LCA methodology guided by ISO 14040 and ISO 14044. Aligning with the goal to cover all steelmaking and downstream sites under LCA, this year we have completed the LCA study for downstream facilities at TSM Khopoli, TSM Sahibabad and CRC West covering a total of 8 different product categories. In FY2022-23,

Tata Steel published its first Environment Product Declaration ('EPD') for Steel Rebar for facilities in Jamshedpur Works as well as other manufacturing SPC followed by EPD for Steel structural hollow section under the brand Tata Structura manufactured at Tata Steel Tubes division along with other different production units and EPD for Steel Hot Rolled Coil covering all manufacturing locations across Jamshedpur, Kalinganagar and Meramandali. Also, Tata Ezyfit, which is a brand of innovative tubes for windows & door frame section received GreenPro certification. We have also carried out a LCA study for one of our Fibre Reinforced Polymer ('FRP') product to understand its life cycle environmental impact. In alignment to the Company's sustainability strategy, it aspires to obtain eco-labels (GreenPro and Environment Product Declaration) for its key products and proactively respond to its customers who seek product related sustainability information. In Europe, the Company has published Environmental Product Declarations with entire product range of the European operations certified with BES 6001 sustainable sourcing standard.

Further, towards sustainability, Tata Steel is supporting Task Force on Nature Related Disclosures in developing a risk management and disclosure framework to factor nature-related risks and opportunities while making financial and business decisions.

The Company continues to integrate Biodiversity within its business ecosystem. Towards this, the Company has aligned its actions with the National and International Biodiversity Targets and the Sustainable Development Goals. To augment the Company's efforts in Biodiversity conservation, Tata Steel has constituted Centre of Excellence for Biodiversity Management to strategically formulate and implement Biodiversity Management Plans ('BMPs') across locations. As on March 31, 2023, the Company has implemented BMPs across 15 locations in India.

Across Europe, there is a growing recognition that steelmakers need government support to decarbonise. Steelmakers and governments in a number of countries are working together to develop their decarbonisation plans, with such discussions covering selection of suitable technologies, access to abundant green energy supplies and infrastructure at a competitive price, possible fiscal support from the national Governments, and the need to create a competitive regulatory environment. Tata Steel has been involved in detailed engagement with the Dutch, UK and Welsh Governments on these complex themes.

Tata Steel Nederland and the Dutch government signed an Expression of Principles in FY2022-23 to transition to low CO<sub>2</sub> steelmaking, with an ambition to reduce CO<sub>2</sub> emission by 5 MnT by 2030.

**1. Environment**

Being a responsible corporate citizen, Tata Steel continues to strive for environmental sustainability across operations. To achieve this, the Company has taken necessary initiatives for environmental protection and addressing environmental concerns associated with its operations and supply chain. The Safety, Health & Environment Committee of the Board provides oversight and necessary guidance on safety, health and environmental matters. The Company has dedicated Environment Management teams at its key operating locations, globally. As part of responsible advocacy, the Company syndicates its stance with key stakeholders on environmental policy matters including regulatory issues and actively participates in various national and international forums on diverse environmental issues.

Guided by our Code of Conduct and internal corporate policies, the Company endeavours to set steel industry benchmark in environmental performance. With the strategic objective of ‘Leadership in Sustainability’, Tata Steel has achieved significant reduction in its environment footprint over the years through its commitment of being a responsible stakeholder in the community. The Company has taken several initiatives in areas of resource conservation, pollution control and waste management, amongst others. Tata Steel has adopted environment friendly processes, best available technologies, real-time monitoring systems and has IT enabled real-time dashboards to facilitate environmentally-friendly operational control. The Company has digitised the systems of real-time monitoring of environmental parameters to faster identify probable environmental impacts of its operations in order to undertake mitigating actions to control environmental pollution. Tata Steel maintains transparency of its environmental performance through various disclosures to stakeholders from time to time. During the year under review, Tata Steel has taken initiatives to retain its Indian benchmark position in stack dust emissions and fresh-water intake.

During the year, Tata Steel in Netherlands accelerated the measures under the Roadmap+ programme by implementing measures to reduce dust, noise, odour and other emissions. In April 2022, the Company commissioned several new slag pits with a mobile

covering to reduce dust, which is expected to reduce dust emissions by approximately 80%. Tata Steel is also building windbreaker screens of around 18 metres height and around a kilometre length around the raw material storage facilities, thereby reducing wind speeds and the associated dust dispersal.

Tata Steel is also constructing a dedusting plant at its IJmuiden Pellet Plant, which is expected to be completed in 2023. The dedusting plant is expected to reduce emissions of lead by 70%, alongside reduction in dust.

**2. 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 especially of steelmaking facilities across all geographies. The Company is committed to be aligned with national commitments on climate change in geographies we operate in.

The Company is signatory to the Task Force on Climate-related Financial Disclosures (‘TCFD’) and has identified transition risks and opportunities. Specific mitigation and contingency plans for each of the identified risks have been integrated within the Company’s long-term strategy.

Tata Steel is collaborating with wide range of organisations in developing the ecosystem to mitigate climate change transition risk. To move closer towards lower carbon route, the Company is working towards natural gas based DRI kiln and be future-ready in use of hydrogen by replacing natural gas. The Company continues to work towards integrating hydrogen gas in iron making processes as a non-fossil fuel and reductant. It is aligned with Tata Group’s aspiration to achieve Net Zero by 2045.

In India, the Company has:

- reduced its carbon footprint by improving resource efficiency through adoption of best available technologies & good practices and strives to reduce CO<sub>2</sub> emission intensity significantly with intermedial goals for 2030;
- identified physical risks present at steel plant sites of operation and is developing mitigation strategies for the same;
- collaborations with various academia, startups and other reputed organisations to work towards decarbonisation with an aspiration to emerge as

a business leader across the hydrogen and CCU value chains.

