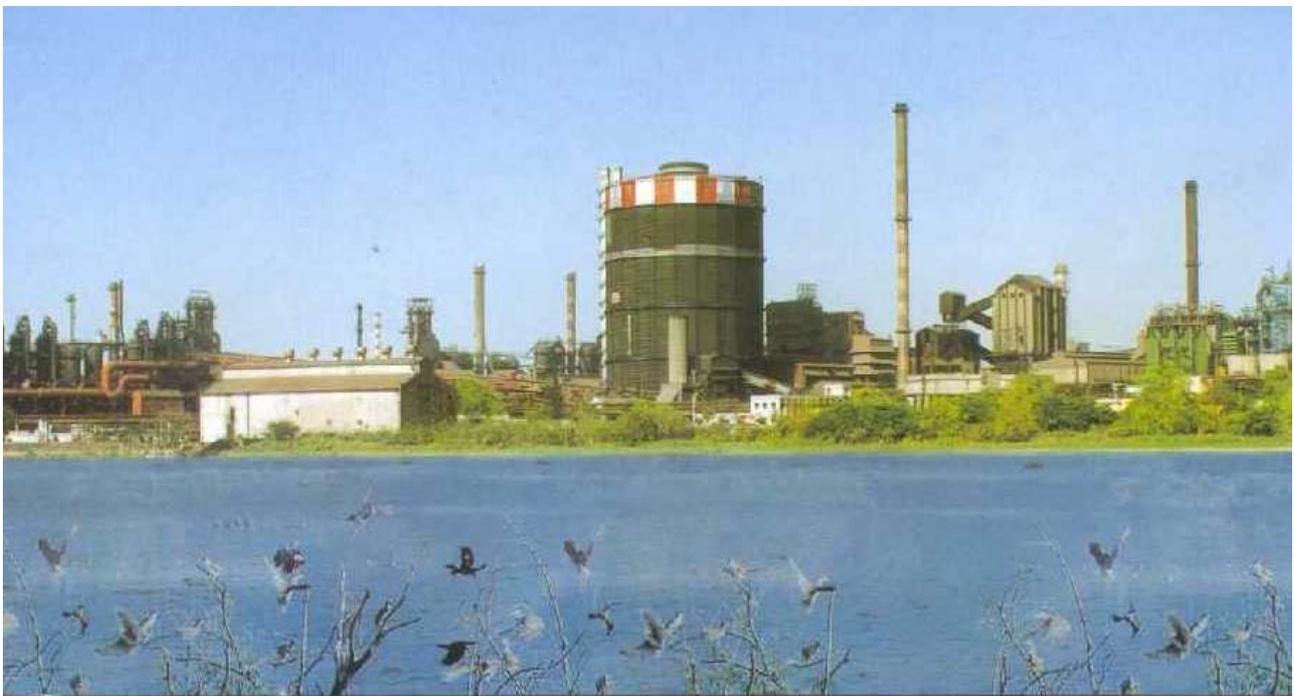


TATA STEEL

CORPORATE SUSTAINABILITY REPORT 2000-2001



.....“Corporate Social Responsibility is the Commitment of Business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”.....



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001).

Founder Father's Philosophy.....

We do not claim to be more unselfish, more generous or more philanthropic than others, but we think, we started on sound and straightforward business principles considering the interests of the shareholders, our own and health and welfare of our Employees..... the sure foundation of our prosperity.

J N TATA, 1895

Community Mission Statement.....

We will evolve a common direction for community development programmes for diverse activities of all Tata Business Units through sharing and participatory networking. We will strive together constantly to strengthen our professional and organizational abilities to fulfil our commitments towards society at large.

B G Deshmukh
Chairman
Tata Council for Community Initiatives
8th May 1996

Group Purpose

Our purpose in Tata is to improve the Quality of life in India. We do this through Leadership in sectors of economic significance to which we bring a unique set of capabilities. This requires us to grow aggressively in focussed areas of business.

Our heritage of returning to society what we earn evokes Trust among consumers, employees shareholders and the community. This heritage will be continuously enriched by formalizing the high standards of behaviour expected from employees and companies.

The Tata name is a unique asset representing Leadership with Trust. Leveraging this asset to enhance Group Synergy and become globally competitive is the route to sustained growth and long term success.

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www.tatasteel.com



From Managing Director's Desk.....



Sustainability, the essence of which amounts to, meeting present day needs without compromising the ability of future generations to meet their needs, is increasingly recognized as a central concern by businesses. We see sustainable development, as closely aligned with House of Tata's Statement of Purpose and this report highlights the performance of our company for the year 2000-2001 in a holistic manner on economic, environmental and social dimensions.

The year under review had been a momentous year for Tata Steel. It's new facilities enable it to derive benefits from the extensive investments in modernization which has taken place over the years.

It has been able to increase its sales and market penetration and it has reduced its costs through improved processes and operating improvements along with fixed costs reduction, to offset increases in the inputs costs. As a result, the company has turned in one of the best financial performance in its history with sales increase of 12.5%, increase in profit before tax of 26.4% and increased dividend payout at 50% compared to 40% during 1999-2000. It enjoys the status of **"Best Steel Company in the World"** as per the survey conducted by World Steel Dynamics, USA. The credit thus clearly goes to the management team and the workforce whose commitments have made this possible. The trade unions have also, as always, played a very important role in maintaining industrial harmony and supporting various initiatives undertaken by the company. During the year, the company commissioned its new Cold Rolling Mill and its first galvanizing line, making major milestone in the fulfilment of its programme of modernization and product focus on high end flat products. After both the galvanizing lines are in place and the Cold Rolling Mill (CRM) reaches its rated capacity, Tata Steel will become a predominant producer of cold rolled products to meet India's future demand for such steel in the engineering, construction, automobile and consumer durables sectors.

Tata Steel is fully aware of the impacts of its activities, products and services on the environment at global scale. The company's endeavour is not limited to compliance with applicable legislation but also minimization of process waste and optimisation of recovery and recycling of waste materials, phasing out of pollution prone old units, installation of state-of-the-art technology for preservation of environment. We are committed to continual improvement in environment performance which we address through setting at every stage of production and services, sound environmental objectives and targets and by integrating a process of review, as essential elements of Corporate Management. Tata Steel Main Works has already secured an ISO-14001 certification. Other facilities like, Ferro Alloys Plant, Tubes Division, Sukinda Chromite Mines, Noamundi Iron Mines, West Bokaro Collieries and Joda East Iron Mines are also certified for compliance to the requirement of International Standard ISO-14001.

Tata Steel, through numerous initiatives undertaken in this year, was able to contribute to improving the state of environment by achieving a reduction in Greenhouse Gas (GHG) emissions by 3.0% and specific energy consumption by 4.8%. We continue to improve the level of suspended particulate matter (SPM), sulphur dioxide (SO₂) / oxides of Nitrogen (NO_x) emissions beyond the regulatory limits in line with our commitment and set new standards for emission in steel making. We at Tata Steel have consistently improved the quality of effluents. We reduced the raw material consumption by 5.6%, water consumption by 7.1% and increased waste reuse and recycling to 70.2% from 68.5% in the previous year.



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Tata Steel in the face of numerous adversities has been able to consistently create value for its stakeholders because it has always recognized the interaction and interdependence of economy, environment and society. We, like in the past, continue to invest in enhancing the skills and capabilities of our employees, in their welfare and enhancing the quality of life at work and otherwise in the Township. The resultant outcome is an employee retention rate of 98% and Employee Satisfaction Index (ESI) of 3.64/5 for Supervisors and 3.75/5 for Officers.

We realize that to do business on a sustained basis, we must address the larger socio-economic issues of the region. We have thus invested considerably in the past as also in the forgone year, towards creation of improved socio-economic environment in the neighbourhood of our enterprises. In the year under review, the Company, continuing its thrust as a good corporate citizen, has concentrated on, Relief in parts of India which are affected by natural calamities, Community and Rural Development, Greening, Empowerment, Family Initiatives and Sports. Detailed highlights of these efforts have been presented in the subsequent sections of this report.

The Company's social commitments involve a network of development programmes. Tata Steel shared Rs.378.4 million of the wealth it generated for the welfare of the people during the reporting year. We have exceeded our targets on Key Performance Measures (KPM) like Employee Satisfaction Index and Economic Value Addition (EVA), met the target on Customer Satisfaction Index (CSI) and could achieve 9.94 against a target of 10.0 on Corporate Citizenship Index (CCI). We have no doubt made substantial contribution towards creating a wealthier, cleaner and happier society but we also recognize that there is yet considerable scope for improvement. Particularly there is a need to bring about significant improvement in EVA from its present value and also address the issues of energy conservation and reduction in green house gas (GHG) emissions.

The year's historic achievements notwithstanding, we need to improve our performance further to just maintain our standing in light of emerging difficult economic environment. We must therefore strive to increase during 01-02 EVA from (-) 4.22% to (-) 0.85; operating profit by 15% and CCI to 10. To achieve these objectives we must target a reduction in specific energy consumption by 4% and raw material consumption by 5% during next year. Further, in keeping with our commitment to consistently better our environmental performance as also to improve cost reduction, we must strive to reduce water consumption by 5%, SPM emissions by 3%, GHG emission by 5%, Waste utilization to 72% from existing 70%, during 2001-2002.

Today there are multiple challenges to business. We see major challenges ahead of us in integrating responsibilities for financial performance with those for economic, environmental and social performance. We have addressed the issue partially, through integration of our environmental and social performances in business decision making process.

As India progressively moves to a free market environment, international producers will have increased access to the Indian market either through the establishment of manufacturing bases in India or from overseas. Indian manufacturers in all sectors will face the challenge of dramatically increased competition from world class manufacturers with established brand equity, who will each be seeking a share in the Indian market. Indian manufacturers therefore would urgently need to re-engineer themselves, wherever possible, to compete in this environment in terms of costs, quality and product innovation.

The initiatives of Tata Steel over the past several years to modernize its facilities, focus on high-end products; substantially reduce its manufacturing costs and to enhance its customer orientation will, I believe, enable our Company to face the global challenges ahead, both within India and in overseas markets. In fact, Tata Steel can already boast that it is one of the most modern facilities for flat products and that it is amongst the lowest cost steel producers in the World.



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

The signs of revival of the Indian economy in the early part of the last year were not sustained throughout the year. The demand for goods in several sectors declined and the general level of economic activity was lower than the year before, and in particular, the growth in the index of industrial production dropped significantly over the previous year. The sentiment, it appears is likely to continue in the short term. Low growth in domestic demand and increased imports is likely to result in increased pressure on steel prices and protecting gross margin shall become increasingly difficult. There is thus a need to further reduce operating costs to offset the effect of pressure on prices.

The thrust on cost leadership as well as pressure on bottom-line shall result in renewed pressure for right sizing of the corporation. This must be accompanied with improved productivity across the organization. Our initiatives and investments in employees Safety, Health and Quality of Life results in improved employee morale and motivation. It is reflected in the high employee retention rates, ESI and high labour productivity.

We are alive to the growing consciousness in the society and the consequent increased environmental and social activism. This places an increased responsibility on Tata Steel to not just perform but also to demonstrate and communicate its responsible environmental & social performance to the stakeholders. This is of even greater relevance in light of the high premium on the Tata Steel Brand. It has been our experience that our initiatives to reduce pollutant emissions and discharges result in significant savings from improved operational efficiencies. In some instances such initiatives create new source of revenue earning, and the initiatives for GHG reduction may result in asset creation in terms of carbon credits or make available low cost capital. This realization forms the mainstay of our environment management philosophy and is consistent with our express need to reduce operating costs.

Further, Tata Steel has since its inception strived to mitigate the hardships of the neighbouring communities and contribute to all round socio-economic development of Jamshedpur region largely from a sense of duty towards the nation which has been so eloquently articulated by the Founding Father and also to develop the region as a productive hinterland around Tata Steel thereby create a win-win collaboration with society.

To integrate these initiatives with the core business strategy we are in the process of implementing Corporate Sustainability Management System (CSMS) in all our business operations. This is, I understand, the first exercise being conducted globally in corporate sector. CSMS model conceptualised by Future Resource International (FRI) and developed by CII-CIDA is being pilot tested at Tata Steel. CSMS systematically focuses on identification of significant social, economic, and environment aspects of products, services and activities of the company through a structured stakeholder engagement process which could have an adverse or favourable impact on business and integrating the same in our business decision making..

This year saw Tata Steel set historic performance records in all spheres of activity but in the coming year we must scale new heights because leaders that we are, we must set our own standards.

B Muthuramam
Managing Director

March 2002



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

PROFILE OF TATA STEEL

Tata Steel, established in 1907, is the largest Private Sector Steel Company in India with a total installed capacity of 3.5 Million Tonne Per Annum (mtpa) crude steel production. The operations of the Company are spread all over India. Steel manufacturing unit is located at Jamshedpur in the State of Jharkhand and other manufacturing and mining activities are situated in the States of Jharkhand and Orissa at eight locations. Tata Steel exports its products to Japan, USA, Middle East and South East Asian countries.

Major Products :

The major products include, Billets, Blooms & Slabs, Wire Rods and Re-Bars, Forging Quality Steel, Hot and Cold Rolled Sheets, Hot and Cold Rolled Coils, Galvanised Coils and Sheets, Hot Rolled Plates, Standard Pipes, ERW Precision Tubes, Closed Structurals, Rolled Rings, Forged Rings, Machined Rings, Bearings, Agricultural Implements, Coal & Coke, Iron Ore, Dolomite, Ferro Alloys, Chrome Ore & Chrome Concentrate. Tata Steel is also engaged in providing services like, Project Studies, Design & Engineering, Personnel and Technical Training, Automation and Information Technology Services

Tata Steel headquarter is based in Mumbai, Maharashtra, India. Its stock is listed and traded on Bombay Stock Exchange, National Stock Exchange Mumbai & New Delhi respectively and also at all major Exchanges in other cities in India. As on 31st March 2001, there were 367,771,901 ordinary shareholders (Rs. 10.00 per share) and 15,000,000 preference shareholders (Rs.100/-each). A dividend of Rs.5.00 per share on ordinary shares and Rs.9.25 per share on preference shares was approved by shareholders in the annual general meeting held on 31st July 2001.

This report prepared by Tata Steel is limited to its Steel Works at Jamshedpur. On the upstream, mining operations and on the downstream operations like marketing, stockyards, customer service centres have been excluded from this report. The financial performance though has been reported for all operation of Tata Steel as it was not possible to report financials separately for Jamshedpur operations only. The data on this report cover a period from 1st April 2000 to 31st March 2001. Since this is a first report, highlights of our performance and salient achievements in periods prior to the reporting period have also been reported. The financial information is reported in Indian Rupees (Rs. 48 = 1 USD approximately).

The contact person for this report is;

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The organization employed 48,800 personnel as on 1st April 2000, out of which 42,897 are associated with steel business.



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Financial Highlights	2000-2001 Rupees Million	1999-2000 Rupees Million
Gross revenue	78145.80	69433.10
Profit before taxes	6024.40	4765.90
Profit after taxes	5534.40	4225.90
Dividends (including on Preference Shares & Tax)	2176.10	1719.00
Retained earnings	8280.80	6772.30
Capital employed	95234.90	94240.40
Net worth	48512.70	45168.10
Borrowings	46772.20	49072.30
Ratios/Specific Indicators		
Debt : Equity	49:51	52.:48
Net worth per Share as at year end*	Rs.128.10	Rs.118.74
Net worth per Earnings per Share**	Rs.14.64	Rs.11.26
Dividend per Share	50%	40% @
Employees (Numbers)	48,821	52,167
Shareholders (Numbers)	734,258	799,614

* Calculated on the number of Shares including shares issued during the year.

** Calculated on Effective Capital during the year. @ Interim Dividend.

The production of principal products during the year was;

Plant Production	2000-2001 (in Million Tones)	1999-2000 (in Million Tones)
Hot Metal	3.93	3.89
Crude Steel	3.57	3.43
Saleable Steel	3.49	3.29
Tubes	0.172	0.143
Agrico (Numbers in million)	5.626	6.376
Sales		
Saleable Steel	3.400	2.790
Exports US\$ million	164 US\$	166 US\$

Technological Up-gradation :

The Cold Rolling Mill was commissioned in August 2000, together with Continuous Galvanising Line#1. The Continuous Galvanizing Line#2 is expected to commence commercial trials during financial year 2001-2002.

The Coke Oven Battery#9 commenced commercial production in October 2000. Other important projects completed during the year include installation of a Ladle Furnace at L D Shop#1 and facilities for enhancing production capacity of the Wire Rod Mill from 0.30 mtpa to 0.32 mtpa. During the current year, work has also commenced on rebuilding and up-gradation of Blast Furnace "F", which will augment its capacity to 1.0 million tonne of hot metal from the existing level of 0.6 million tonnes, apart from increasing its operational efficiency



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Acquisition /Disinvestments

With the acquisition of 38.17% of the equity share capital of Tata SSL Limited through the open offer made in February/March 2001, Tata SSL Limited has become a Subsidiary of the Company. The Company's shareholding in Tata SSL Limited as on 31st March 2001 stands at 68.17%. Kalimati Investment Co. Ltd. which is a 100% subsidiary of the Company, holds a further 14.76% bringing the total shareholding to 82.93%. Financial report of the organization highlights these acquisitions. The environmental and social report however does not account for these changes. There has been no reportable disinvestment during the year, however during the previous years, Jamshedpur Power Company, Cement Division and Tata Timken were disinvested.