During the year under review, Tata Steel has taken initiatives to retain its global benchmark positions in CO<sub>2</sub> intensity of IJmuiden Plant in Netherlands and Jamshedpur Steel Works in India amongst Blast Furnace-Basic Oxygen Furnace (BF-BOF) based steelmaking facilities. Enhancing use of recycled scraps in steelmaking, renewables in electricity mix, energy efficiency of production processes and multiple improvement initiatives across value chain have enabled this improvement.

Tata Steel has undertaken a detailed and systematic assessment of Physical and Transition risks in a Climate Risk assessment focusing on its key steelmaking sites in India, the Netherlands and the UK. The assessment was conducted by an independent third-party advisor and was fully aligned with the recommendations of the Taskforce on Climate Related Financial Disclosures. The outcome of the risk assessment has been incorporated in the Climate Action Report included in the Integrated Report.

### 3. Health and Safety

The Company is deeply committed to prioritising Health and Safety Management and achieving 'Zero Harm.' In order to accomplish this, the Company is pursuing six strategies, which include building safety leadership capabilities at all levels, reinforcing contractor safety management standards to ensure zero harm to contract employees, improving the competency and capability to identify hazards and manage risks, enhancing road and rail safety throughout the Company, striving for achieving excellence in process safety management, and establishing industrial hygiene alongwith improving occupational health.

During the year under review, the Company undertook several initiatives, including the establishment of a Practical Safety Training Centre in Jamshedpur. This initiative exemplifies the Company's commitment to improve risk perception of the workforce by imparting hands-on training on different modules and leveraging advanced technologies to visualise potential hazards through virtual reality scenarios. Additionally, the Company has introduced a Behavioral Safety Theme Park, which serves as a forum for promoting learning through interactive discussions and fostering a cross-learning culture.

The Company has also made efforts to alleviate congestion of heavy vehicles on the road by constructing

a new transport park at Meramandali, capable of accommodating 110 trailers/trucks, complete with amenities such as restrooms and canteens for heavy vehicle drivers. Furthermore, to reduce the risks posed by the simultaneous movement of heavy vehicles and two-wheelers on the road, two-wheeler entry has been restricted at Tata Steel Meramandali ('**TSM**') and Tata Steel Kalinganagar ('**TSK**'). A segregated timing has been implemented at Tata Steel Jamshedpur ('**TSJ**') to regulate the movement of two-wheeler and heavy vehicle and prevent their simultaneous movements.

With a view to promote a positive safety culture throughout the organisation, the Company had organised the Safety, Health, and Environment Reward & Recognition Function for the third time. This programme aims to recognise and reward employees and departments for their remarkable contributions towards maintaining the safety standards and drive the positive safety culture at all levels within the organisation. The benefits of this programme have also been extended to cover vendor partners and non-officers.

The safety of contractors has continuously been a primary focus for the Company and the organisation has made considerable efforts to enhance the safety competency of its workforce by training them on simplified safety standards through e-modules and providing them safety training at Safety Leadership Development Centre at Jamshedpur. Contractor Safety Management System ('**CSMS**') is being deployed in all stockyards and Steel Processing Centers ('**SPCs**') of Tata Steel India.

The implementation of the 'Centre of Excellence' ('**CoE**') methodology for Process Safety has gained traction, leading to improved process safety competencies among employees. At present, the CoE-driven process safety initiative has been rolled out in most of the high hazard departments at TSJ, TSM & TSLP. With an endeavor to create a safer, more resilient, and sustainable organisation, identification of the top five safety risks across all departments of the Company was done and implementation of strategic risk mitigation plan is in progress. The Company also organised advance level training programme on Process Safety which was conducted by National Examination Board in Occupational Safety and Health ('**NEBOSH**') certified experts.

The Company has been working towards Occupational Health, and has implemented a comprehensive Industrial Hygiene programme which includes identification of occupational health hazards, risk analysis, and assessment of actual exposure through hazard quantification. The

programme also focusses on implementation of hazard control measures to maintain minimum exposure level and to reduce occupational health related risks. During the year under review, over 500 awareness sessions on 'Health & Wellbeing' have been organised across Tata Steel India for the employees and contract employees. Further, the Company has been recognised for 'Wellness at Workplace' by World Steel Association in Safety & Health Excellence Recognition Programme 2022.

Fatality of contract employees has been the topmost safety concern for the Company. It is with deep regret that Tata Steel Limited reports four (4) fatalities during the year under review. The Company launched hazard specific Safety campaigns viz. 'Slip/Trip/Fall', 'Hands are not Tools', 'Road Safety', etc. across locations to address gaps and improve safety awareness. Lost Time Injuries ('LTIs') at Tata Steel (India & South-East Asia) have reduced by 16% from the previous year.

At Tata Steel Europe, Health and Safety continues to be of utmost priority. It is with deep regret that Tata Steel UK reports one (1) fatality during the year under review. Both at TSN and TSUK, an integrated health and safety management system ensures a consistent approach to health and safety throughout the organisation. The Health and Safety Management System follows the Plan, Do, Check, Act management model, which is a process of continuous improvement.

#### 4. Research and Development

The Company has embarked on a journey for technology leadership and has made significant progress on several fronts in Research and Development ('R&D'). Working on the theme of 'Value from waste', the R&D team has developed a novel technology to produce synthetic anode material from coal tar, which is a by-product of steel. This material exhibits higher specific capacity compared to commercially available anode materials. Further, a process has also been developed to use low grade manganese ore for the synthesis of lithium manganese oxide for cathode application. The said anode and cathode materials have been demonstrated in 48V and 20Ah battery packs. The Company has successfully demonstrated a solid state thermo-electric generator ('TEG') to harness green electricity of 1 kW/hr from low grade waste heat of ammoniacal liquors at TSK.

Tata Steel has been working towards digitisation and key highlight in this regard is the development of a first principle-based model by exploiting of advance analytics & modelling tools. The model has been implemented on

Integrated Computational Materials Engineering ('ICME') framework to assist new product development related to Advanced High Strength Steels. The model can predict microstructure as well as mechanical properties along the length of the rolled coils and further enable flexible control of the run-out-table at the Hot Strip Mill.

The R&D team has had some noteworthy new product development projects which include cryogenic treated bearings for automotive segments which can extend life of bearings by at least two-folds, high-strength steels with high stretch flangeability, and successful trial production of API X65 sour for H2 transport application.

The Company has also been working towards achieving cost competitiveness through increasing efficiency of the existing processes. These include implementing of a newly designed hydrocyclone at Noamundi and Khondbond Wet plant which has improved the yield of the hydrocyclone plant up to 12%. The Company has deployed Super Absorbent Polymer ('SAP') in blast furnaces which resulted in reduction of moisture in coke by 2-3%. Further, the Company has successfully installed a Microbolometer at 'F' blast furnace which has resulted in coke rate reduction of ~30kg/thm.

The Company has been engaging with leading academic institutes in India and across the world to build strong industry-academia partnership for creating strategic advantages for the Company. During the year under review, the Company has set up a Centre for Innovation in Mobility ('CIM') at IIT Madras Research Park and an Innovation Centre on Mining and Mineral Research at the Indian Institute of Technology (Indian School of Mines), Dhanbad.

The Company's focus on Intellectual Property creation has further intensified, and during the FY2022-23, Tata Steel has filed over 130 new patent applications, which is highest ever number by the organisation in any given financial year. A number of these patent applications have been harvested from the collaborative projects with academia and research institutes.

In UK, the R&D work was focussed on five major themes – (a) Digitalisation (b) Future of Mobility (c) Sustainability (d) Innovations in Packaging and (e) Collaborative Research with the UK Innovation Ecosystem.

The TSUK R&D is actively engaged in using data analytics and process simulation technologies to improve plant processes. The Company has successfully implemented the intervention of Monitoring and Assessment of the Run Out Table Banks in the Hot Strip Mill at Port Talbot and development of Through Process Record ('TPR') sets that track the production history



of the products that the user is interested in and collects process data from each of the manufacturing processes along the product route. This methodology has been utilised to investigate and monitor datasets on projects such as surface defects in Surahammar, caster laminations, mechanical properties of DP800 and DP800GI products, full finish through process yield, coil weights in Shotton, body strength test data of tubes, among others.

The Company has developed a material database, Aurora Online which is a type of computer modelling design to check manufacturability and crash performance before any physical prototyping or tool manufacture. This has been recognised by users as industry leading because of the accuracy of its data and associated expertise. The R&D continues to engage closely with its global automotive customers through Value Analysis Value Engineering ('VAVE') and Early Vendor Involvement ('EVIS') programmes which help the Company to strengthen the position of new grades of its steel products in comparison to competitive products e.g. Aluminium.

With a view to make its functioning sustainable, the Company is presently looking into new bio-based or inorganic insulation materials as well as recycling options for existing Poly Iso Cyanurate ('PIR') based composite panels. Further, in the UK Colors Business, sustainable plastisol carbon products are being developed that can reduce the carbon emissions by one third. The use of curing technologies such as ultra-violet and electron beam curing are also being explored instead of traditional technologies which will allow for 33% of carbon emission reduction.

Tata Steel produces over 400 KT coated products at its Packaging plant in Trostre. The R&D at UK are currently establishing a new 'can' end production facility to support Trostre. Further, in order to increase the capability, R&D is collaborating with the University of Warwick, to produce a full set of tools to manufacture Easy Open End ('EOE') can lids. This will allow R&D to run trials on the various coatings, grades and gauges for commissioning and enable Tata Steel to remain competitive in the market.

The UK Research & Innovation ('UKRI') Council funds projects that can demonstrate models and prototypes at a pre-commercial stage. Within this framework, the UK operations of the Company has been successful in applying and winning grants to work on future ready materials and technologies. The notable ones being novel coating technologies enabling 'wet on wet' paint coating of steel strips, new steel grades for next generation of electric vehicles and bi-steel electric motor core.

In Netherlands, the Company has progressed in its product developments by introducing a total of 10 new products which include formable grades for packaging, engineering grades (e.g. line pipe but also Hyperloop), and the expansion of the range for Serica FLOTM. Further, there has also been an initiative for various process improvements like the introduction of a new run-out table cooling control in the Hot Strip Mill ('STORM'), a major step and part of the whole investment in the HSM to expand its capacity, and the implementation of High Turbulence roll cooling in HSM2, which allows a better cooling at significantly lower energy consumption.

Further, R&D has been vital in getting many potential new products to reach higher level of Technology Readiness throughout the year and supported the customer interactions on a technical level. R&D continues to help the Company in its operations at Netherlands and its customers in its drive to become more sustainable and more environment friendly. Within R&D, work continues on Hlsarna project as a novel and more flexible reduction technology for iron production, but also a special programme on decarbonisation is now in full swing. This programme especially addresses the aspects of the new DRI based production route and will support the shorter term preparations for the investments as well as the longer term optimisation of the use of these installation. During the year under review, the focus of R&D has also been on the 'data driven steel' programme, that links to the Advanced Analytics expertise in technical and develops data-intense through-process solutions.

## 5. New Product Development

In line with the Company's vision to become the best-in-class manufacturer and preferred choice of steel mill in the domain of presence, Tata Steel has continued its focus on new product development. During the year under review, the Company developed 68 new products in India.