Customers & Market

The key customer and market segments for our products and services and their specific requirements are furnished below. The major customers for our products are auto manufacturers, construction companies and white goods manufacturers.

Few Key Customers in Targeted Segments and their requirements.

Main Product	Key Segment	Key Customers	Key Product Requirements	Key Service Requirements
HR for LM/CM	Auto (Trucks)	Telco, Ashok Leyland	Chemical and physical properties conforming to specifications	Taylor made supplies
HR for CR MC/HC	Cold rolled for Chains, Hacksaws	ASIL, Hero, TPI, ITW	Good surface, Consistent dimensional tolerances, physical and chemical properties.	Committed delivery of small lot orders
HR for LPH	Cylinder manufacturers	Maurya Udyog, Verna, Haldia Precision	Number of surface defects, Guaranteed yield of cylinders per tonne of sheet, Formability	Cut to length, Delivery at short notice, Credit
HR for CF	Auto components	Wheels India, Kalyani Lemmerz, Toyota, Hyundai	Chemical and physical properties.	Material through EPAs, Technical support, Committed delivery

Tata Steel is the market leader as its customers have always rated it Number-1 vis-à-vis its competitors as per an independent survey conducted by Ministry of Steel, Government of India. The overall CSI is around 75% compared to the benchmark of 89% (Timken International). 90% of our international customers buy repeatedly from Tata Steel. The steel company has also started supplier satisfaction survey starting 2001. This is the first Indian company to start such an exercise.

This report is available on company's web site www.tatasteel.com as Corporate Sustainability Report 2000-2001 and also available from Chief Corporate Communication and Head Environment Management, Tata Steel, Jamshedpur, India.



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

EXECUTIVE SUMMARY & HIGHLIGHTS OF PERFORMANCE

Quest for Excellence

The quest for excellence at Tata Steel is not just a process, but a way of life. A determination to move up the value chain – in process, in product performance and services – has resulted in Tata Steel being acknowledged for its excellence. Awards that stand witness to its ongoing quest for perfection in every last detail include

- Prime Minister's Trophy for best Integrated Steel Plant in India (94-95, 98-99 & 99-2K)
- The JRD QV Award for performance in Tata Business Excellence Model for Corporate Management (2000).
- The CII-EXIM Award for Business Excellence (2000).
- The Corporate Governance Award for strengthening investor confidence (2000).
- The FICCI Award for outstanding achievement in family welfare (1999-2000)
- The MOHTA award for Value Engineering & Cost Reduction (2000-2001)
- The ABCI Award for Social Responsibility & Communication (total 8 numbers during 2000).
- The Engineering Export Award for outstanding contribution to Engineering Exports (99-2K).
- British Safety Council Award for Safety (2000).
- The IIMM award for Corporate Excellence.(2000).
- National Energy Conservation Award for Government of India (2000).
- Certification of Appreciation for Fuel Conservation from CII (2000).
- ISO-14001 Certification for Environmental Management System (2000).
- India's one of the top ten greenest companies as per survey by TERI-Business Today (2001).

Highlights of Economic Performance

	2000-2001 Rupees Million	1999-2000 Rupees Million
Gross revenue	78145.80	69433.30
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TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Summary of Expenditure

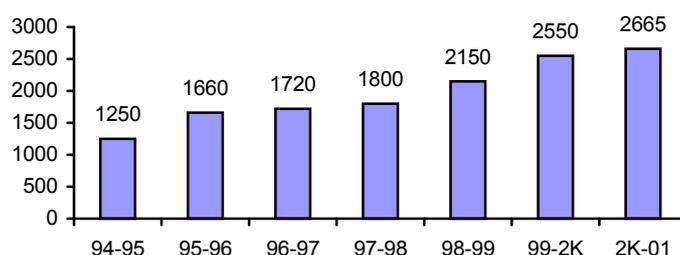
• Value of goods purchased :	Rs.23800.00 Millions.
• Business share with the partners and preferred suppliers –	69.43%
• Total Taxes Paid :	
○ Income Tax –	Rs.490.00 Million
○ Tax on Dividend :	Rs.215.2 Million
○ Excise Duty :	Rs.9208.3 Million
• Total Spent on Community :	Rs.378.4 Million
• Total spent on Wages & Benefits :	Rs.18106.9 Million
• Capital Investments :	Rs.20292.3 Million

Highlights of Environmental Performance

- Reduction in SPM emission through stack from 2.02 kg/tcs during 99-2K to 1.8 kg/tcs this year.
- Reduction in water pollution discharge from 0.211 kg/tcs during 99-2K to 0.18 kg/tcs.
- Solid waste utilisation has reached a level of 70.2%.
- Reduction in plant specific energy consumption from 7.778 Gcal/tcs for last year to 7.401 Gcal/tcs.
- Reduction in CO₂ emission from 3.01 t/tcs during 99-2K to 2.92 t/tcs.
- Reduction in refractory consumption from 11.58 t/tcs in 99-2K to 9.89 t/tcs.
- Lubricant consumption was 0.58 kg/tcs as compared to 0.7 kg/tcs during 99-2K.
- The specific water consumption has been reduced from 8.83 m³/tcs in 99-2K to 8.20 m³/tcs.
- Radioactivity mapping in Steel Works has been carried out for the first time.

Under different phases of modernization, several state-of-the-art pollution control systems have been installed to prevent and control pollution. The figure below gives details of capital expenditure made over the years on pollution abatement. Expenditure during the review period on pollution abatement includes facilities provided at new Cold Rolling Mill complex.

**Capital Investment on Pollution Abatement
(Rs. in million (cumulative))**





TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Highlights of Social Performance

Tata Steel has nurtured a selfless conscience constituted of Social welfare and environment sensitivity, which has changed lives and life styles and made a difference even during times of crises.

The Nation - Gujarat Earthquake Relief

Tata Steel contributed to the national effort by way of 320 units of blood, medicines, 10,000 blankets and medical teams flown to Bhuj in Gujarat. The Tata Relief Committee oversaw the whole operation. In addition, the company volunteered to build 21 schools, adopt 3 hamlets in 2 villages and assist in the total reconstruction at a cost of Rs.40 million. It has utilised Rs.6 million on emergency relief work and extended an immediate grant of Rs.30 million. Each employee contributed a day's salary amounting to Rs.15 million and an equal contribution of Rs.15 million was made by the management.

Community Development

From a single centre in 1958, to 16 such centres today address the general welfare of the bustee dwellers and the distressed in Jamshedpur and include on their agenda medical and health programmes, blood donation drives, mass screening of TB patients, immunisation camps and rehabilitation of the disabled and drug de-addiction.

Rural Development

Tata Steel Rural Development Society's integrated rural development programme is operational in about 700 villages around Jamshedpur and Orissa. During the year, 1903 cases of eye care services were recorded, through rural camps or by availing services of established hospitals. 52 tube-wells were installed and bio-gas units introduced as well. In addition, nearly Rs.7 million were mobilised for rural development projects and 28 self-help/micro credit groups were formed.

Global Compact Partnership

Tata Steel is a signatory to the UN Global Compact. Tata Steel associates itself with other UN organizations and participates in drinking water, watershed management, mother and child healthcare projects. Success stories of our achievements as a "Good Corporate Citizen" sent by Tata Steel have been widely publicised by Global Compact.

Women's Empowerment

The Domestic Management Programme, a series of stimulating seminars to update employees' spouses on issues like interpersonal relationships, domestic budget, domestic safety, drugs and AIDS awareness, responsible parenting etc. This year, 34 domestic management programmes were conducted company-wide and benefited 1866 participants.



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Green Steel

In consonance with the “Green Millennium Countdown”, more than 1.5 million trees have been planted over the past three years. Through closure of old and environmentally unfriendly steel making units, Tata Steel is positioning itself as a green steel maker in India. In fact, a sizeable percentage of the capital spent on the company’s modernization was for environment related equipment.

At the community level, other schemes abound on environmental efforts – promotion of alternate energy, water/soil conservation via watershed development programmes, irrigation extension and social forestry in rural Jharkhand and Orissa. All of these encourage sustainable development.

Family Initiatives

Tata Steel embarked on an AIDS awareness programme in late 1998. This has now become an integral part of all training programmes. 1078 programmes were conducted with 73,855 participants from a cross section of the society. Tata Steel’s contribution to promotion of sports is illustrated in its philosophy of “Sports-A Way of Life”. Tata Steel sportsmen and women have excelled at competitions both at home and abroad. Seven gold, three silver and two bronze medals were won at State and National Championship tournaments.

Investment on social services for the review period and previous years (Rs. Million)

Service	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
Municipal Services	130	183	140	180	250	233	237.7	239.0
Community Services	25	25	29	28	43	44	42.6	40.6
Medical Services	38	46	68	72	50	47	33p9	30.3
Grants & Donations	16	24	24	17	17	17	38.4	37.8
TSRDS Grants	30	30	30	30	30	32	28.5	30.7
TOTAL	239	308	291	327	390	373	381.1	378.4
PAT	1810	2810	5860	4000	3220	2820	4230	5530
Ratio (%)	13	11	5	7	12	13	9	7

Municipal Services	Expenses on maintenance of roads, public utilities, public health activities and supply of potable water.
Community Services	Running of community centres, expenses on vocational training, family planning and health awareness programmes.
Medical Services	Running of dispensaries in community.
Grants & Donations	Gujrat Relief Fund & Donations to Universities and Schools.
TSRDS Grants	Expenses incurred in running the Society and also in the training on creating awareness in Rural areas.

Occupational Health & Safety

Occupational Health Activities (At Steel Works)

	2000-2001	1999-2000
Health Check Ups		
Departments covered	16	8
Employees examined	4584	3693
Other statutory examination	658	598
Health Education		
Sessions	180	165
Participants	3660	3265
Training for Trainers on Occupational Health – 25 participants from 11 departments.		
Water Quality Analysis for Canteens.		
Health check-up of 1057 contractor employees done for the first time.		



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Curative & Prevention Services

	2000-2001	1999-2000
Referral to TMH (34% reduction)	396	599
Blood Grouping (181% increase)	857	473

Safety

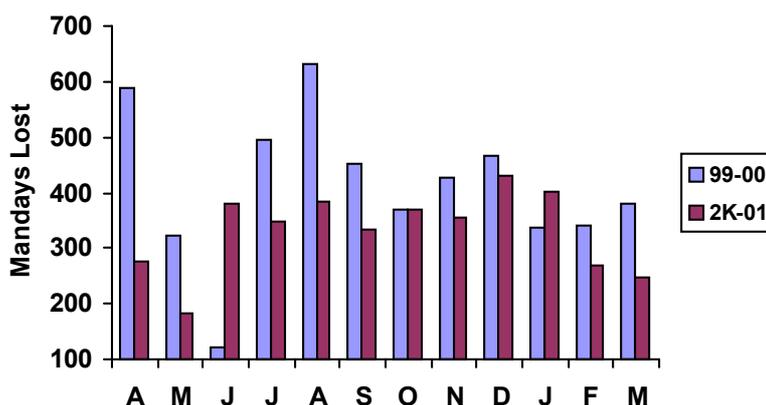
The highlights of the achievements on safety front during the year are presented below;

Achievements

Items	Record Achievement 2000-2001	Previous Best	Year
Total No. of Reportable Accident (Works)	55	60	1999-2000
Lowest No. of Accident in a month (Works)	2 (April '2K) 4 (July '2K)	3 (April '2K) 6 (July '2K)	1999-2000 1998-1999
No. of Man-Days trained in Safety & APS (Works)	7265	6922	1999-2000

Items	Year 1999-2000	Year 2000-2001	% Reduction
Reportable Accidents for employees (Fatal)	60 (6)	55 (4)	8
Non Reportable Accidents for employees	87	48	45
Total Accidents(Employees)	147	103	30
Reportable accidents for Contractors (Fatal)	23 (4)	25 (6)	-
Man days Lost due to employees accident	4927	3979	19
Man days Lost/Employee/Year	0.244	0.207	15

Frequency Distribution on Loss of Mandays



Tata Steel is the market leader as its customers have always rated it no.1 vis-à-vis its competitors as per an independent survey conducted by Ministry of Steel. The overall customers index is around 75% compared to the benchmark of 89% (Timken International). 90% of our international customers buy repeatedly from Tata Steel. The steel company has also started suppliers satisfaction survey starting 2001. This is the first Indian company to start such an exercise.



VISION & STRATEGY

Tata Steel Corporate Strategy

VALUES	VISION	MISSION	STRATEGIC GOALS	KEY BUSINESS PROCESSES
<ul style="list-style-type: none">• Trusteeship• Integrity• Respect for the individual• Credibility• Excellence	<p>Tata Steel enters the new millennium with the confidence of a learning, knowledge based and a happy organisation. We will establish ourselves as the supplier of choice by delighting our customers with our service and our products. In the coming decade, we will become the most cost competitive steel plant and so serve the community and the nation. Where Tata Steel ventures....others will follow.</p>	<p>Consistent with the vision and values of the Founder Jamsetji Tata, Tata Steel strives to strength India's industrial base through the effective utilisation of men and materials. The means envisaged to achieve this are high technology and productivity, consistent with modern management practices. Tata Steel recognises that while honesty and integrity are essential ingredients of a strong and stable enterprises profitability provides the main spark of economic activity. Overall, the Company seeks to scale the heights of excellence in all that it does in an atmosphere free from and one which encourages innovativeness.</p>	<ul style="list-style-type: none">• Wealth creation• Create a culture of continuous learning and change.• Achieve world class status in services and products.• Reach the position of the most cost competitive steel producer.• Establish industry leadership.	<ul style="list-style-type: none">• Market Development• Order Generation and Fulfilment.• Planning Control and Risk Management.• Investment Management.• Operations (Production & Maintenance)• Supply Management• Human Resource Management• Social Responsibility



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Integration of economic, environmental & social concerns

Tata Steel is desirous of becoming the most cost competitive steel producer through effective utilization of resources. This approach is consistent with the principal environmental concern of wasteful use of resources, which has resulted in rapid deterioration and depletion of Earth's resource base. Enhancing resource use efficiency, besides cost advantage, also results in resource conservation, reduced waste generation and reduced pollutant load.

Tata Steel recognizes that social values like honesty, integrity, freedom and creation of a happy organization form the bulwark of a stable organization which is necessary for consistent profitable operation. Further, the desired outcome of delighting the customers with our products and services goes beyond customer satisfaction and addresses all the tangible and intangible values associated with the use of our product. In an era of increasing environmental and social consciousness and activism, positioning of the brand as a responsible corporate citizen is a minimum requirement to create a loyal and delighted customer base. Serving the nation through sustained and profitable operation, is thus envisioned by Tata Steel.

Tata Steel has adopted the Tata Code of Conduct, several provisions of which articulate the need and mechanism for integration of sustainability concerns with business processes. The Group Purpose (given hereunder) sums up the integrated value succinctly.

“Our purpose in Tata is to improve the quality of life in India. We do this through leadership in sectors of economic significance to which we bring a unique set of capabilities. This requires us to grow aggressively in focussed areas of business.

Our heritage of returning to society what we earn evokes trust amongst consumers, employees, shareholders and the community. This heritage will be continuously enriched by formalizing the high standards of behavior expected from employees and company.

The Tata name is a unique asset representing leadership with trust. Leveraging this asset to enhance group synergy and become globally competitive is the route to sustained growth and long term success”.

Challenges that the organization foresees as regards economic, environmental & social performance :

The world steel industry witnessed major ups and downs in past two decades largely on account of collapse of Soviet Union and severe financial crisis in South East Asian countries. The World Steel Dynamics has predicted that the world steel consumption would increase to 789.6 million tonnes by 2005 and 889.6 million tones by 2010 (consumption was 693.3 million tonnes in 1998).

It is further projected that the developing countries particularly South East Asian countries will be centre for this growth. Tata Steel intends to be a front runner in harnessing any such opportunity that arises.

Today there are multiple challenges to business. As India progressively moves to a free market environment, international producers will have increased access to the Indian market either through the establishment of manufacturing bases in India or from overseas. Indian manufacturers in all sectors will face the challenge of dramatically increased competition from, world-class manufacturers with established brand equity, who will each be seeking a share in the Indian market.