In the Hot Rolled Flat Products of high strength automotive grades, the Company has successfully developed the AHSS-HS900 for bulk trailer application which has resulted in a weight reduction of 20% by usage of thinner and stronger HS900 replacing the low strength thicker grade. AHSS-HS900 has demonstrated light weighting and higher pay load capability. Further, the development of JSH590B with 100% Hole Expansion Ratio ('HER') for control arm application is another promising development over existing grades with 75% HER. On hot-rolled automotive segment, TSM-Meramandali has successfully developed E46 for long member application and YST38 for wheel



disc application in heavy commercial vehicles along with SAPH 370 and Grade-CF for car wheel application. Development of ASTM Gr-50-Type-1 for PEB application from TSM further strengthens the supply chain.

In the Oil and Gas segment, the Company has successfully completed the trial production and ERW pipe making of X42Sour and X60Sour with Hydrogen Induced Cracking ('**HIC**'), Sulphide Stress Cracking ('**SSC**') and Stringent (80% Actual Yield Strength i.e AYS) Stress-Oriented Hydrogen Induced Cracking ('**SOHIC**') guarantee. API X65Hydrogen for 100% gaseous hydrogen transport has been cast and rolled under trial production route. 16 inches ERW pipes have been made from the coils produced with stringent guarantee on impact toughness, drop weight tear test and fracture toughness at -29°C, HIC, SSC and SOHIC. In Lifting & Excavation ('**L&E**') and Engineering segment, the Company has developed S700MC for telescopic boom arm application for one of its customers and S355MC with impact toughness guarantee at -48°C for arctic region transformer cover application, which constitute other significant developments leading towards import substitution.

In the Cold Rolled and Coated Products Technology, the Company has secured approvals from two-wheeler manufacturers for Chromium-free secondary coated Galvannealed fuel tanks of Bharat Stage VI (BS-VI) compliant two-wheelers. Through these approvals, the Company has demonstrated its continuing commitment to environment by partnering with customers and enabling implementation of critical BS-VI technology in two-wheelers. These approvals are also a major milestone in Company's intent to make its secondary coatings Cr-free. In CRCA products, development of HSLA340 for tube application using a leaner chemistry, and IFHS390 for automotive panel application are worth mentioning. IFHS390 from Development of 0.65-Si, Cold Rolled Non-Grain Oriented ('**CRNO**') steel for electrical motor application is another significant development.

In the long products segment, the Company has developed high strength, high ductility 6mm air cooled rebars with superior weld shear strength for welded wire mesh which will help in expediting construction process. Further, the Grade Fe 550D Corrosion Resistant Steel Rebar was developed to cater to the requirement of high strength corrosion resistant rebar. These are first in India products. Addressing the customer requirement of high-speed direct drawing wire rod grade, the Company has developed HC58A wire rod which could be drawn at 10m/s to fine wire. Further, Grade HC78BX wire rod was

developed with lower level of decarb and surface defect for rope application.

In Tata Steel UK, 12 new products were launched during the year. These launches cover a wide range of high value products and end applications for automotive, engineering, renewables and construction markets for both the UK and export opportunities. During the year under review, the Company launched new off-site manufactured construction solutions with Catnic Matrix and Trimawall Fast-Fit. These enable quicker, safer and standardised onsite construction. In the renewables sector, the Company launched Magizinc® for Solar S450 product which has 25 years guarantee. Additionally, the Company's Hot Rolled Dry specifications which were certified to ASTM standards, to enable the products to be used across the NAFTA region for export.

In Netherlands, the Company has launched 10 new products across the Automotive, Engineering, Packaging and Construction end-markets in the FY2022-23. In the Automotive segment, the Company launched the DP600-GI Hyperform product, which offers improved forming capabilities resulting in weight saving and yield improvement for Original Equipment Manufacturer ('**OEMs**'). Further, the launch of C45 medium carbon grade has led to further diversification of the portfolio for reroller customers.

The agriculture sector is served by 27MnCrB5, a new product which is used to produce harrow discs which results in a wider range of products of the Company. The Company also launched 3 products in the packaging sector which included variants of TS245 to cater to the high-end packaging market. Building systems launched Montana R12 Montaline®, which offers wide widths for smooth façade panels for application in commercial buildings in the German, Swiss and Dutch markets.

## **6. Customer Relationship**

During the year under review, the Company focused on strengthening its relationship with customers in line with the theme for the year 'Vision Next' – strive to own the future. Despite the global headwinds, the Company remained steadfast in its belief that customer focus can lead to superior performance. Various initiatives and activities were undertaken to elevate the customer experience. The digital initiatives and platforms served as a major backbone in achieving a new customer base, enabling more customer centric engagements, and easing the order flow.

The Company continued its efforts to enhance its relationship with B2B automotive OEMs and their large value chain partners. Considering the changing business requirements and to serve the customers better, the Company focused on the fast growth of the Light Commercial Vehicle segment, technical services offerings such as Vehicle Teardown and Benchmarking Services, Early Vendor Involvements ('EVIs') on upcoming models amongst others and broadening supply chain capabilities through new processing partners. Further, the Company's flagship initiative for weight and cost reduction - VAVE (Value Analysis & Value Engineering) and supply chain visibility through COMPASS platform, has enhanced value driven engagements with customers.

In servicing B2B non-automotive segment (IPPE - Industrial Products, Projects and Exports), the Company entered into a MoU with one of the key players in Oil and Gas Sector for development of hot rolled steel for green hydrogen pipeline. The Customer Service Teams ('CST') with key customer accounts continued to play a pivotal role in re-enforcing and nurturing the relationship with the Company. VAVE initiatives for L&E segment also helped in customer value creation. As a part of the digital initiatives, the Company has increased the onboarding of customers on the COMPASS platform covering ~67% of sales while continuing to add new customised features, improving the User Interface / User Experience, introducing mobile tracking, mobile application amongst others. The Company has also collaborated with various academia and industry bodies to increase the usage of Flat products in the construction segment in India. Knowledge summit 'Wired2Win+' for Wire Rod customers was relaunched for enhancing customer connect through networking and cross market knowledge sharing. In partnership with our overseas customers, first ever Electronic B/L for imports into Turkey was pioneered.