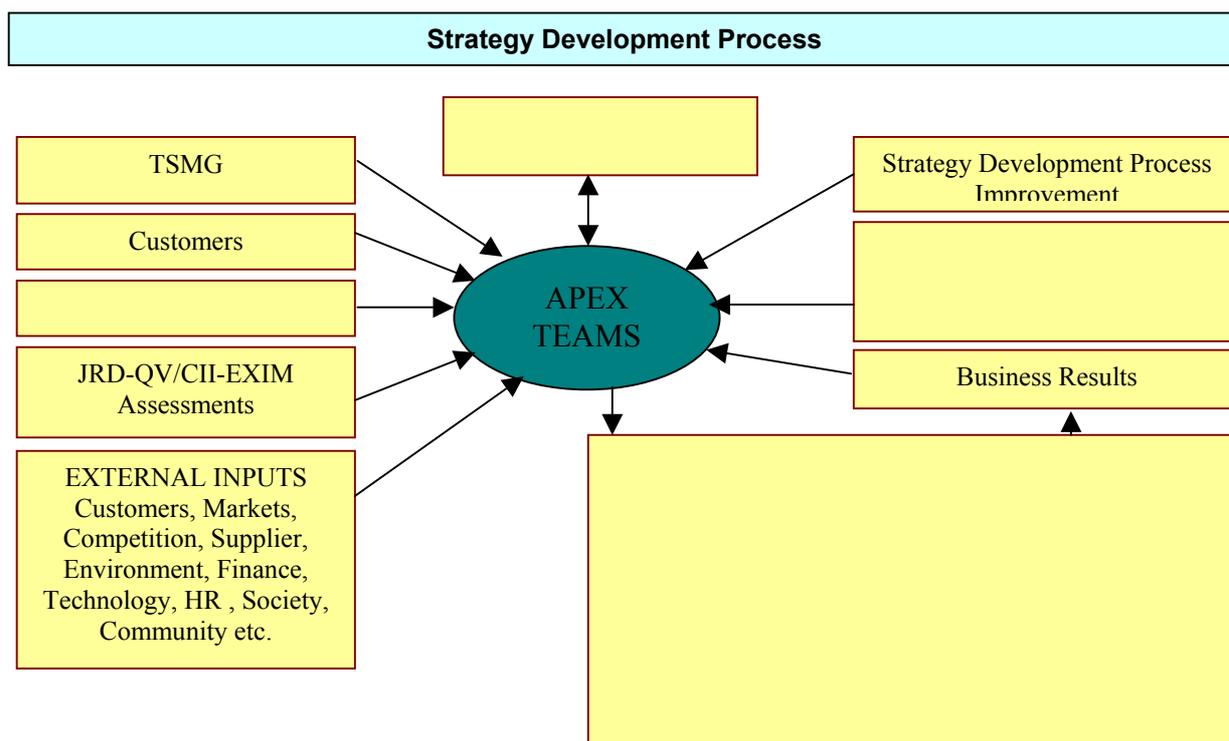
TATA STEEL – CORPROATE SUSTAINABILITY REPORT (2000-2001)

The challenges that the Indian Steel Industry, including Tata Steel is faced with apart from global competition and necessary trends are;

- Surplus manpower employed particularly in non-core and non-works areas.
- Lower labour productivity (one of the lowest in the world).
- High cost of Transportation (railways are inefficient hence more reliance on road transport).
- High cost of taxes/duties.
- High cost of imported technologies.
- Time and cost over runs on projects (Tata Steel being an exception today).

Further, being a commodity, steel products are price sensitive and customer loyalty is not strong. The threat of substitution by aluminium, composites, cardboard and plastics exists in certain applications. However, the overall drive by aggressive customers has put the industry in an ever downward cost curve, which has driven improvements in technology, automation, rightsizing and efficiency. Products and efficiency differentiation are hard to come-by. Only the really focussed companies are able to sell at a premium and still retain customers.

Strategic Planning



Short term and Long term strategy

Short Term	Focus on our core strengths by closing down/ getting out of unremunerative/ unconnected business.
Long Term	Make Tata Steel into the most competitive steel plant by modernization and trimming the workforce/ activities so that share holder value goes up.



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Indian manufacturers would urgently need to re-engineer themselves, wherever possible, to compete in this environment in terms of costs, quality and product innovation. The initiatives of Tata Steel over the past several years to modernize its facilities, focus on high-end products, substantially reduce its manufacturing costs and to enhance its customer orientation will enable the Company to face the global challenges ahead, both within India and in overseas markets

Strategic goals and objectives to meet these challenges

In light of the business environment as described above, strategic goals and objectives that Tata Steel has set for itself include;

- Creating wealth through growth in top line and improvement in shareholder value through a focus on revenue growth, EVA and Market capitalization.
- The goal of achieving world class status in products and services would be addressed through enhanced customer relationship which will be monitored by a Customer Relationship Index, while operational excellence to be achieved through focus on enhancing productivity and improved working capital management.
- Tata Steel proposes to become the most cost competitive steel maker through improving customer satisfaction, reduction in production cost and rightsizing.
- Tata Steel desires to create a culture of continuous learning and change through a focus on employee satisfaction and developing a culture to attract and retain talent.
- Establish leadership in public responsibility and corporate citizenship with a particular focus on improving quality of life in Jamshedpur and improving prospect of rural people. Tata Steel has accordingly developed a Corporate Citizenship Index.

Tata Steel has endeavoured to set goals and objectives that are balanced and steeped in economic, environmental and social realities. Tata Steel recognizes that to create wealth on a sustained basis, besides addressing concerns like revenue growth, market capitalization, EVA, Working Capital management and right sizing, it also needs to address customer relations and invest in employees as well as society. The thrust on cost leadership is not just from a margin but also from a resource use efficiency perspective. Tata Steel intends to achieve cost leadership contrary to popular approaches, through investments in employees, to improve employee motivation, skills and productivity and not at the cost of its social responsibility. Tata Steel recognizes the undesirable outcomes of 'rightsizing' and has articulated the need to 'right size but with a human touch'.

Strategy Deployment

The organizations balance scorecard indicating objectives & targets and performance measures is prepared in line with the corporate strategic goals. The environmental, social and economic goals become an integral part of the balance scorecard at various levels and functions of the organization which ultimately become the responsibility of the organization's management for decision making process, to deploy and achieve these goals. As an example the Managing Director's balance scorecard for the year 00-01 has been included at **Annexure-I**.

Performance expectations across the organization are set through the balanced score card system as a means to translate strategic goals/objectives into actionable Key Performance Measures (KPM). Once the MD's balance score card is developed, it is cascaded through the levels in the organization to the personal Key Result Areas (KRAs) of every employee, linked to Strategic Goals and KPMs. Strategies, objectives, action plans and KPMs are communicated through various forums to build organizational focus and alignment around common goals. MDs balanced score card balances the expectations of customers and other stakeholders.



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POLICIES, ORGANIZATION & MANAGEMENT SYSTEM

Tata Steel is a signatory to the United Nations Global Compact and abides by its 9 principles. The principles of UN Global Compact address Human Rights, Labour Rights and Environment and have been included at **Annexure- II**.

Tata Steel is also a signatory to the Tata Group's Code of Conduct. The salient clauses of the code of conduct pertaining to National Interest, Competition, Equal Opportunity Employment, Health, Safety and Environment, Quality of products and services, Corporate Citizenship, Public Representation, Ethical Conduct, Regulatory Compliance have been included at **Annexure – III**.

Tata Steel is a signatory of CoRE (Corporate Round Table on Environment and Sustainable Development) Charter initiated by Tata Energy Research Institute (TERI), New Delhi based on the guidelines provided in International Chamber of Commerce Charter on Sustainable Development. Details of CORE charter are given in **Annexure-IV**.

Corporate Policies

Tata Steel has articulated policy position on Human Resource, Quality, Environment and Safety. Further, Tata Steel has gone beyond to address emerging social scourges like, HIV & AIDS Control and Alcohol & Drugs and has articulated a policy position on them as well.

HIV (+) & AIDS CONTROL POLICY

Tata Steel would take measures to prevent the incidence and spread of HIV and AIDS in the society. In case of need, the company would arrange to provide counselling and medical guidance to these patients and their families.

29th July 1999

QUALITY POLICY

Tata Steel dedicates itself to Total Quality. We shall constantly strive to be a supplier of World Class goods and services, by anticipating and exceeding the expectations of all our customers. Continuous improvement, teamwork, commitment and credibility will be our guiding values.

12th November 1992

HUMAN RESOURCE POLICY

Tata Steel recognises that its people are the primary source of its competitiveness. It is committed to equal employment opportunities for attracting the best available talent and ensuring a cosmopolitan workforce. It will pursue management practices designed to enrich the quality of life of its employees, develop their potential and maximise their productivity. It will aim at ensuring transparency, fairness and equity in all its dealings with its employees. Tata Steel will strive continuously to foster a climate of openness, mutual trust and team work.

1st April 1999



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ENVIRONMENTAL POLICY

Tata Steel reaffirms its commitment to minimise the adverse impact of its operations on the environment. Towards this end, it shall endeavour to;

1. Set sound environmental objectives and targets, and integrate a process of review, as essential elements of corporate management.
2. Install, maintain and operate facilities to comply with applicable Environmental Laws, statutes and other regulations.
3. Conserve natural resources and energy by constantly seeking to reduce consumption and wastage.
4. Minimise process waste, and promote the recovery and recycling of materials.
5. Phase out pollution-prone processes and install state-of-the-art technology for pollution prevention, and the continual improvement, in environmental performance.
6. Develop and rehabilitate waste dumps through afforestation and landscaping.
7. Develop an environmentally aware workforce.

This policy has been communicated to all employees of Tata Steel and shall be made available to the public and interested parties on demand.

1st November 1998

ALCOHOL AND DRUGS POLICY

Tata Steel believes that the loyalty and commitment of its employees depend upon the quality of life they are offered at work and at home.

We recognize that indiscriminate use of alcohol and drugs is injurious to the well-being of individuals, their families and the community as a whole. We acknowledge that the misuse of these psychoactive substances is a major health and safety hazard.

Tata Steel is therefore committed to creating an alcohol and drug-free environment at the work place. This would be achieved through the involvement of all employees and the Joint Departmental Councils in spearheading appropriate initiatives. The initiatives would include;

- Raising awareness, through the dissemination of information, education and training and by promoting healthy life styles among our employees and their families.
- Motivating those employees who have an alcohol/drug problem, to seek assistance, while maintaining confidentiality about such cases.

1st September 1998

SAFETY POLICY

Tata Steel believes that a healthy worker is the surest basis for its continued success.

Tata Steel, therefore, is committed to the task of ensuring the safety and safeguarding the health of all its employees.

Importance will be given to continuous training for promoting safety consciousness among all employees' representatives will supervise the Company's safety measures.

Within his area of responsibility, everyone will be accountable for;

- Establishing a safe and healthy work environment.
- Ensuring compliance with mandatory safety and health requirements.
- Proper maintenance and orderly housekeeping, to control the risk of damage to plant and equipment.
- Insisting on safe work procedures being followed by employees, contractors and visitors.
-

17th December 1997



TATA STEEL – CORPORATE SUSTAINABILITY REPORT (2000-2001)

Sustainable development is about adding value to our products and services with focus on customers, shareholders, employees, local community in which we operate and more widely to regional and national development. Our Policies, Statement of Purpose, Vision and Mission statements are deployed through a well structured and defined business model called Tata Business Excellence Model (TBEM). These statements act as guiding principles for development of organizational structure and action plan with clear cut delineation of responsibilities and authorities.

Precautionary approach is the underlying spirit of every policy or guideline formulated at Tata Steel. This is indicated in the Tata code of Conduct, which states under National Interest (Clause#1) that *'it shall not undertake any project or activity to the detriment of the Nation's or those that will have any adverse impact on the social and cultural life patterns of its citizens'*

Further, Tata Steel commits itself to providing a safe and healthy working environment and preservation of the environment of the territory it operates in. It shall be committed to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment. The essence of these policies is that the merit of every activity, project or process proposed is evaluated besides its financial performance, on environmental and social performance also before adoption. Hence, only those proposals are selected which ensure compliance with these policies, thereby perpetuating the precautionary principle.

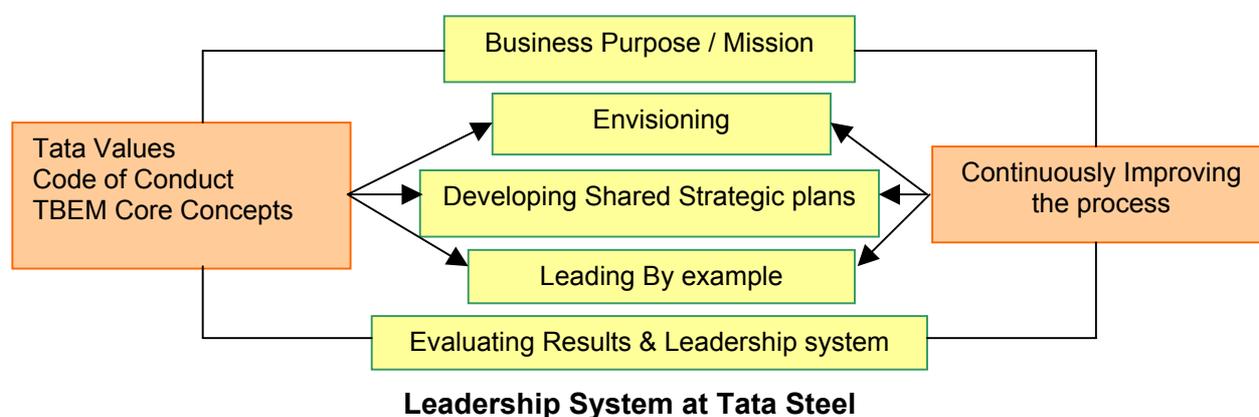
Organization

Seven pillars of Tata Business Excellence Model (TBEM) which form the basis of organizational management at Tata Steel are;

- Leadership
- Strategic Planning
- Customer and Market Focus
- Information and Analysis
- Human Resource Focus
- Process Management
- Business Results

Leadership

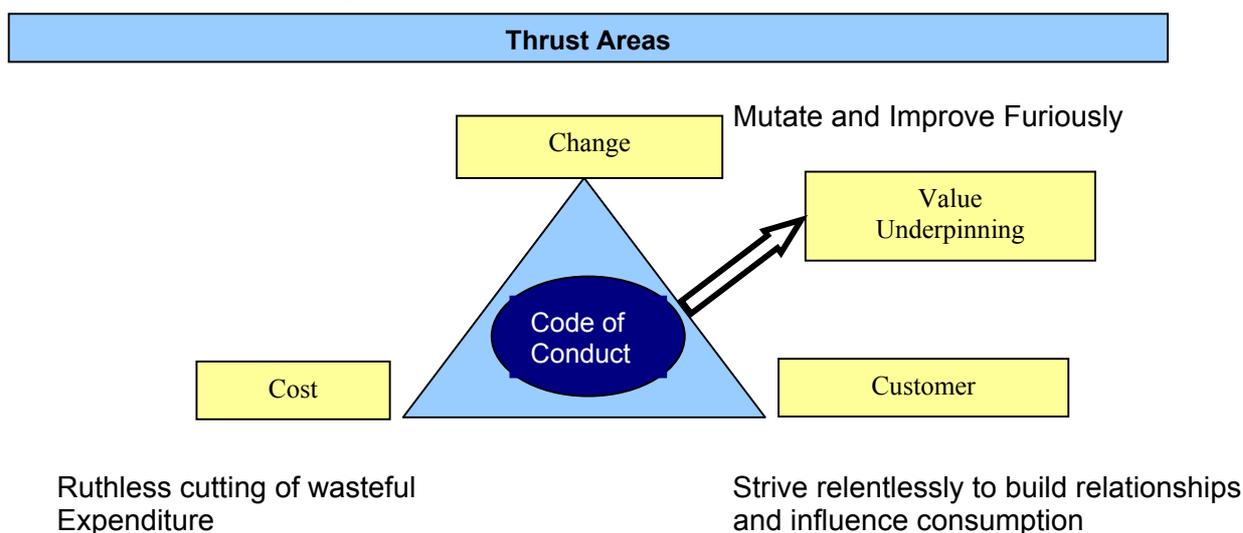
Sustainability concerns are built into the model through 'Leadership' which is founded on Tata Values, Code of Conduct, Policies and Guidelines.





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CUSTOMER, COST & CHANGE: have been identified as Thrust Areas to strive for excellence as illustrated below. The focus of cost leadership incorporates resource use efficiency and the thrust on improvement underlines Tata Steel's desire to continuously better its performance in all spheres of its activity including economic, environmental and social performance.



Planning

The top management shares the vision with all employees of the organization through channels such as dialogues, Union Management meetings and Joint Departmental Councils (JDC) and other forums. The leadership system at Tata Steel is organized in Apex Teams (Quality Councils, Committees on HRD, IT, R&D and others). It is led by the Apex Quality Council and the strategic directions set by it are translated into actionable drivers and cascaded down to the operational levels through the Quality Councils / Quality Sub Councils / Departments. The leadership system is deployed through review of organizational performance (Score Cards) and initiating corrective action and/or setting stretch targets with a focus on achieving business objectives.