The MSME Sector is the largest provider of employment in the country and the Company attaches a lot of significance and value in serving them well. In order to address the requirements of the MSMEs, the Company offers branded products which are uniquely positioned to meet their application needs. The Company reaches out to its MSME customers through an elaborate All India distribution network. The Company has undertaken multiple engagement initiatives in a phygital manner on the ECAfez Qualithon platform. Some key offline initiatives include, customised microsegment meets like 'Ducticon' (for ducting & HVAC customers) & 'Panorama' (for panel customers) which were conducted along with industry

associations, knowledge exchange & capability building initiative, 'insIIte', was held in collaboration with IIT Bombay and multiple ECA Connects were held across the country to capture key market trends, resolve customers' shop floor issues and strengthen customer relationship. Online initiatives like Skilling India, Tech Talk and Safety First have helped in improving the knowledge base of customers by connecting more than 500 ECA customers online.

The construction landscape in India is evolving rapidly and is becoming more challenging. To address the growing needs in this sector, the Company has been working towards designing customised solutions as against conventional methods thereby generating value in the form of savings in time, cost and manpower for its long products customers. Platforms like 'Building Bonds' and 'Converse to Construct' have helped to facilitate the interactions of Channel Partner end-customers and influencers respectively with the senior leadership of the Company. During the year under review, 4 Building Bonds and 8 Converse to Construct events were organised. Similarly, across 4 'Igni8: The Spark', monthly webinar sessions, success stories of Channel Partners and segment specific knowledge was shared in collaboration with Academia and Industry experts.

Tata Steel brand offerings (Tata Tiscon, Tata Shaktee, Tata Kosh) to the retail consumers have attained respect and recognition by virtue of the quality and the value that they have delivered and continue to deliver.

During FY2022-23, Tata Tiscon through the Individual House Builder (IHB rebar brand) enabled over 6 lakh consumers to build their dream home. Under the Golden Home Consumer (having purchase volume > 3T) initiative, the brand connected with over 26,000 consumers. Further, over 500 'Ask Experts' camps were conducted across the country, with an aim to provide guidance in home construction to IHBs. 'Stories of Joy' – a consumer testimonial series was also curated with over 30 stories released during the year to capture the home building journey of consumers across the country.

The Company's flagship galvanised brands, Tata Shaktee & Tata Kosh organised the 3<sup>rd</sup> edition of Nexplore, the Annual Dealer Meet where the Company engaged with the top 250 dealers & fabricators. As part of Farmers Day celebrations, 22,000 farmers (consumers) were connected directly through Kissan Diwas Meets which was flanked by an ATL (Above the line) campaign, reaching out to 74 million people. Through 'Gaon Gaon Shaktee ki Chaon' a rural consumer van activation campaign, 51,000

prospective consumers were directly reached out on a daily basis. In addition to this, through the ongoing fabricator meets, Dealer Meets, Sub-Dealer Meets and Consumer Meets nearly 15,000 fabricators, 8,000 dealers, 600 sub-dealers and 1 lakh consumers were connected directly and further reaching out to 84 lakh people through various social media platforms.

Company's two solutions offering – Tata Pravesh (Steel doors and windows) and Nest-In (smart steel based modular construction solution) have consolidated their position as numero uno in a very competitive market. During the year under review, Tata Pravesh became the number 1 brand in doors and fenestration industry by volume of sales. The brand also continued to render superior and uniform customer experience through augmented IT infrastructure and best in class industry practices through Authorised Service Centre – SmartCare, increasing the presence to 14 numbers from the 1<sup>st</sup> year baseline of 7 numbers. During the year under review, Tata Pravesh achieved NPS Score of 60%. Additionally, Tata Pravesh expanded its Privileged Dealer ('PDP') network to 470 outlets.

Nest-In has implemented Sales Force Dot Com ('SFDC') - a Customer Relationship Management ('CRM') for end-to-end monitoring, control and a 360-degree customer view. A QR Code based authentication was also implemented for assurance of genuine products to customers. The B2C segment of Nest-In has upgraded to delivering luxurious and premium Nestudio. It has brought real-life experiences to the customers using AR-VR (Augmented Reality - Virtual Reality) for key solutions, offering a 360-degree view of select Nest-In projects.

In UK, the Company continues to expand its connection and engagement with the customer base both within the UK market and overseas. TSUK focused communication attention to key industrial events in the UK, such as the Resource & Waste Management Exhibition, showcasing Company's construction offering at the 'Grand Designs Live' exhibition and leading the support of the 'UK Metals Expo' at the NEC in Birmingham, the first year for this event bringing together manufacturers and value change companies in the metals industry. At the UK Metals Expo, the Company announced its plan to pursue signing up to the Science Based Targets Initiative (SBTi) and the pursuit of Port Talbot site accreditation to ResponsibleSteel™.

Business development activities of the UK business led to a diverse range of successes across the global market. The Company secured constructional steelwork for the forthcoming Guggenheim Museum in Abu Dhabi. In

the home market, sale of highly differentiated products received global exposure at the Commonwealth Games where several specialised products were used to construct a number of the showcase stadiums. Noticeable success was achieved through the TSUK e-commerce portal, Nexus, which launched to customers in the Engineering, Automotive and General Sales sectors. TSUK won the prestigious Steelie award for the Life Cycle Assessment tool which was developed to work with the customer to demonstrate the life cycle benefit of steel in customer applications.