The leadership system is itself amenable to improvement. This is based on the feedback received from employees (Employee Satisfaction Index), Customer (Customer Satisfaction Index), JRD-QC assessment, CII-EXIM assessment etc. The feedback from the 360 degree appraisal process is also used to improve the leadership style. Some of the salient aspects of the leadership system include:

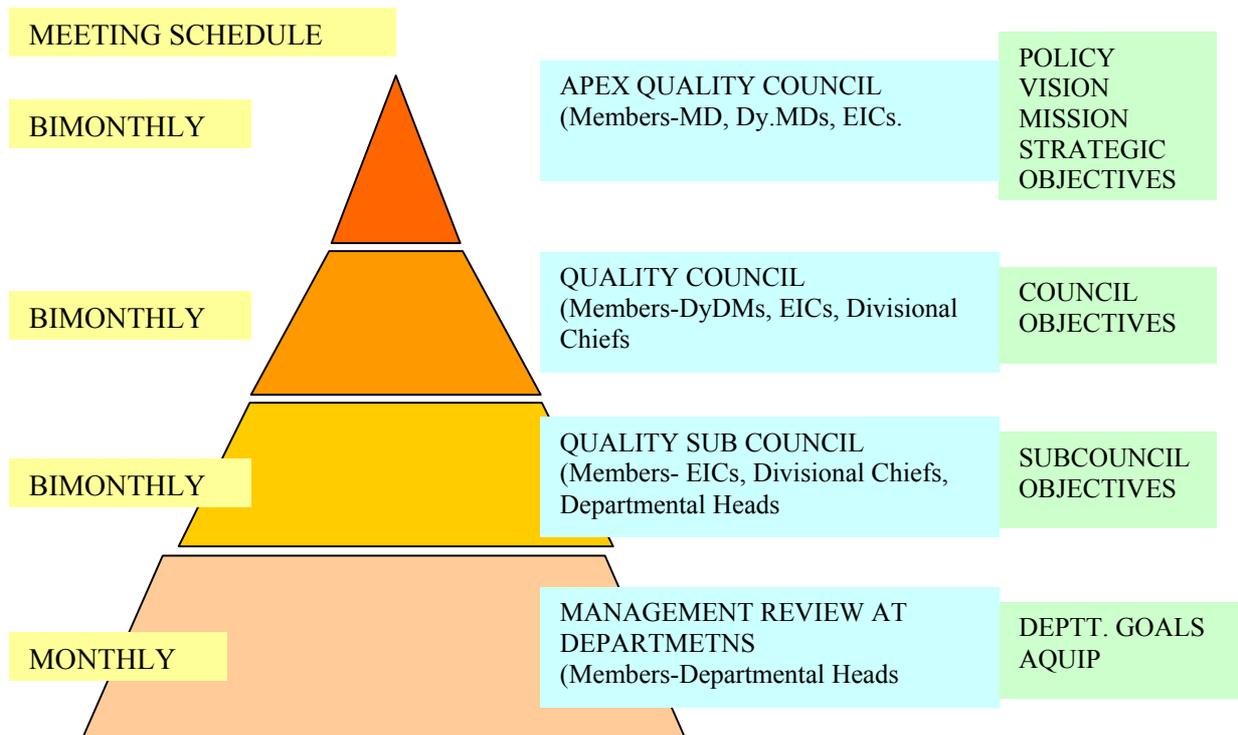
- Leadership effectiveness assessment: 360 degree feedback extended to middle level officers, improvements brought about in several dimensions of managerial effectiveness.
- Communication effectiveness evaluation: survey conducted, actions taken to improve.
- COC awareness and implementation to suppliers, contractors, partners, customers.
- PEP implementation : new organizational structure based on performance orientation.
- Spend on Rural Development : new item introduced in the Business Score Card of MD.
- Refinement in the involvement of employees in social work : formation of employee volunteer corps.
- Environmental management system implementation : received ISO 14001 certification.



Deployment of Company's Strategy



Organization Management Structure for Economic, Environment & Social Commitment





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Management System

Process Management

Processes to assure business performance :

- Design of products/services – The design of products/services are driven by customers' needs, social and environmental considerations.
- Design of production and delivery processes – The design of production and delivery processes are based on the Technical Delivery Condition, which are translated and documented in specific process charts. The process flow charts include the in-process measures to enable control of the processes to produce the desired product.
- Co-ordination – These processes are coordinated by Customer Service Department (CSD) which is an interface between Marketing & Sales and the Works. The annual marketing and sales plan, indicates the tentative production mix. This forms an input for the Works Annual Operating Plan (AOP) that determines the flow of material.
- Supplier Processes - Purchase of goods and services accounting for approximately 50% of Tata Steel's expenditure, hence a concerted attempt is being made to transform this value addition for our customers. The company has been aided in its efforts by reengineering supply chain management by M/s Booz Allen and Hamilton.

Process performance :

- Regular collection and analysis of data is done to ensure product quality and consistency using tools like process capability, multivariate analysis, etc.
- To ascertain the quality level of outgoing product groups, an evaluation system Product Quality Index (PQI) has been introduced.
- The process charts help in maintaining control on the processes. Process consistency is also ensured through ISO 9000 and TS 13004 Quality Systems. The quality of the product processed by External Processing Agents (EPA) is regularly monitored.
- Total Operational Performance programme is being implemented with the help of M/s. McKinsey to identify opportunities for cost reduction. In addition, "ABC analysis of the cost influencing factors of all key process" has been undertaken.
- Learning acquired in one area is shared with and deployed in other areas as well

Human Resource Focus :

- Work systems in Tata Steel are designed to promote total customer satisfaction through efficient production and delivery systems.
- The company has institutionalised the concept of Internal Customer – Supplier Chains across the organization by MOU's between suppliers and key customers.
- Continuous improvement is targeted through employee involvement and team work, employee involvement in cross functional teams, Quality Circles etc. Further, divisionalization with profit centres with full autonomy, is an embodiment of organization wide empowerment.
- Flexibility and rapid response is achieved through multi-skilling, cluster manning, BPR on supply chain management, flatter organizational structure and innovative reward and compensation schemes.



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Employee development

- The Technical Education Advisory Committee provides the platform to focus on employee development and training plans aimed to fulfil strategic goals of the company and long term objectives. Majority of the training programmes is imparted by the in-house training centres. (Technical Institute & Management Development Centre).
- Apart from in-house training, employees are also deputed to other organizations and training centres in the country and abroad for specialised training.
- Officers are trained into business managers through special general management programmes such as at CEDEP, France.

Creating an atmosphere to help achieve a world class workforce :

- A variety of compensation and recognition systems such as special increments, persons of the Month, Quality awards have been instituted.
- Numerous communication channels such as Dialogues, communication meetings, Joint Departmental Council, Despatcher, mobile phones, pagers, Tata Net etc enable interaction and information / skill sharing across the organization.
- Employees are continuously educated on preventive health care and hygiene, alcohol and drug abuse, HIV & AIDS through employee awareness programmes.
- Occupational Health Services besides creating awareness on occupational hazards also conduct general health check-ups.
- To enhance employee motivation and satisfaction, a number of facilities are provided by the Company like, subsidised accommodation, subsidised electricity, free water, free medical treatment, free schools for wards, recreational clubs, fair price shops etc.

To encourage active involvement of employees orientation towards company's vision, a process has been initiated for the compilation of a directory of Employees Volunteers'. Employees are systematically encouraged to contribute towards community activities. The table below illustrates some of our ongoing partnership projects in collaboration with other NGO's/Organizations.

Organizations / NGOs	Area of Partnership
The Global Business Council HIV/AIDS London	(i) Preventive & Promotive activities (ii) Curative & rehabilitative activities (iii) Adopt East/West Singhbhum for conducting AIDS awareness.
The Global Compact of the United Nations	To promote good corporate practices in the areas of (i) Human Rights (ii) Labour (iii) Environment
IISI Brussels, Ministry of Environment Forests New Delhi	Life Cycle Assessment for Steel Sector.
UNIDO, Confederation of Indian Industry	Water pricing for resource conservation
EPIA, USA	Adolescent Reproductive Health Project called SAHAS.
CARE International, USA	To promote safe motherhood and infancy to reduce IMR and child mortality rate to less than 5 years of age (CMR <5) in 162 villages.
UNICEF	WATSAN (Water and Sanitation Project) which will cover 100 villages.
Sir Ratan Tata Trust	Rehabilitation and reconstruction work for the Orissa Cyclone victims.
The Calcutta Samaritans	Running of a De-Addiction Centre at Baridih.



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Responsibility towards the Public / Community :

Tata Steel in keeping with the Group Purpose, its commitment to various codes and articulated policy position incorporates the following as central to its social responsibility.

- Meeting regulatory and legal norms as a minimum.
- Ethical behaviour is promoted through regular communication, and commitment to Code of Conduct.
- Social audits are conducted periodically to ascertain the effect of our products/processes and services on society followed by corrective actions.
- Working towards ISO 9001, ISO 14001, OSHAS 18001 and CSMS so as to develop management systems for aspects that affect business.
- Strengthening and supporting the community in a number of ways;
 - Town Division – by maintaining the city of Jamshedpur.
 - Tata Main Hospital – by providing employees with medical treatment at no cost and non employees at a nominal charge.
 - Social Services – organizing camps for eye cure, family planning, immunization for children and others.
 - By encouraging sports and nurturing young talent within the country and especially in the local area.
 - By participating in social development programmes in villages (TSRDS).
- In order to monitor Tata Steel's role towards the community, MD's Balanced Score Card includes a "Corporate Social Responsibility Index" comprising measures related to Health, Hygiene and Environment, which are deployed by the concerned departments.

Environment Related Processes :

Tata Steel has adopted Environmental Management System (ISO-14001) to manage its environmental impacts and performance. The EMS includes all aspects associated with products, services and operations. A brief delineation of aspects has been provided hereunder.

Key Practices	Legislation/Regulation	Activities	Risk Associated
Environ-mental monitoring	Air Act 1981	Stack emission monitoring Work area environment Ambient air quality	Air pollution
-do-	Water Act 1974	Measurement and analysis of effluent water	Water pollution
-do-	EP Act 1986	Noise level measurement	Noise pollution
Waste Utilization Disposal	EP Act 1986	Recycling / reuse of waste Solid waste disposal Bio-medical waste	Land/water pollution, health hazard
Resource conservation	EP Act 1986	Reduction of specific raw material consumption. Water consumption. Energy consumption	Depletion of natural resources, cost over-run Env. Pollution
Legal comp.	EP Act 1986	Submission of environment compliance report	Penalty/ closure of defaulting units
Water Purification & Supply	Water Cess Act 1977	Payment to statutory authorities.	Legal action
Legal compliance	EP Act 1986	Filing of returns & assessments.	Legal action



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Tata Steel has improved its compliance towards safety and environmental requirements of the importing countries by availing the services of the world-renowned company SGS India Limited to oversee export shipments. Risks associated with current and future products vis-à-vis public concerns are evaluated by the R&D and actions taken to minimise or eliminate the same at the product design stage itself. Public concerns associated with new projects are addressed in the risk analysis done for each project.

To assess the risks to society and environment and to incorporate sustainability concerns in corporate strategy, Tata Steel has undertaken LCA (Life Cycle Assessment) under the aegis of Ministry of Environment and Forests. Furthermore, “Carrying Capacity” of Jamshedpur has been carried out by NEERI which serves as a blue print for environment friendly development of this region.

All proposed capital investments are subjected to a thorough analysis for their impact on the environment at the planning stage and the procedure has been systematised through implementation of ISO-14001 Environmental Management Systems.

Performance of supplier and procedure for monitoring:

As a principle, the Supply Chain Division of Tata Steel do not monitor the economic performance of vendors. Based on techno-commercial considerations and if the vendor is to be registered, as a process, confidential information is taken from the vendor’s various customers and bankers regarding the above. Only after receipt of the confidential report and if found to be satisfactory, the vendors are registered.

In case of Social Organisations and Small Scale Industry units, raw materials are issued to the vendors on a “conversion” basis for the supply of finished goods, spares and consumables. The efforts are also made by Supply Chain Division towards expeditious clearance of their bills.

As a step towards understanding the economic performance of the vendors, plans are on the anvil for analysis of the audited “balance sheet” for last three years for new vendor registration cases. However this is yet to be formalized

Further, Tata Steel is in the process of incorporating evaluation of vendor’s environmental performance into the vendor evaluation and registration mechanism.

Moreover, the vendor evaluation in its current form focuses on compliance with labour laws as regards vendor’s social performance.

Environmental & Social programs for contractors:

Stringent procedures have been detailed under ISO14001 for contractors, including strong punitive actions for defaulters. Such norms and guidelines are communicated to all the contractors in many forums. These have also been discussed with them by Top management like Chairman, General Safety Committee, General Managers, Chief of Supply Chain Division and other senior executives of Tata Steel. Not only this, all new “entrants” from the contractors are taken through a Safety and Environment Induction training without which gate passes are not issued to them for working inside the works premises.



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Procedure for monitoring contractor/supplier compliance with labour laws:		
Stage of monitoring of compliance	Adherence to the laws of the land	Frequency
During Vendor Registration	Sales Tax Registration Number (State & Central), Provident Fund Code (for all service providers), Excise Registration Number, PAN number, Employees State Insurance	At Registration stage for vendors(both for suppliers and contractors)
During dealing with Tata Steel	<ul style="list-style-type: none"> • Vehicle Registration papers, Road tax papers, Driving license for drivers • Non submission of ED gate Passes • Specific cases of violation as pointed out by Provident Fund Commissioner, Income Tax Authorities, Sales Tax Authorities and Excise Authorities, Police etc • Checking all the cases, all the time and for all vendors 	<ul style="list-style-type: none"> • Random checks by Security/ Departments for vehicles plying to and fro works • Deduction by Accounts for specific cases • Details furnished on case to case basis on demand • Handled only as exceptions

Nature & location of outsourced operations :

The Supply Chain Division of Tata Steel deals with all inbound and outbound supplies of goods and services. The service providers include both indigenous and foreign sources including government/semi government agencies. The details on nature and location of inflow and outflow of goods and services are as under:

Nature of outsourced operations	Location(not exhaustive list)
Inbound supplies of goods like Mechanical and Electrical spares, Process, Operating and General Consumable	Jamshedpur & Kolkata (majority) , Mumbai, Bangalore, New Delhi, Chennai etc.
Inbound supplies of services	Jamshedpur (majority)
Outbound supplies of goods and services	Jamshedpur & Kolkata (majority)
Procurement of Raw Materials	Various parts of the country
External Processing Agents	Jamshedpur and various parts of the country

Decisions on location, closure etc. of facilities :

Sustainability programme and procedures for decisions pertaining to location, closure, facility opening etc. that have been adopted in the organization are through proactive measures like Environmental Impact Assessment of the new facility, Social Audit of the new location and corresponding rehabilitation package and finally No Objection from Statutory Authorities.

Tata Steel was the first company to undertake Social Audit in 1980 to proactively ascertain the effect of its products/operations and services on society. Anticipation of public concern is also addressed under ISO-14001 where the aspects and impacts of all our products, activities and services and their adverse impact on the environment are analysed. A summary of proactive measures taken to address concerns of stakeholders is given below.

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Area	Actions Taken	Impact On
Steel Works	(i) Closure of pollution prone units of Open-hearth furnaces, RM-1, Narrow Strip Mill, Sheet Mills (ii) Introduction of state of the art technologies such as stamp charge batteries, continuous casting etc. (iii) Installation of pollution control equipment such as, Dry Fog Dust suppression System, DE Systems, ESPs, Foam Spray System, Waste Water Treatment Plant (iv) Retractable Chute for dust free loading.	Improvement in ambient air and effluent water quality.
Steel Works	(i) Recovery of Ferro chrome from slag and mixed metal (ii) Waste utilisation from power generating plants (iii) Optimisation of energy (iv) Recycling of LD Sludge (v) LD slag as a soil conditioner.	Environmental impact/waste utilisation/recovery of raw materials.
All places	Green Millennium : 1.5 million trees have already been planted since launching of the programme in April 1997. More continue to be planted.	City landscape / land degradation/ afforestation.
Town	(i) Creation of heavy vehicle parking place – Transport Nagar (ii) Construction of a new bridge over Subarnarekha river at Mango (iii) Creation of a new Bus Stand (iv) Eco Park at Dimna (v) Regional environmental impact assessment and carrying capacity studies in collaboration with NEERI and MEF (vi) Jubilee Amusement Park (vii) Fountains at Traffic Island (viii) Concrete road connecting railway station to the city (ix) High mast light at Adityapur (x) Peripheral road by the side of river (By Pass Road).	Improvement on Quality of Life in the region.

Stakeholder identification & Engagement

The identification of stakeholders is derived from the vision of the company, which states that all the efforts are directed towards delivering certain values to the customer, the community and the nation. Thus the total stakeholder base of the company encompasses Shareholders, Financial Community, Customers, Media, Community and the Employees.

Formal two-way Management Stakeholder Communications		
Stakeholders	Forum for assessing Requirements, and Communicating Directions	Frequency
Shareholders	Annual General Meetings, Quarterly and half-yearly reports to Shareholders, Updating major Shareholders (LIC, UTI), Shareholder Relations' Meets.	Annual as per plan
Customer	Customer Week; MD's conferences with customer groups worldwide Visits to Customers Customer Contact Reports Learning From Field Failures	Annual As per plan As per plan Quarterly
Suppliers	Supplier Dialogues Meeting with Key Suppliers Supplier Recognition	Twice a year As per plan Once a year
External Public/ Govt.	Meetings with Govt./ Steel Ministry / Trade Bodies etc.	As per need
Community and Society	Senior Citizens Forums Dialogue with Officers' Wives	Quarterly Twice a year
Employee	Dialogues and JDCs	Twice a month



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The Tata Group Code of Conduct states ‘The Tata Group honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders, a Tata Company or the Tata Group shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representative to disclose information on the Company’.

Type/Nature of information generated by the consultation process with each stakeholder.

Shareholders essentially provide a feedback on the overall performance of the firm and its implications as regards market capitalization and creation of shareholder value. This feedback is often manifested in the market capitalization and share price performance of the firm. This feedback forms one of the significant inputs to the strategic plan development and the consequent strategic objective setting, as is evident in Tata Steel’s strategic objectives and plan outlined here above.

Customer engagement provides information essentially on the user needs, need satisfaction and product quality and functionality. These inputs form the basis for product improvement and product development initiatives, necessary for customer retention, market penetration and development. Secondly but perhaps more importantly customer engagement provides an indication of the emerging demand scenario and the likely price sentiment. This is a necessary input to development of the short and medium term business plan.