In the Netherlands, 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. In the digital area, the Company has been navigating its competitive commercial landscape and recently set a new direction to bolster the commercial strategy, harnessing digital technologies in a way to create intelligent service solutions and products. The Company's platforms - Nexus and Arisings, continue to offer customers an e-Commerce platform to sales and order management.

In Europe, the Company is developing new green steel solutions and strives to build and maintain partnerships with its customers to create value through sustainable steel production and responsible supply throughout the entire value chain, tailoring offers that allow excellence in the client markets. In the Netherlands and UK, the first low CO2 steel products were launched offering the market a Scope 3 emissions reduction, using a mass balanced approach through the carbon in-setting scheme called Carbon Lite. Tata Steel has committed to reinvest all revenues from Carbon Lite certificates to further drive the de-carbonisation journeys of Zeremis for Tata Steel Netherlands and Optemis for Tata Steel UK.

**7. 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's CSR policy provides guidelines to conduct CSR activities of the Company. The salient features of the Policy forms part of the Annual Report on CSR activities annexed to the Board's Report. 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. The Company continues to address societal challenges through societal development programmes and remains focused on improving the quality of life. During the year under review, the Company has impacted the lives of over 3.15 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. Through its CSR, the Company envisions an enlightened, equitable society in which every individual realises her/his potential with dignity through work with tribal and excluded communities to co-create transformative, efficient and lasting solutions to their development challenges.

Through large-scale, proven Signature Theme Models of change, the Company addresses core development gaps in India, while being replicable at global platform. These include programmes on maternal and child mortalities, access to school and learning enrichment for rural children, pan-India focus on key aspects of tribal identity, and comprehensive development through empowerment of panchayats between the manufacturing locations at Jamshedpur and Kalinganagar.

The Company also fosters Regional Change Models enabling lasting betterment in the well-being of communities, prioritising those who are excluded and proximate to its operating areas. The Company undertakes its CSR Programmes in areas of health, nutrition, water, education, livelihoods, infrastructure, sports, disabilities, grassroots governance and empowering the voice of women within communities.

During the year under review, the Company spent ₹480.62 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 2**).

In the UK, the Company strives to enrich its local communities and contribute to their future economic and social wellbeing. Its programme of proactive community partnerships embraces three aspects: health and wellbeing, environment, and education and learning. The Company encourages employees to make an active contribution to their local community by taking part in

various social causes. The Company sponsors local sports events and activities for children.

In the Netherlands, the Company maintains close relationship with employees, customers, local residents, suppliers, the local business community, NGOs and educational institutions and drives community development programmes and provides guest lectures and workshops on various topics that support the Company's strategy to become a green, clean and circular steel company. The Company continues to partner with organisations on various social causes such as activities for primary and secondary schools, social wellbeing of its local communities in the areas of education, environment as well as health and well-being and coaching of children with learning difficulties towards a healthy lifestyle. The Company also sponsors local activities and sports teams and supports charities and children's events which promote community spirit and brings improvement in fields of healthy eating, teamwork and behaviour.

## 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, forms part of this Integrated Report & Annual Accounts 2022-23 (**Annexure 3**).

### 1. Meetings of the Board and Committees of the Board

The Board met seven 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 and Directors attending the same are given in the Corporate Governance Report forming part of this Integrated Report & Annual Accounts 2022-23.

**2. Selection of New Directors and Board Membership Criteria**

The Nomination and Remuneration Committee ('NRC') engages with the Board to evaluate 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. The NRC, basis such evaluation, determines the role and capabilities required for appointment of Independent Director. 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

The Policy is available on the website of the Company at <https://www.tatasteel.com/media/6816/policy-on-appointment-and-removal-of-directors.pdf>

**3. 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.

Details of orientation given to the new and 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/familiarisation-program.pdf>

**4. 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-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.

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 NRC 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 NRC, the performance of the Board, its Committees, and individual Directors were discussed.

### Outcome of Evaluation

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the resilience of the Board and the Management in navigating the Company during challenging times, 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 and fiduciary duties.

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

## 5. 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, KMPs 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>

## 6. 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 ('Rules') are annexed to this report (**Annexure 4**).

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Rules, 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. Further, the report and the annual accounts are being sent to the Members excluding the aforesaid statement. In terms of Section 136 of the Act, the said statement will be open for inspection upon request by the Members. Any Member interested in obtaining such particulars may write to the Company Secretary at [cosec@tatasteel.com](mailto:cosec@tatasteel.com)

## 7. Directors

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

### Inductions to the Board

Based on the recommendations of the NRC and in terms of the provisions of the Companies Act, 2013, the Board, on November 23, 2022, appointed Ms. Bharti Gupta Ramola (DIN: 00356188) as an Additional Director of the Company effective November 25, 2022. Further, based on the recommendations of the NRC and subject to the approval of the Members, the Board, in accordance with the provisions of Section 149 read with Schedule IV to the Act and applicable SEBI Listing Regulations, appointed Ms. Ramola as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years commencing from November 25, 2022 through November 24, 2027. Ms. Ramola brings to the Board her extensive knowledge and experience in areas of strategy,

finance, governance, regulatory affairs, environment and sustainability. On January 31, 2023, the Shareholders of the Company, by way of a special resolution passed through postal ballot, approved the appointment of Ms. Ramola as an Independent Director of the Company for the abovementioned tenure.

### Re-appointment

#### a. Director retiring by rotation

In terms of the provisions of the Companies Act, 2013, Mr. N. Chandrasekaran (DIN: 00121863), Director of the Company, retires at the ensuing AGM and being eligible, seeks re-appointment. The necessary resolution for re-appointment of Mr. Chandrasekaran forms part of the Notice convening the ensuing AGM scheduled to be held on Wednesday, July 5, 2023.

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

#### b. Whole-time Director (Designated as Executive Director & CFO)

Mr. Koushik Chatterjee (DIN: 00004989) was appointed as the Whole-time Director designated as Executive Director and Group Chief Financial Officer of the Company effective November 9, 2012 through November 8, 2017. He was then re-appointed as the Whole-time Director of the Company designated as Executive Director and Chief Financial Officer for a further period of five years effective November 9, 2017 through November 8, 2022. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on October 31, 2022, re-appointed Mr. Chatterjee as the Whole-time Director designated as Executive Director and Chief Financial Officer for a further period of five years effective November 9, 2022 through November 8, 2027, subject to approval of the shareholders.

On January 31, 2023, the Shareholders of the Company, by way of an ordinary resolution passed through postal ballot, approved the appointment of Mr. Chatterjee as Executive Director and Chief Financial Officer of the Company for the abovementioned tenure.

### Cessations

As per the terms of her appointment, Ms. Mallika Srinivasan (DIN: 00037022), completed her second term as an Independent Director on May 21, 2022 and accordingly ceased to be an Independent Director and Member of the Board of Directors of the Company. The Board of Directors place on record their deep appreciation for the wisdom, knowledge and guidance provided by Ms. Srinivasan during her tenure.

Further, Mr. David W. Crane (DIN: 09354737), Independent Director, stepped down as an Independent Director and Member of the Board effective September 5, 2022 since he was joining the United States Department of Energy as the Director of the Office of Clean Energy Demonstration. The said position required him to step off from all private sector positions. He also confirmed that there were no other material reasons for his resignation. The Board of Directors place on record their deep appreciation for the contributions and guidance provided by Mr. Crane during his tenure.

### 8. Independent Directors' Declaration

The Company has received the necessary declaration 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 Regulations 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.

### 9. 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.

## 10. 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. Deepak Kapoor (Chairman), Mr. O. P. Bhatt, Ms. Farida Khambata, Ms. Bharti Gupta Ramola and Mr. Saurabh Agrawal. The Committee met seven 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.

## 11. 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. Details on the Internal Financial Controls of the Company forms part of Management Discussion and Analysis forming part of this Integrated Report and Annual Accounts 2022-23.

## 12. Risk Management

Tata Steel operates in a dynamic and uncertain business landscape. Hence the Company has developed and deployed its Enterprise Risk Management ('ERM') framework to create long-term value and become a risk-intelligent organization that drives informed decision-making to proactively prepare for unforeseen scenarios. The framework, principles and standards incorporate benchmark industry practices, international standards (including Committee of Sponsoring Organization of the Treadway Commission - COSO & ISO 31000), while also being customised to suit the business of the Company.

The Risk Management Committee ('RMC') of the Board provides an oversight and sets the context for implementation of the ERM across the organisation.

The RMC ensures that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company. It reviews the status of key risks, progress of

ERM implementation across locations and any exceptions as flagged to it, on a quarterly basis.

The risk appetite of the organisation is approved by the RMC and the Board and is aligned to the Vision of the organisation. It is an important metric for governing all business actions and strategic decisions. The Risk appetite 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 focused on continuous improvement;
- Environment and Climate Change impacts are assessed on a continuous basis and business decisions support systems including capital allocation, considers climate impact through the internal carbon pricing framework;
- The long-term strategy of the Company is focused 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 our risk appetite. The Company's risk appetite has been cascaded across the organisation including the Tata Steel Group Companies ('TSGCs') through focused communication during the Annual Business Plan cycle.

In order to drive the ERM implementation, the Company has also constituted a Management Committee called Apex Risk Committee ('ARC') which comprises of key executives of the Company including the Chief Executive Officer & Managing Director, Executive Director & Chief Financial Officer and Vice President – Corporate Finance, Treasury & Risk Management as its members. The ARC periodically reviews the business plan of ERM, engages on the framework and processes and deliberates on the risks that the Company faces.

Driven by an experienced and dedicated Central ERM team, the ERM framework is deeply embedded across business units, levels, and functions. It has been a key factor in managing highly impactful economic, supply chain and climate change risks, as well as increasing resilience in the organisation.

The Central ERM team is a dedicated business vertical led by Vice President - Corporate Finance, Treasury & Risk Management who acts as the Chief Risk Officer ('**CRO**') of the Company. The ERM team continuously scans the external and internal environment for developments which may throw up emerging risks for the organisation. The risk flags and risk insights are shared with the Business Units ('**BU**') as inputs for identification and management of bottom-up risks, which are periodically reviewed as per defined ERM Governance mechanism. The risks are escalated and aggregated for reporting to ARC and RMC. This is complemented by a top-down process, which helps in identification of strategic Enterprise level risks.

The Company follows co-ordinated risk assurance and the ERM process is integrated with Corporate Audit, Corporate Strategy & Planning, Corporate Legal, Ethics, Compliance and Security functions. The two-way communication with these functions brings further rigor in driving the process across the organisation and the TSGCs. The ERM process being data intensive, an in-house built IT system has been developed across the organisation for real time management of risks through live dashboards. The IT system supports risk analytics and helps in developing a uniform risk culture as the same ERM framework is used while identifying, assessing, evaluating, monitoring & reviewing risks.

The subsequent waves of COVID-19 pandemic, its associated fallouts, Russia-Ukraine war, and the commodity upcycle led to an unprecedented business environment over the last two years. The Company's Central Enterprise Risk Management team facilitated the Business Units in identifying and assessing risks as the situation was evolving. 'Scenario-based risk assessment' is continuously undertaken across the Company in view of dynamic operating environment and multiple externalities that continue to challenge business.

The Company remained vigilant of the evolving macroeconomic, geopolitical situation and global financial market sentiments to proactively manage risks in FY2022-23. The focus on identification and tracking of 'Early Warning Indicators' and implementation of risk mitigation strategies proactively has been a key enabler in managing the growing uncertainties and achieving business objectives.