Supplier engagement aims to create a win-win collaboration between Tata Steel and the suppliers who are increasingly being seen as business partners rather than suppliers. The information generated essentially focuses on identifying areas with conflicting goals. This has a bearing on working Capital Management and inventory management primarily. The feedback is also used to fine tune the vendor rating and evaluation procedure.

External Public : The meetings with Government, Steel Ministry, Environment Ministry, Trade Bodies are aimed at understanding the requirement under statutes related to steel and allied business. The new legislations/ordinances are analysed and incorporated with business decision during strategic planning.

Employees : The communication channel with employees at different levels and the issues discussed are given below. The information received from the employees during above dialogues and discussions is used in business decision making process.

Communication with Employees				
Communication Fora	Min. mtgs/Yr	Chaired by	Attended by	Issues Discussed
Senior Dialogue	6	MD	Departmental Heads and above	Two way communication & discussions on company policies and strategies.
Middle Management Dialogue	4	VPs	Middle Management (ADMs/DDMs)	Company’s direction and issues of concern.
Junior Dialogue	4	MD	All Officers of the Company	Information sharing on Vision and company policy of Officers and discuss issues of concerns.



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Communication Fora	Min. mtgs/Yr	Chaired by	Attended by	Issues Discussed
Dialogue with Union Committee Members	3	MD	VP (HRM), Elected Union representatives (over 300+ together)	Issues concerning unionised workforce, productivity, the business, rightsizing, profitability among others.
Departmental Communication Meeting	12	Deptt. Head	All Officers & Supervisors of the department	Departmental production and Quality related issues, Customer feedback
Sectional Communication Meeting	12	Section Heads	All employees of the section	Shop floor activities, QCs, housekeeping, etc.
Quality Coordinators meeting	6	MD/VPs	Quality Coordinator of each department	Review and sharing of TQM activities in the departments.
Joint Department Council (JDC)	3	MD/VPs	All employees of Department	Quality, production, cost and employees welfare issues.
JDC fortnightly Meetings	24	Dept. heads	Council members, employee observers	Quality, production, cost and employee welfare issues.
Joint Works Quality Committee	6	GM (Maint.)	Union Committee Members and Mgmt.	5S and Quality Circle activities.

Society : The quarterly dialogues are carried out with senior citizens of the Town and half yearly dialogues with the Officers' spouses by the Managing Director. In addition teams from Tata Steel Rural Development Society survey various villages to assess the needs of the villages as regards their development. A soft ware is used to map the demographic profile of various villages around Jamshedpur. The discussions with village population about strengths and weakness in their system are superimposed on the profile in the software and in consultation with the villagers the developmental plans are drawn.

The feed back from these stakeholders is inherent in the indicators like, Customer Satisfaction Index, employee Satisfaction Index, Corporate Citizenship Index etc. Some performance indicators developed and included in this report directly as a result of feedback on this engagement are furnished in MD's Balance Score Card given in **Annexure-I**.

Customer and Market Focus

Markets and Customers

Tata Steel has approached a fragmented market by developing and serving niches. Tata Steel's focus is in areas that are more attractive in terms of profitability and are aligned with Tata Steel's competitive strength.

- Flat Product - HRCR, HRFC, LPG
- Long Product - HCWR, EQWR



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Feedback from customers

- The primary source of information is the customer visits by a cross section of employees ranging from field officers to Managing Director. Other sources include surveys, seminars, associations, foreign visits, etc.
- The customer expectations vis-à-vis products and services get formalised in the form of a TDC (Technical Delivery Condition). COMD (Customer Order Management Department) is a single window agency which provides direct access to all customers for information regarding their order status, possible delivery schedule, information on grade, chemistry, etc.
- A benchmarking of the customer complaint management process was undertaken with Modi Xerox which had benchmarked its process with Rank Xerox. Expectations of customers were also taken into consideration while designing this process.
- The customer satisfaction determination process is conducted in three ways.
 - Half-yearly surveys conducted by the Company to measure segment specific customer satisfaction on product/service attributes.
 - An annual survey conducted by Ministry of Steel.
 - Independent survey conducted once every two years by Tata Steel.

Customer relations

- Key customers are chosen with great care based on the financial strength, future growth potential, capability to purchase strategic products, market share and standing of the customer, organisational culture and values and volume of past and current business. The key customers get the benefit of committed commercial contracts, prompt complaint settlement, senior management visits etc.
- Tata Ryerson is working in the area of service centres to enhance Tata Steel's strategic capabilities.
- In order to improve the quality of technical interaction with customers, the Product Application Group of Tata Steel seeks assistance from customers in product development/improvement.

Approach to Social Development

The following is the suggested requirement for Tata Companies to ensure that there is explicit management support to help employees to give their best to the community.

- Leadership & Policy Support : The management has adopted the Article of Association on social responsibility and released a specific policy statement for public display to inform employees and other stakeholders at Head Office and major regional/branch offices. It is to be based on the Company's core competence and organisational strengths it desires to share with people.
- Strategy on Corporate Social Responsibility : The Company has annual programmes as per the Tata Council for Community Initiatives (TCCI) Guidelines. The company has a matrix of its competencies stating the exact possibilities for action.
- Allocating resources & system of accounting : The company recognizes that social expenditure is a developmental cost and records it under a separate account head. Social expenses are distinct from employee welfare.



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- Assigning key responsibilities : The management has key persons deployed for this work and its management representative has annual goals by means of KRAs. A core team works together to ensure that the quality of community initiatives is enhanced through shared responsibilities and lends continuity.
- Communication strategy : To keep employees and public at large informed about company's work on social responsibility, the company publishes its reports through newsletters, in-house magazines and the Directors' Annual Report. A column on social responsibility is dedicated in such mediums of communication.
- Volunteering : The company has instituted a scheme for encouraging volunteers and has a matrix explaining profiles of volunteers developed to match their skills with corresponding activities. The company maintains a formal register of volunteers giving their interests, kinds of skills and expertise and the number of hours spent.
- Documentation : The company documents its work methodically. It also documents case studies as per the TCCI Guidelines along with photographs of its activities. The programmes have the support of documented work in audio-visual form, compact discs and reports and do feature it on the group's and company's website.

	Satisfactory and will require continuous review.
	Idea accepted and work in progress. Deadline for completion is 31.12.2001.
X	The company has not yet satisfactorily responded to this point of action. Deadline for completion is 31.12.2001.
	Speciality and strength.

Information & Analysis

IT (Information Technology) support is provided for all levels of management. Key user requirements are met by packaged solutions / in-house applications. For in-house applications, a software development methodology called TIMES (The Integrated Methodology for System) is used, which specified user participation through Joint Application Development Teams.

Performance data is collected and aggregated in line with Balanced Score Card through computerised executive information system. This data is then reviewed.

- The general trend of the market with the future projections for each product is highlighted from reports like Monthly Industry Report, Division Executive Information System, Product Application Group Report, etc.
- Analysis of Operational Performance Data including product and service performance is carried out with analytical tools like SPC, Simulation liner programming, on-line control charts, etc. and by decision support models.
- Tata Steel applies the generic "five step" Benchmarking Process Model – Plan, Search, Observe, Analyse and Adapt.
- The information needs are identified at the daily and weekly meetings in the departments wherein all the key performance measures are reviewed against the Annual Operating Plan / Annual Quality Improvement Plan (AQIP) targets.



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ECONOMIC PERFORMANCE

The Global Steel Market

The year under review commenced on an optimistic note with increasing demand and rising steel prices. International prices, however, dipped by over 30-40% after July 2000 in the wake of a slowdown in the US economy and increased export activity by Russian and CIS steel plants. Global over production, accelerated the downside. Inevitably, steel prices across the world came under pressure. In fact, international prices of hot-rolled coils approached the low levels, even below the severe recession of 1998. In addition, nine US steel mills filed anti-dumping petitions in November 2000 against hot-rolled coils from eleven countries including India, resulting in increased supply pressure on the domestic market. Similar actions were initiated by Canada for galvanised products.

While domestic production during the year grew at 8%, apparent domestic consumption was 10% higher at 25.00 million Tonnes (1999-2000: 22.74 million tonnes). The surplus situation in Flats continued, while the demand for Longs was stable. In keeping with global trends, domestic prices rolled down from the high levels seen in the beginning of the year, though the domestic market was less volatile. The exports in the second half of the year also declined.

It is expected that prices will show some improvement as production cutbacks are affected to correct the over-supply situation. However, price recovery will be slow and the steel pricing structure will be highly 'competitive'. Cost reduction will remain the most critical factor determining the profitability of steel plants. Tata Steel will continue the process of cost reduction and moving up the value chain with an improved product-mix.

Financial Results

	Rupees Million	Previous Year Rupees Million
Net Sales/Income	77594.4	68908.7
Total Expenditure	<u>60574.4</u>	<u>56577.3</u>
Operating Profit	17020.0	12331.4
Add : Dividend and Other Income	551.4	524.6
Profit before Interest, Depreciation, Extraordinary items and Taxes	17571.4	12856.0
Less : Interest	<u>3766.1</u>	<u>3595.6</u>
Profit before Depreciation, Extraordinary items and Taxes	13805.3	9266.4
Less : Depreciation	<u>4922.5</u>	<u>4265.4</u>
Profit before Extraordinary items and Taxes	8882.8	4991.0
Less : Extraordinary items	<u>2858.4</u>	<u>225.1</u>
Profit before Taxes	6024.4	4765.9
Less : Provision for Taxes	<u>490.0</u>	<u>540.0</u>
Profit after Taxes	5534.4	4225.9
Less : Transfer to Debenture redemption reserve	1000.0	1100.0
Less : Transfer to capital redemption reserve	<u>100.0</u>	=
	4434.4	3125.9
Add : Balance brought forward from the previous year	<u>1889.3</u>	<u>905.0</u>
Balance	<u>6323.7</u>	<u>4030.9</u>
Which the Directors have appreciated as under, to:		
Interim Dividend	122.0	1548.6
(On Preference Shares : Rs.122.0 Million, 1999- 2000: Rs.77.5 Million)		
Proposed Dividend	1838.9	-
Tax on Dividend	215.2	170.4
Contingency Reserve	1000.0	-
General Reserve	<u>1000.0</u>	<u>422.6</u>
TOTAL	4176.1	2141.6
Leaving a balance of to	<u>2147.6</u>	<u>2889.3</u>



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Financial Results

Total revenues increased by 13% from Rs.69433.3 to Rs.78145.8 million on account of marginally higher sales volumes, improved product-mix and better price realisations in the first half of the year. After a good first quarter, a combination of factors such as excess global production, the slowdown of the US economy and higher imports from Russia and CIS countries at low prices, pushed steel prices down for most of the rest of the year.

However, in the face of such adverse circumstances, the company ended the year on a satisfactory note, through aggressive cost-cutting, better product-mix and a marginal improvement in realisations over the previous year.

All the major profit centres reported better performance. Gross profit was higher at Rs.17571.4 as against Rs.12856.0 million in the previous year, an increase of 37%. Provision for depreciation was higher at Rs.4922.5 million (1999-2000 Rs.4265.4 million), mainly due to the commissioning of the major part of the Cold Rolling Mill complex during the year. Net interest and expenses towards employee separation compensation amounted to Rs.3766.1 and Rs.2015.2 million respectively, (1999-2000), yielding a profit before taxes of Rs. 6024.4 million (after providing for extraordinary items), an increase of 26%, and the highest ever achieved by our company.

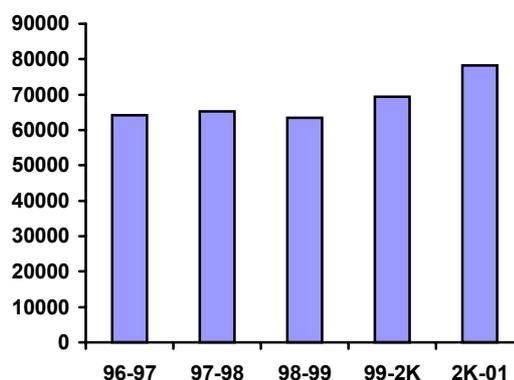
After providing Rs.490 million towards taxes, profit after taxes increased by 31% to Rs.5534.0 million.

The increased profits have been achieved in spite of the negative impact of the following extraordinary items.

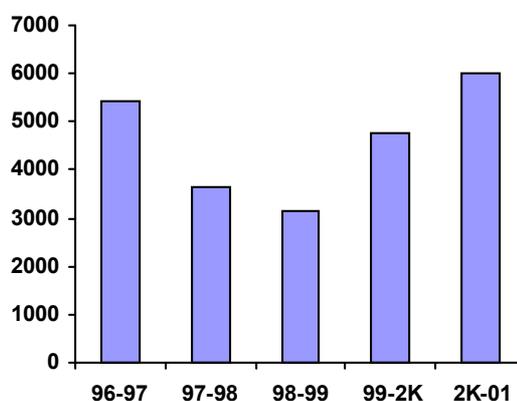
(All figures in Rupees Million)

	2000-01	1999-00	Change
Provision for employee separation compensation	(2015.2)	(1579.9)	(435.3)
Provision for power cost relating to previous years	(862.0)	-	(862.0)
Profit on sale of net assets of Cement Division	-	1252.6	(1252.6)
Profit on sale of long term investments	18.8	102.2	(83.4)
TOTAL	2858.4	(225.1)	(2633.3)

Gross Revenue (Rs. Million)



Profit after tax





TATA STEEL – CORPROATE SUSTAINABILITY REPORT (2000-2001)

Dividend

Preference Shares

The Board had declared an interim dividend on Cumulative Redeemable Preference Shares as under;

	Rs. Million
On 1,000,000 Preference shares of Rs.100 each @ 9.25% for the period 1 st April 2000 to 27 th June 2000.	02.2
On 14,000,000 Preference Shares of Rs.100 each @ 9.25% for the period 1 st April 2000 to 31 st May 2000 and @ 8.42% for the period 1 st June 2000 to 31 st March 2001.	119.8
TOTAL	122.0

1,000,000 Preference Shares of Rs.100 each were redeemed on 28th June 2000.

Ordinary Shares

The Directors recommended a dividend for the year ended 31st March 2001, if approved by the Shareholders at the Annual General Meeting to be held on 19th July 2001.

On 367,771,901 Ordinary Shares at Rs.5.00 per share (1999-2000 : Interim dividend on 367,771,781 Ordinary Shares at Rs.4.00 per share and on 99 Ordinary Shares of Rs.10 each pro-rata).

Dividend Policy

Recognising the importance of its shareholders, it is the Company's policy that they should get a sustained, stable and fair return on their investments in the Company. At the same time, the Company will need to take into account its own requirements of funds for future growth. The better performance during the year under review has encouraged the Directors to declare a higher dividend rate which they believe can be sustained, barring any major adverse or unforeseen circumstances.

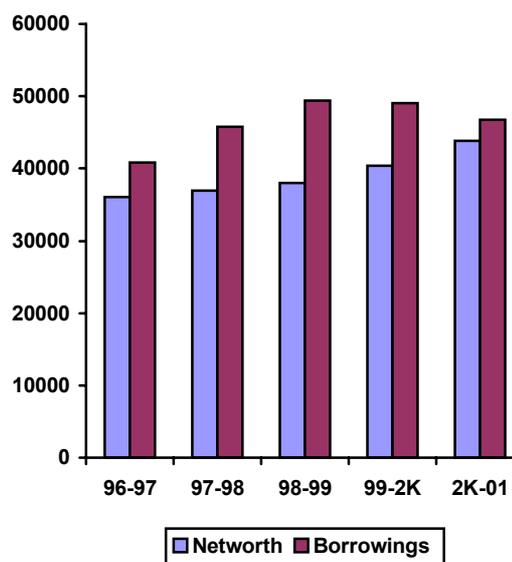
Contingency Reserve

The Company has created a Contingency Reserve of Rs.1000 million taking into account existing contingencies and other unforeseen future contingencies.

Finance

No fresh long-term loans were arranged during the year. The company has rapid long-term loans (including foreign currency loans) of Rs.5090.0 million during the year. After taking into account fresh draws from loans arranged earlier, there has been a net reduction in the long-term borrowings outstanding by Rs.1060.0 million. Short-term borrowings have also decreased by Rs.1290.0 million over the previous years. There has, thus, been a reduction in the overall borrowings by Rs.2350.0 million. The company proposes to exercise its call option in respect of the Secured Redeemable Non-convertible Bonds aggregating Rs.5000.0 million issued in 1996 and redeem the same on 1st November 2001.

Networth & Borrowings (Rs. in Million)





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Intangible Assets

The organisation has patented several technologies developed in-house. A few of these technologies that have been commercialised at Tata Steel are;

- Addition of a catalyst for improved consumption efficiency in pulverised coal tar injection in Blast Furnaces.
- Coal tar and waste oil injection in Blast Furnaces.
- Brick manufacturing from steel plant waste and fly ash.
- Magnetic recovery from Blast Furnaces flue dust.

Besides the few examples given above in the field of environment & resource conservation, Tata Steel employs several world renowned metallurgists and technologists who have over a 100 publications of books on steel making, sinter making, iron making, coke making and human resource management.