The Company was conferred with the 'RIMS Global ERM Award of Distinction' in 2022. The award recognises the Company's outstanding ERM achievements that have enabled the organisation to streamline processes and strengthen collaboration across the enterprise in order to achieve strategic objectives.

The Company has also been recipient of IRMA awards 'Masters of Risk in Metals & Mining' at the 9<sup>th</sup> edition of The India Risk Management Awards for seventh time in a row.

### 13. Vigil Mechanism

The Company has 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 any 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 in the Company fosters a culture of trust and transparency among all its stakeholders.

The Company's Vigil Mechanism has policies that include the Whistle-Blower Policy for Directors & Employees, the Whistle-Blower Policy for Business Associates, the Whistle-Blower Protection Policy for Business Associates (vendors/customers), Gift and Hospitality Policy ('**G&H**'), the Conflict-of-Interest ('**COI**') Policy for Employees, the Anti-Bribery and Anti-Corruption ('**ABAC**') Policy, and Anti-Money Laundering ('**AML**') Policy.

The Whistleblower Policies for Directors & Employees and Business Associates encourages every Director, employee, and Business Associate to promptly report any actual or possible violation of the TCoC or any event that he/she becomes aware of that could affect the business or reputation of the Company. The Company ensures protection for the whistleblowers and any attempts to intimidate the whistleblower is also treated as a violation of the TCoC. The Whistleblower Policy includes reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information ('**UPS**I') 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, including vendors and customers, provides protection to Business Associates from any victimisation or unfair trade practices by the Company. While the Whistle-blower policy encourages whistle blowers to make protected disclosures in good faith, it also forbids raising concerns with malicious intent.

The ABAC and AML policies primarily cover risk assessment, development of processes & guidelines, third party due diligence through a third party, training & awareness, and audit & reporting.



The Gift and Hospitality Policy aims to provide guidance to its 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 also adopted 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 Whistleblower 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 frame prescribed in the Whistleblower Policy.

In addition to the abovementioned policies, the Company continues to provide a Third-Party Whistleblowing helpline service which is available to our stakeholders in the Company and TSGCs to raise their concerns or disclosures. This helpline is provided through an external service provider. The Ethics helpline services include toll-free number, web access, postal services, and e-mail facilities.

The Company, during the year under review, conducted a series of communication and training programmes for internal and external stakeholders, with an aim to create awareness amongst them about TCoC and other ethical practices of the Company. An online training through e-learning modules on ABAC/AML and POSH was also conducted for the stakeholders. Further, customised training and awareness sessions on 'Third Party Due Diligence' were conducted in relevant departments and divisions and business associate meets were conducted with an aim to provide the business associates a platform to discuss their issues and clarify their dilemmas if any on the abovementioned policies.

During the year under review, the Company received 303 Whistle Blower Complaints ('WBC') and 875 grievances & other concerns. Out of these, 158 WBC were investigated and closed after taking appropriate actions, 717 grievances & other concerns were addressed as appropriate. A total of 145 WBC were open as of March 31, 2023 for which investigations are underway. The unaddressed 158 grievances & other concerns are being looked into by the relevant agencies and will be closed as appropriate.

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

Tata Steel has a 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 Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the above mentioned policy and guidelines were revised and amended to incorporate the changes associated with the hybrid workplace model and explicit definition of inappropriate behaviour under the parlance of sexual harassment.

During the year under review, the Company received 31 complaints of sexual harassment, of which 24 complaints have been resolved by taking appropriate actions and 7 complaints are under investigation.

#### 15. Subsidiaries, Joint Ventures and Associates

We have 149 subsidiaries and 44 associate companies (including 24 joint ventures) as on March 31, 2023. 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 5**).

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](http://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 6**).



## 16. 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. The Policy 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 Companies Act, 2013.

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 FY2022-23 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 & Annual Accounts 2022-23.

## 17. 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 2022-23.

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:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments 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) 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;
- d) they have prepared the annual accounts on a going concern basis;
- e) 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;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were in place, are adequate and operating effectively.

## 18. 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) ('PW'), Chartered Accountants, as the statutory auditors of the Company. Further, the Shareholders approved the re-appointment of PW for a second term of five years commencing the conclusion of the 115<sup>th</sup> AGM held on June 28, 2022 until the conclusion of 120<sup>th</sup> AGM of the Company to be held in the year 2027.

The report of the Statutory Auditor forms part of this Integrated Report and Annual Accounts 2022-23. The said report does not contain any qualification, reservation, adverse remark or disclaimer.

### 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, 2024. 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 ₹30 lakh plus applicable taxes and reimbursement of out-of-pocket expenses payable to the Cost Auditors for conducting cost audit of the Company for FY2023-24 as recommended by the Audit Committee and approved by the Board has to be ratified by the Members of the Company. The same is placed for ratification of Members and forms part of the Notice of 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 FY2022-23 and their Report is annexed to this report (**Annexure 7**). There are no qualifications, observations, adverse remark or disclaimer in the said Report.

### Reporting of Fraud

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under Section 143(12) of the Act, details of which need to be mentioned in this Report.

### 19. Annual Return

The Annual Return for financial year 2022-23 as per provisions of the Act and Rules thereto, is available on the Company's website at <https://www.tatasteel.com/media/18332/mgt7.pdf>

### 20. 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.

### 21. 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 Act is annexed to this report (**Annexure 8**).

### 22. 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 9**).

### 23. 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.

### 24. 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 the Company Secretaries of India and such systems are adequate and operating effectively.

### 25. Other disclosures

- There has been no change in the nature of business of the Company as on the date of this Report.
- There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.
- There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

## G. 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 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 2, 2023