Financial Indicators

	UOM	1999-00	2000-01
Return on Capital Employed (Steel business)	%	9.3	9.8
Investments in R&D	Rs.Million	104.3	104.3
Employee training (SNTI, TMDC)	-do-	86.6	92.2
Education	-do-	136.2	123.6
Other capital investments	-do-	4999.3	20292.3 (additions during the year)
Total wages and benefit	-do-	14561.7	18106.9 (Wages + ESS)
Disaggregated taxes			
Income tax	-do-	540.0	490.0
Tax on dividend	-do-	170.4	215.2
Excise duties	-do-	7968.6	9208.3
Debt-equity Ratio	Ratio	49:51	52:48

Community Needs & Response

To identify community needs the service providers in Tata Steel regularly interact with the community through various Committees and agencies. The Committee comprises of Senior Executive, Union Officials, Government Officials and eminent personalities. Tata Steel has mobilised a fund of Rs.27.0 million through the above networking.

- Fifty Four sports persons in the discipline of athletics, boxing, basketball, archery, cycling and football have been gainfully employed by Tata Steel on the strength of their skills .
- Tata Steel has always responded as a good Corporate Citizen to large-scale human sufferings owing to natural calamities.
- Many parts of Gujrat were ravaged by an earthquake on 26th Jan. 2001,TRC provided emergency relief work. Blood was air lifted within 2 days. Doctors and paramedics were sent within 4 days. The materials were distributed in 40 villages of the two talukas Rapar and Bhachau in Kutch district – 10,075 blankets, 6000 tarpaulin, 15,000 utensils, 320 units of blood, etc were distributed to a population close to 50,000. While phase one has been completed, phase two consisting of rebuilding of schools with design acceptable to the climatic conditions of the region will start forthwith.



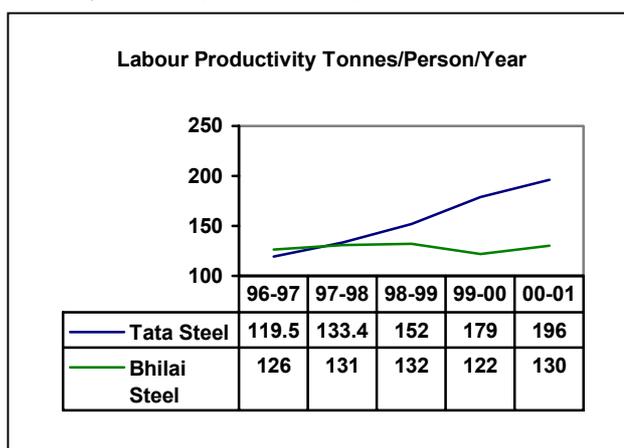
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- Tata Steel is not only aware of its obligations to the society but also influences other organizations to fulfil social commitments. It has committed jointly with other major companies in the town to contribute 50% of the cost of construction of a new rail over bridge near railway station. It is one of the promoters of M/s. Adityapur Toll Bridge Company which will construct the second Road Bridge over river Kharkai and also the Amusement Park in the Jubilee Park.
- The 6th Life Line Express project was successfully organized at Port Canning, West Bengal in association with TCCI, CII.
- Tata Steel supports of professional and other organisations to strengthen community services, environment, healthcare etc. wherein Sr. Executives and employees take part actively.
- A Centre for Excellence has been created to provide much needed office space for various professional/cultural organization functioning in the Town.

In all Tata Steel invested Rs 378.4 million in community development and public welfare work in the reporting year.

Labour Productivity

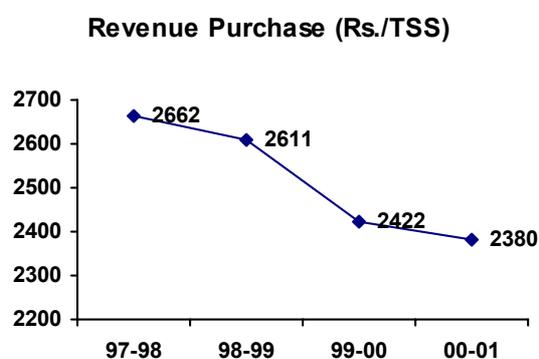
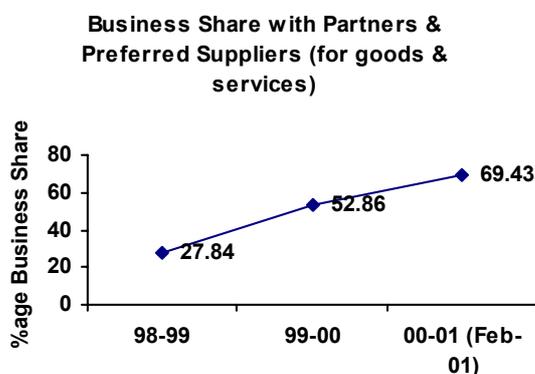
The labour productivity of the company has improved significantly over past five years as shown in the figure alongside.



Suppliers & Partners

Tata Steel is amongst the first companies who have got an external survey on vendor satisfaction done through IMRB. Nearly 2/3rd of the vendors have rated Tata Steel as an excellent customer.

Most of the supplier & partner's processes are unique for Tata Steel and hence benchmarks are few. Figure shows that business share with partners and preferred suppliers has grown continuously. This has resulted in further reduction of purchase price.





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Modernization Programmes to Improve product Quality and Environmental Performance.

Tata Steel has improved its performance by adopting state-of-the art technology through various modernization programmes which started in early 80s and got completed in 2000. The details of modernization programmes are given below.

Modernisation Phase-1 (1981-85, Rs.2230 million)

- Installation of two – 130t LD converters.
- Six strand billet caster – a first in an integrated steel plant in India.
- 130 to vacuum arc refining unit – again a first.
- Two vertical twin shaft lime kilns and a tar dolo brick plant.
- Two-250 tpd oxygen plants.
- Bar forging machine.

Modernisation Phase-II (1985-92, Rs.7800 million)

- Installation of 0.3 mtpa wire rod mill.
- Bedding and Blending Plant.
- Sinter Plant of 2.5 mtpa capacity.
- Coke Oven Battery with 54 ovens using stamp charging technology, again a first in India.
- Waste recycling plant of 1 mtpa capacity.
- Coal Injection in Blast Furnaces – first in India.

Modernisation Phase-III (1992-96, Rs.36000 million)

- Installation of two new stamp charged coke oven batteries.
- A 500 tpd oxygen plant and additional lime calcining facilities.
- Installation of 1 mtpa blast furnace with bell-less top.
- Installation of a new LD Shop with two 130 t combined blown converters.
- Two single strand slab casters.
- Installation of a new hot strip mill initially of 1 mtpa capacity.

Modernisation Phase-IV (1996-2000, Rs.13000 million)

- Increased hot metal and crude steel capacity.
- Third-130 t vessel at L D Shop#2.
- Hot Strip Mill capacity doubled.
- Proportion of steel made through continuous casting increased from 65% to 90%.
- Saleable steel capacity increased from 2.7 to 3.5 mtpa.

Cold Rolling Mill Complex (1999-2000, Rs.16000 million) :

- Capacity : 1.2 mtpa
- Products : Low carbon and ultra low carbon/interstitial free sheets.
0.8 mtpa annealed
0.4 mtpa zinc coated
Thickness 0.25mm – 3.2 mm
Width 800 mm – 1560 mm



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Research & Development

Research projects were undertaken which besides improved productivity and cost savings also contribute to raw materials conservation, energy conservation, waste utilization, product development and process improvement. A few highlights of achievements are given below;

- Three semisoft varieties of imported coals were tested and established for coke making – savings of approx. Rs.26 Million during the year.
- Coke breeze combustion enhanced – increase in sinter plant productivity by approx. 5%.
- Replacement of the existing desulphurisation compound by an inexpensive and more potent compound at LD#2 and slab caster – savings of Rs.67 million during the year.
- Technique for optimal grannulometry of coal developed in Stamp Charge Battery – reduction in coal cake breakage – savings of Rs. 1.0 million during the year.
- Use of viscosity modifier and low feed rate at West Bokaro Washery-II – enhancement of coal yield by 2%.
- Finite element modelling for blast furnace health wear for prolonging campaign life.

Technology Absorption, Adoption and Innovation

A large number of projects were undertaken by the company in collaboration with global leaders like ASI, Australia; Hoogovens; Posco; South Korea and Nippon Steel, Japan, in various other areas like plant automation, electronics, heat control model, coil tracking and transmission system etc. These efforts have resulted in improved efficiencies, cost competitiveness, energy conservation, enhanced product range and overall improvement of the environment.

Some of the highlights are as under;

- Increase in the productivity of Sinter Plant#2 to 40 t/m²/day.
- Improvement in yield of coal by 1% in the Coal Washeries of West Bokaro and Jharia.
- Coke making operation improvement in yield by 3% over the existing yield and reducing the coke cost by rs.100 per tonne.
- Maximisation of “G” Blast Furnace productivity with Indian Iron Ore.
- Consistent productivity of specific auto grade steels with Sulphur <0.007% and phosphorous <0.01%.

Business Challenges

Nature of the industry

Steel is a cyclical industry. The industry witnessed a prolonged down cycle in the recent past. Aggressive cost-cutting and a change in the product mix in favour of more value added products, which even in the lower part of the cycle yielded positive contribution, enabled the company to counter the recession. Further, in the new line of business of cold rolled coils, the company will be producing part of its products conforming to high grades of steel, which were hitherto not being locally manufactured. The company feels that it can now compete effectively both in terms of quality and price with similar materials imported from various well known steel manufacturing units in Japan, Korea and Europe. With the assistance of world renowned consultants, the company has made good progress towards its objectives of becoming the lowest cost integrated steel producer in the world.



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In dealing with the problems of severe over capacity and intense competition in the Tubes industry, the company is diversifying its product range and creating an image of a quality supplier.

Apart from domestic suppliers, the main threat to the Bearings industry is the cheap imports flooding the local market, in areas where quality is not a major consideration. The Bearings Division is, therefore, moving towards value added products and increased sales to the trade segment which is more remunerative.

The world ferro chrome market is dominated by a couple of large players whose pricing strategy has to be followed by smaller players. Due to adverse market conditions, some of the smaller producers had to shut down their plants. While the ferro alloys division has managed to achieve a high degree of cost competitiveness in production of chrome ore/concentrate, possibilities are being explored for conversion of chrome ore pellets to ferro chrome overseas, which has advantages of low power cost.

Technology

Technological obsolescence is an inherent business risk in a fast changing world and speed of change and adaptability is crucial for survival of business. At Tata Steel, the continuing modernisation process has enabled the company to do away with obsolete plants/processes and emerge as one of the most modern integrated steel plants in the world. Steel being a capital intensive industry, this process has involved huge capital investments.

Financial

Financial risks could include high foreign currency exposure, combined with low foreign exchange earnings, adverse movements in interest rates, foreign and domestic, insufficient liquidity to meet working capital requirements, unsustainably high leverage, and bad debts.

As a measure of prudent foreign exchange management, foreign currency borrowings are restricted to about 20% of total long-term loans, for financing capital goods/services. Imports on revenue account are paid, as and when due, by market purchase of foreign exchange. The company, being a substantial foreign exchange earner, is to a large extent, hedged from adverse exchange movements. The company does not, as a matter of policy, speculate on foreign currencies. Derivatives are only used to hedge risks arising out of adverse currency movements.

The company periodically reviews its borrowings profile and steps are taken to swap interest rates/currencies whenever required and at an opportune time. The company has been redeeming its existing borrowings as and when they matured and replenished a part of such loans at lower coupon rates.

With the completion of most of the major projects in hand, the company may not need incremental long term borrowings unless the situation warrants otherwise. The long-term debt equity also has dropped from 0.96:1 in the previous year to 0.87:1.

The company has a short-term credit limit of Rs.10000 million with various banks to meet its working capital requirements. Credit lines are utilised depending on need and availability of alternate means of finance, to minimise interest cost.

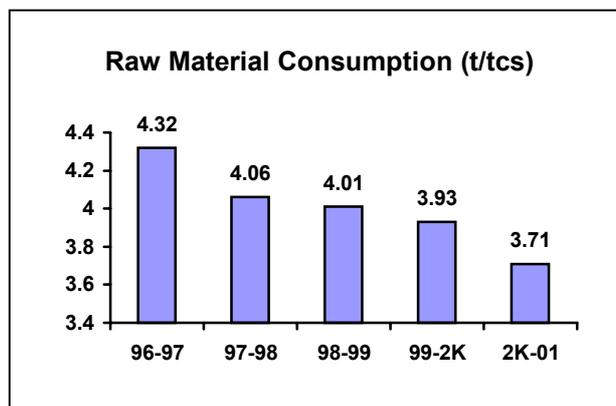
Export sales are transacted against letters of credit, and for domestic markets, the company has a credit policy, which varies depending on the credit worthiness of the customer. The company has been quite selective in extending credit support.



ENVIRONMENTAL PERFORMANCE

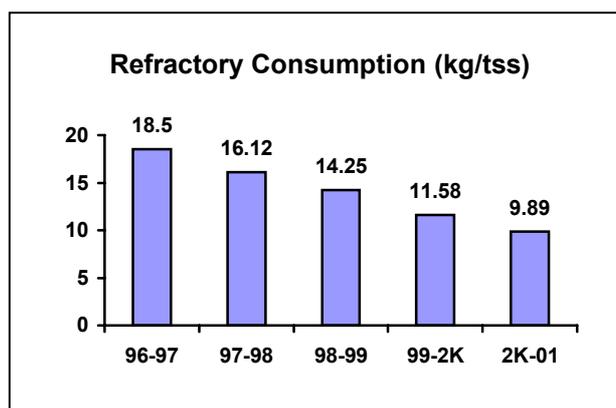
Resource Conservation

Raw Material Consumption

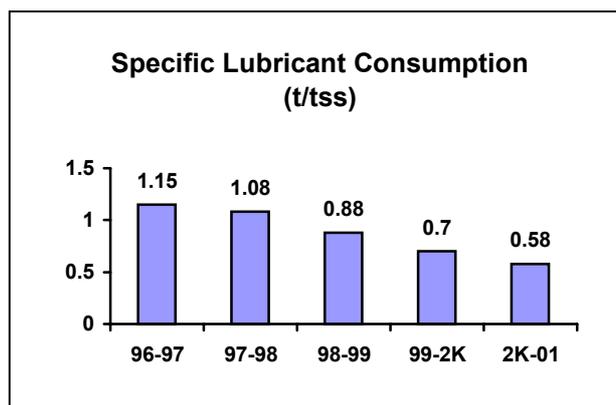


Refractory Consumption

Refractories contribute a great deal to the cost of steel production improved operating practices, use of better quality refractory material and reclaiming waste refractories generated from steel works have contributed to reduction of refractory consumption from 11.58 kg/tcs in 99-2K to 9.89 kg/tcs during 2K-01.



Lubricant Consumption



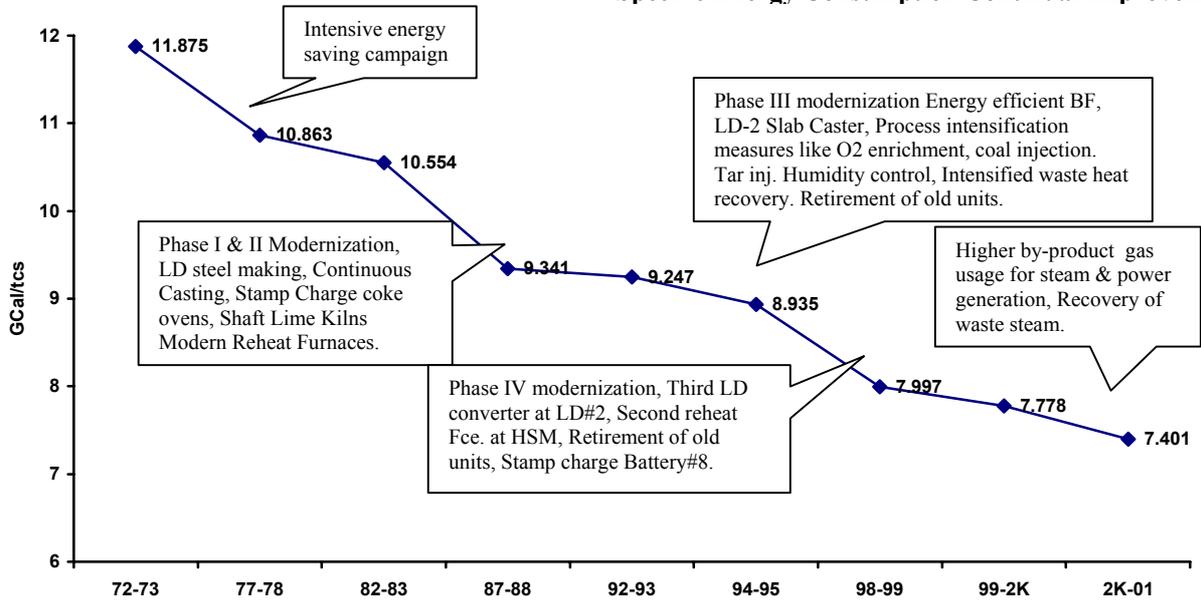
Energy Consumption :

For last three decades the company's efforts in implementing energy saving measures such as, improvements in plant operation, phasing out of higher energy intensive processes, recovery of waste heat and optimum utilisation of by-product fuels, have achieved an impressive reduction in specific energy consumption of more than 37% as shown below.



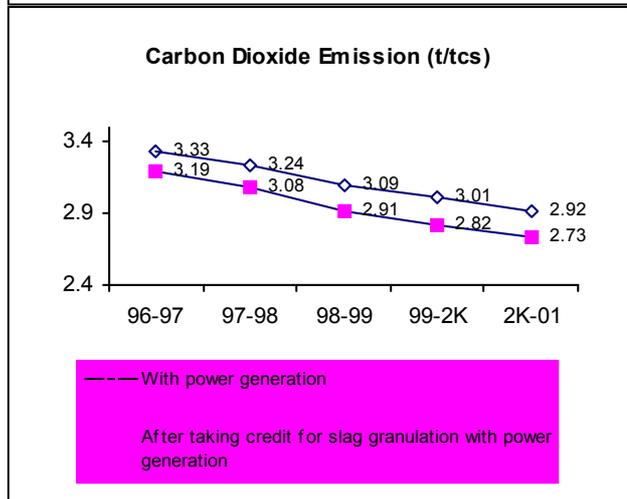
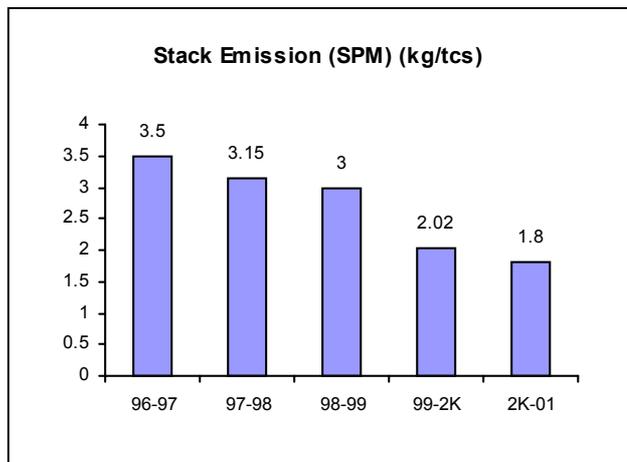
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Specific Energy Consumption Continual Improvement



Air Environment

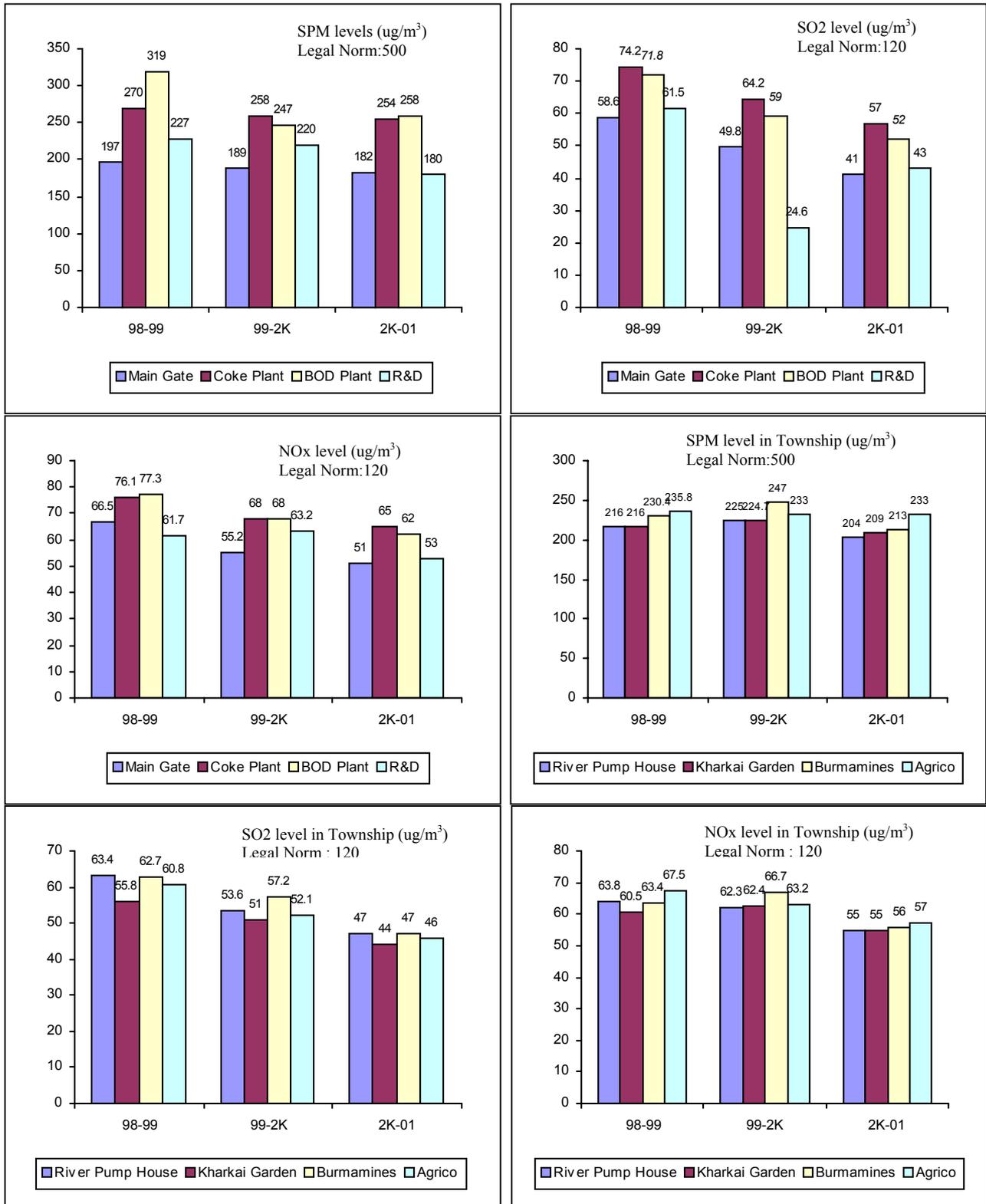
Emission through process stacks.





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Ambient Air Quality



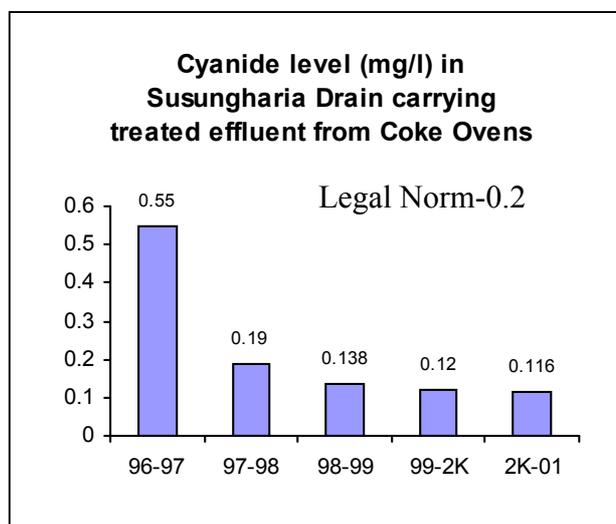
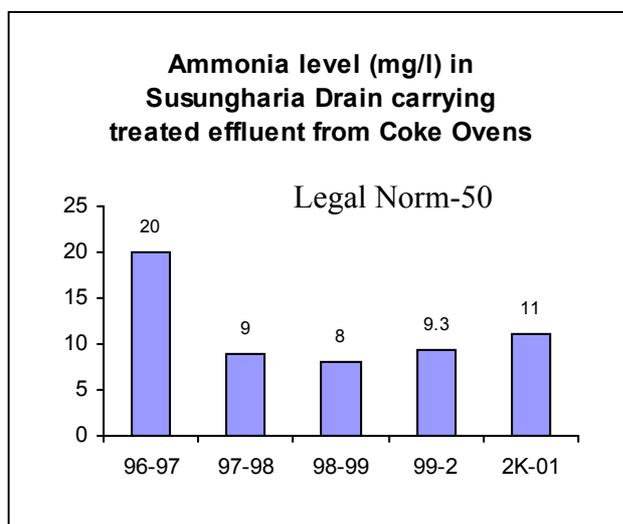
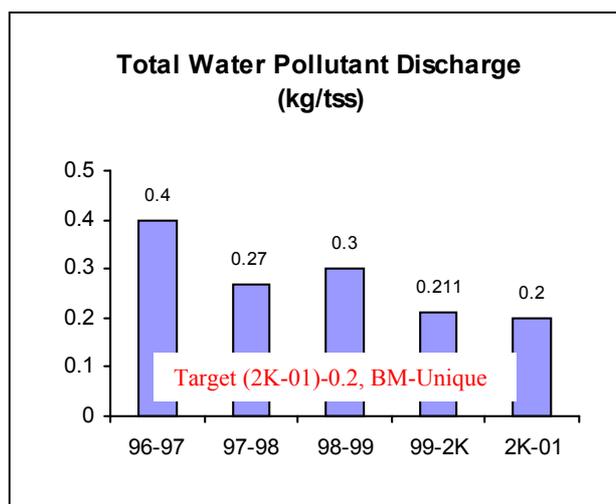
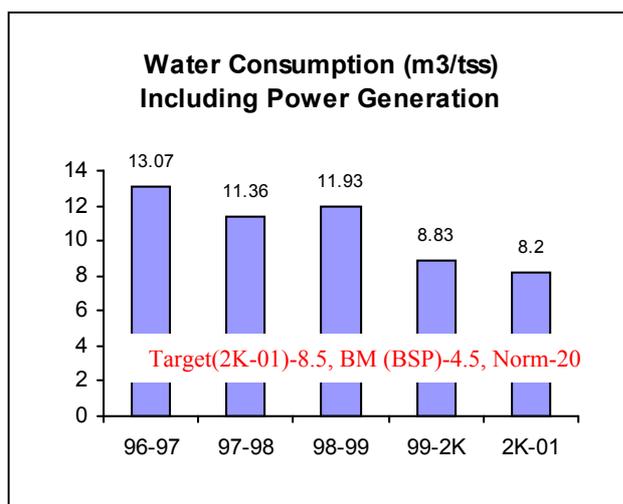


Water Environment

Tata Steel has taken various actions for optimum use of water and reduction of pollutants in the discharged water from the plant. The increased stress on water recirculation at all the processes has contributed to considerable reduction in specific water consumption. Specific water consumption including power generation has reduced by more than 7% over the last year. Close monitoring of water losses, recycling of ash quenching water from Power House#3 and recycle of waste water from various drains have resulted in such reduction.

Waste water from processes is being treated with best available physico-chemical methods and recycled in the process. Waste water from coke plant is treated biologically where organic pollutants are oxidized and decomposed by micro-organisms. Consumption of water (8.2 m³/tss) and discharge of waste water (5 m³/tss) are much lower than the legal norms of 20 m³/tss & 16 m³/tss respectively.

The levels of total pollutant discharge in the waste water streams have reduced considerably.





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Tata Steel regularly monitors upstream and down stream of rivers Subarnarekha and Kharkai which forms life line of the steel city.

Characteristics of River Water

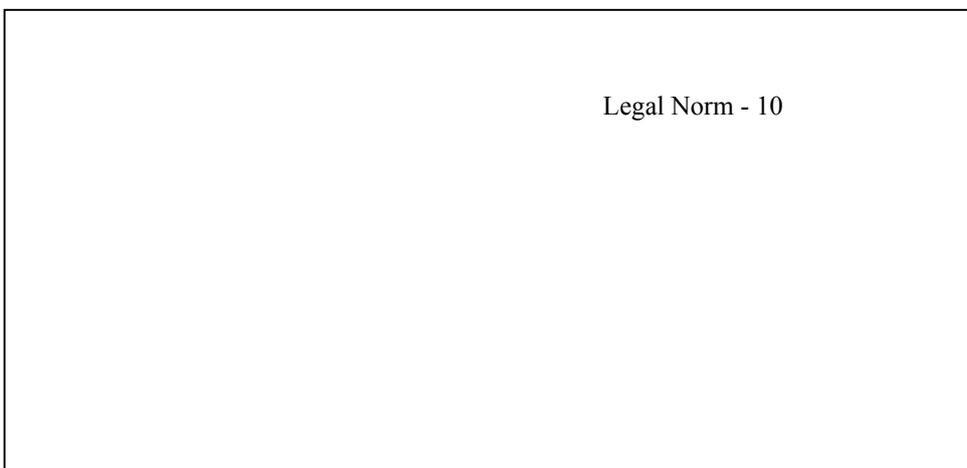
Parameters	Norm (mg/litre) Class – C	Kharkai River		Subarnarekha River	
		17.07.2K	19.01.2K	17.07.2K	19.01.2K
PH	6.5 to 8.5	7.1	8.0	7.8	8.1
TSS	-	121	06	142	15
DO	4.0	5.66	7.4	6.2	8.9
BOD ₃ at 27° C	3.0	8	24	5	23
COD	-	20	20	23	18
Oil & Grease	0.10	NT	NT	NT	NT
Cd	0.01	NT	NT	NT	NT
Cr +6	0.05	NT	NT	0.01	NT
Total Chromium	-	NT	0.011	0.01	0.01
Cu	1.5	0.05	0.01	0.10	0.01
Fe	50	0.08	0.04	0.05	0.02
Zn	-	0.07	0.07	0.07	0.06
Ni	-	0.11	NT	0.20	0.01
Mn	-	0.12	NT	0.23	NT
NO ₃ (N)	50.0	NT	3.3	0.21	0.3
Pb	0.10	NT	<0.01	NT	0.02
Total Hardness	-	158	162	112	86

Legend : NT – No Trace

Work Area Environment

Tata Steel has implemented a variety of mitigative measures to improve the working environment at shop floor. Upkeep of the work place, effective running of pollution control devices and installation of new pollution control equipment have significantly contributed in preventing and controlling fugitive emissions. Emission control during unloading of dust catcher in Blast Furnaces is one of the significant achievement for the year.

As per the requirement of Amendment Rules 1997 to the EP Act, 1986, visible fugitive emissions from Coke Ovens are monitored regularly.





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Visible Fugitive Emission from Coke Ovens							
Parameters	Norms	Batt#3	Batt#5	Batt#6	Batt#7	Batt#8	Batt#9*
Percentage Leaking Doors (PLD)	*5% for new batt. 10% for old batt.	8.1	4.3	3.8	5.3	0.9	0.2
Percentage Leaking Offtakes (PLO)	4%	4.1	2.7	2.8	2.5	Nil	Nil
Percentage Leaking Lids (PLL)	1%	2.4	2.6	2.2	2.2	Nil	Nil
Charging Emissions (Sec./Charge)	50 sec. For old 16 sec. For new	89	89	89	89	36	40
Battery#1 & 2 have been closed down during the reporting year (Battery#4 was closed in mid eighties).							

Benzo Alpha Pyrene (BaP) Emission :

PAH (especially BaP) is being monitored at different locations in the Coke Plants. All the values obtained for PAH are within permissible limits.

PAH (BaP) inside Coke Plant			
Parameters	Norms (µg/m³)	Compliance Status	
		Stamp Charge Batteries	Top Charge Batteries
Oven Top	5	0.432	0.256
Ram side of Battery	2	0.059	0.062
Coke side of Battery	2	0.102	1.214

Company owned vehicles as well as vehicles owned by the employees are checked every six month for exhaust emission parameter like carbon monoxide, hydrocarbon and smoke density as per legal requirements. Contractor vehicles are allowed to ply inside the steel works without valid Pollution Under Control Certificate.

Waste Management

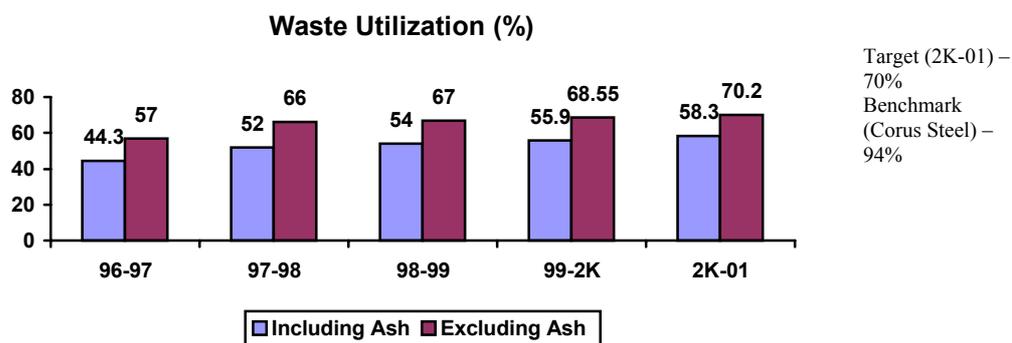
Majority of solid waste generated from steel works including Blast Furnace slag, BOF slag, sludges from Gas Cleaning Plants, dust collected from pollution control equipment and mill scale are recycled/reused. Some of the waste like, sludges from BF gas cleaning plant and part of LD slag could not be recycled because of high alkali and high phosphorous content respectively. BF gas cleaning plant sludge is being sold to outside authorized parties for reuse while a part of the LD slag is used for road making. During the year 2000-2001, solid wastes utilization statistics are presented below in the table and the trend is shown in the graph. In-plant steel scrap generated during processing is recycled to either Steel Melting Shops or auctioned



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Utilization / Sale of Major Solid Waste					
Item	Usage Details	1999-2000		2000-2001	
		T	%	T	%
B F Slag	Cement making	909351	79.19	902457	78.54
L D Slag	Sinter making	482466	52.98	489925	49.81
B F Sludge	Domestic fuel	25869	77.92	26376	67.73
L D Sludge	Sinter making	64104	107	52723	97.91
Mill Scale	Sinter making	72522	98.10	73342	101
Flue Dust	Sinter & dom. Fuel	16166	27.54	21723	37.53
Lime Fines	Sinter making	122282	107	128927	103.7
Dolo Dust	Sinter making	3714	97.86	3262	99.88
Ref. Waste	Sale	15758	96.17	19074	99.49
Coal Tar Sludge	Coke making	1250	100	1512	100
BOD Sludge	Coke making	-	-	304	100
TOTAL		1713482	68.50	1857624	70.20

30% of the process wastes approximately 55000 tonnes during the reporting year was used for filling of low lying area and peripheral road construction around Jamshedpur. About 600,000 tonnes of fly ash & bottom ash generated in the power plants an it is present by being dumped in Jugsalai Muck Dump. Packing wastes are segregated and auctioned.



Hazardous Wastes : Compliance to New Rules.

It is mandatory to take into account all types of wastes which come under hazardous category as per schedule I & II of Amendment 2000 to Hazardous Waste (Management & Handling) Rules 1989. Tata Steel has taken number of initiatives to establish a well defined method for disposal of Miscellaneous hazardous waste generated through small activities.

- a) Segregation of Waste:
To segregate the wastes as per the characteristics, uniform colour coded waste bins were constructed at different generating points. Waste once segregated as disposed off as per laid down procedure under EMS.
- b) Recycle / Reuse of Hazardous Waste
 - i) Oil and grease soaked jute has very high calorific value with physically no ash content is charged into steam generating boiler. At present around 50-100 kg of oil soaked jute is being fed to the boiler per day.
 - ii) Tar sludge and wash oil sludge are being sent back to tar decantor pit. From there it is being taken to coal yard for mixing with the coal, or feed to top charge battery. BOD plant sludge is being mixed with coal and supplied as feed to coke oven battery for coke preparation.



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- iii) The liquid condensate of Coke Ovens gas line is collected in drip pots. This condensate contains many toxic chemicals including oil, cyanide and ammonia. The liquid effluent from drip pots is being mixed in sump pit for initial treatment at Pre Treatment Plant and final treatment at coke plant. The sludge deposited in pits is mixed with coal as feed to top charge battery. At Refractory Production Plant, the drip pot effluent is highly oily. This effluent is mixed with tar and fired in Tar Dolo Kiln, where tar is used as primary fuel. Around 2000 litre per month of the oily waste is used in Tar Dolo Kiln saving equivalent tar as the oily effluent has high calorific value of 10,200 KCal/kg.
- iv) The used oil consists of engine oil, gear oil, hydraulic oil, transformer oil and mixed oil. The collected oil is sorted in different grades according to their viscosities. Hydraulic oil is centrifuged to remove water and solid contaminate and is reused. The used transformer oil is sent to authorised outside parties for refining. The refined oil, if found electrically suitable is reused. Used engine oil is directly consumed by Ring Rolling Mills and Ring Plant. The used oil which neither can be recycled nor could be reprocessed is now being injected to A, B & E Blast Furnace in steel works.
- v) Used empty paint drums with dried up hardened residue are collected centrally, crushed and used as melting scrap. Empty chemical drums are sent back to the suppliers for reuse.
- vi) Oil sludge generated from mills is being transported to coal yard of Power House#3 in drums/barrels and being spread over coal bed to feed to coal fired boilers.

Voluntary Initiatives;

Tree Plantation

Tata Steel has always played a vital role in planting trees in and around Works, Township, Mines, and Rural Areas. Green Millennium Count Down – a project to plant 1000 trees x 100 days launched on June 5, 1997 has been completed. Under this project, till Dec. 2000 1.5 Million trees were planted.

Location	Under Green Millennium Count-down	During 1999-2000	During 2000-2001
Jamshedpur	204969	44152	32774
Mines Division	717500	232000	100000
Collieries	435555	100455	60000
Cement Division	49126	9120	-
FAMD (Sukinda & Bamnipal)	48250	30000	58000
Gopalpur	62043	17042	-
Bearing Division	2653	1200	500
Total (Nos.)	1519995	433969	251274

Zoological Park

This park has become a centre of attraction of children. Since its inception in 1994, Zoological Park has provided pollution free environment for the wild animals. In continuation of this open enclosure has been constructed for the Grey Langoors in the park. This is a large open enclosure with natural settings to house a good colony of Langoors. This will provide better living conditions for the animals and good viewing to the viewers. A new water circulatory system has been installed in the Ducks Pond of the park to keep the water property oxygenated and fresh for birds. Environment educational facilities, developed at 'Nature Education Centre' inside park, is being utilised by the visitors. The nature library and Audio-Visual performance are the main attractions of the children of the community.



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Tata Steel has adopted the concept of “Greening Supply Chain” in its operation. A few initiatives taken in the recent past are;

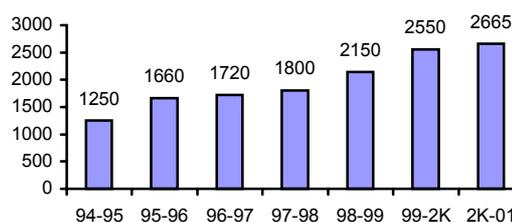
- Increased involvement of procurement at design stage.
- Rationalisation of suppliers, reduction in the supplier’s base, increased partnership with them.
- Integrating environmental requirements with the purchase specifications to motivate supplier to build environment considerations in their product design.
- Promotion of exchange of information and ideas through dialogues & written consumption.
- Encouraging suppliers to seek ISO-14001 certification.
- Training & Awareness on ISO-14001 requirements for suppliers and contractors.
- Communication of Company’s Policy & Code of Conduct.

Capital Investment on Pollution Abatement

Under different phases of modernization, several state-of-the art pollution control systems have been installed to prevent and control pollution. Figure gives details of capital expenditure made over the years on pollution abatement.

Expenditure during reporting year on pollution abatement also includes facilities provided at new Cold Rolling Mill Complex.

Fig.29-Capital Investment in Pollution Abatement {Rs. million(cumulative)}



Operating Cost on Environmental Protection

The operating cost on environmental protection at Tata Steel per tonne of Crude Steel is given in Table-9.

Table-9 : Operating Cost on Environmental Protection (Rs. In Million)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Power consumption	98.0	143.0	198.7	234.7	238.0	254.0
Consumables	90.6	48.0	40.0	43.2	213.4	345.0
Revenue expenses	4.50	5.0	6.0	6.0	6.9	7.8
Water Cess & Other charges	6.50	7.0	7.0	6.3	6.5	7.0
Total Costs	199.6	203.0	251.7	290.2	464.8	613.8
Total Crude Steel Production (m/tpa)	0.302	0.310	0.323	0.326	0.343	0.356
Operating Costs Rs./tcs	66.10	65.50	78.0	89.02	135	172.1

The increase in the operating cost is mainly due to increase in numbers of pollution abatement equipment facilities and better availability of these equipment.



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SOCIAL PERFORMANCE

“The purpose of business is not to make money – the purpose of business is to serve the people and the result is to make money”.

.....Dr. Jamshed J Irani

Quality of Management

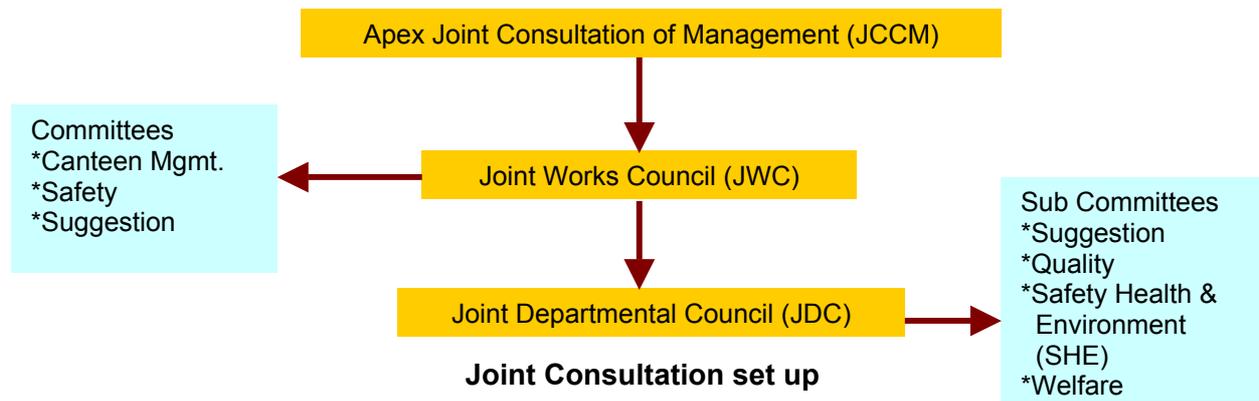
Employee Retention Time :

Tata Steel has a committed workforce of 48,800 personnel, of which 42,897 are associated with the steel business. Tata Steel is widely recognised for its pioneering initiatives in the areas of employee welfare, industrial harmony, and human resource management. 98% of the employee work till the last day of superannuation. Ratio of jobs offered to jobs accepted by aspirants is as high as 99.5%. The organization is ranked over all Numer-1 Employer in steel sector in India as surveyed by Prime Minister’s Trophy Team for the year 1999-2000. World Steel Dynamics, USA has adjudged Tata Steel as the **Best Steel Plant** in the world during 2000-2001.

Organization’s vision is translated into action by employees through Tata Business Excellence Model (AQUIP, Score Card).

Participative Management :

The evidence of employee engagement in shaping management decision making is the 3 tier joint consultation system, which is based on the concept of closer and increasing employee association with the management.



Joint Departmental Council (Unions & Management) meet twice in a month at unit level to review issues like safety, environment, productivity, quality and employee well being related issues.

An innovative programme called PEP, to re-engineer the key HR process is currently being implemented, in consultation with McKinsey and ECS Limited. One of the objectives of the programme is to introduce an effective performance management supported by attractive remuneration and consequence management which will promote cooperation and collaboration, individual initiative and flexibility in the organization.

A practice of cluster manning has been implemented at workmen level to promote flexibility, cooperation, collaboration and team work, career growth and increased productivity.



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Wages & Benefits :

The employees of Tata Steel enjoy the National Steel Wage Industry and Benefits, which is much higher than national legal minimum wage and much higher than local cost of living. The company has a number of methods to encourage, recognise and reward high performance. High performance is reinforced through a productivity linked incentive bonus system, where employee earnings are directly linked to performance. Many other benefits like free water and medical facilities, free school for wards, scholarships are provided.

Compensation, Recognition & Reward			
Employee Group	Compensation	Recognition	Reward
Workers	Wage revision every 4 years.	QC function/JDC recognition/ Picnic grants / Person of Month/ Appreciation letter/ Displaying Name.	Annual Bonus/ Suggestion Awards/ Special Increment/ Productivity linked incentive/ Safety and other awards (JDC)/ Award by Unit Head.
Supervisor	-do-	PEP Nite/ QC Function / Picnic grants / Person of Month.	-do-
Officers	Variable compensation package	PEP Nite/ Best Quality Coordinators / Best ISO Auditors/ Best Ethic Coordinator/ Special Training.	Cash Awards (TOP)/ Suggestion Awards/ Special Increments/ Well done loans/ Promotion System/ Job rotation scheme.
Allowances & Other Facilities			
Facilities		Diverse Work Groups	
15 additional days privilege leave/Running of crèches		Lady Executives/all female employees.	
Preferential house allotment.		Working couples.	
Free water & medical, subsidized electricity, housing		All employees.	
Metro allowance.		Metro employees.	
Monetary incentives.		Employees acquiring higher education in related field.	
Works allowance/Night shift allowance.		Graduate Trainees/People working in shift.	

Initiatives for enhancing employee support climate (work related) :

Examples of other benefits (non work related) include free fuels, free school for wards, scholarship to meritorious students, well equipped libraries, recreational clubs, community halls, adventure programme for employees, pack price shops, special leave for blood donation, free counselling for investment and career for employee's children; alcohol; AIDS; drugs; absenteeism; career development; domestic management etc. Retired employees get free medical treatment for self and spouse and enjoy pension.

Non-Discrimination and Child Labour :

In keeping with the Tata Code of Conduct conscious attempts are made to provide equal employment opportunities to all potential applicants male/female. There is no discrimination of sex.

Employment Percentage	Male	Female
Executive Level	99.9	0.1
Middle Level	94	6
First Line Supervision	88	12
Workers	94	6

No child labour is employed under COC and there is no verified incidence of non-compliance with child labour laws. There are no recorded grievances by employees in respect of forced labour.

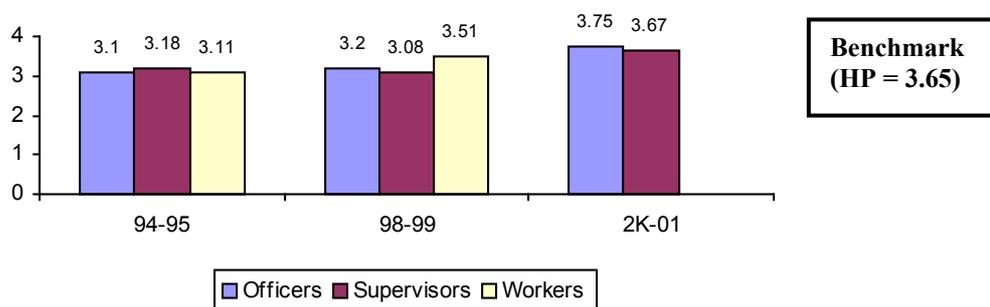


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Employees Satisfaction :

Employee satisfaction survey – all departments in Tata Steel measure ESI regularly. Company wide surveys are conducted by a third party. During the reporting year a survey by Gallup was carried out, which has validated internal survey results. XLRI using SPSS package has done the reliability and validity test. Workers ESI was not measured for the year 2K-01.

Employee Satisfaction Index (Scale of 5)



Human Rights :

Tata Steel ensures protection of Fundamental Rights enshrined in the Constitution of India . There is an employee grievance redressal cell in Human Resource Management Department, which receives and addresses the grievances. There were no recorded case during the reporting year on any violation of Human Rights.

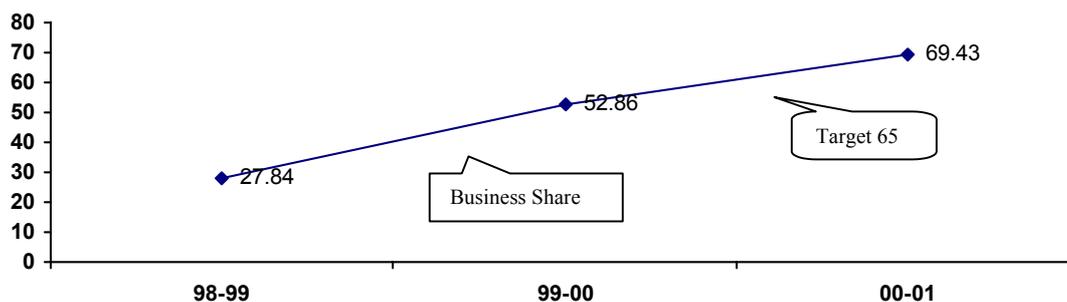
Indigenous Right :

No specific guidelines on indigenous rights have been formulated but care is taken not to violate fundamental rights. After the formation of new Jharkhand State there were a few sporadic protests for employment by local people. Citizen Forum of Jamshedpur takes part in indigenous representation in decision making in geographic areas concerning local proposals.

Suppliers and partner Results :

Tata Steel is amongst the first companies that got an external survey on vendor satisfaction done through IMRB. Nearly 2/3rd of the vendors have rated Tata Steel as an excellent customer. Most of the supplier partner processes are unique for Tata Steel and hence benchmarks are few. Frequency of monitoring of contractors regarding labour conditions is complied with as per law.

Business Share with Partners & Preferred Suppliers (Govt. & Services)





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Security

Tata Steel has full fledged fire service department consisting of dedicated fire personnel which cater to the need of Steel Works the people of the industrial Township with a population of more than 1.5 million approximately and all the local industries. Trained home guards of Tata Steel along with fire brigade service assist the District Administration as and when required. More than 200 employees volunteer service three to four times a year.

Tata Steel is fully associated with the off site emergency planning of the region. In the year Fire Services of Tata Steel attended 81 fire calls from non-Tisco areas and 158 other service calls like drowning, flooding etc. The cost borne by Tata Steel to incorporating security and human right is Rs. 4.2 milion approximately.

Occupational Health

A joint committee comprising of representatives of Union and Management on the basis of occupational health surveillance, recommends to the Management appropriate measures to be taken to ensure a healthy work force. Occupational health department in Tata Steel with all its facilities caters to health checkups of employees. In addition Public Health Engineering Department ensures hygiene through regular cleaning of drains, toilets, roads and malaria control measures. An indicator of improvement in environmental standards is the reduction in ocular foreign bodies in workers in last five years by 40%. Following activities are performed under occupation health.

- Check up for hypertension, diabetes, vision defect, chronic bronchitis, eosinophllia, hearing defects, Pneumoconiosis, Heart diseases.
- Regular spray for vector control in the colonies.
- Health education on AIDS, Child & Mother Care, Drug Addictions and Water Born Diseases carried out.
- Immunization for Hepatitis-B.

During the reporting period Rs.10.4 million were spent on occupational health activities.

Ergonomic Initiatives

Ergonomics issues are taken up proactively at the project stage. Employees take part in identifying these issues through JDC's, Suggestion scheme, Dialogues and Hot mail scheme.

Occupational Health Activities (At Steel Works)		
	2000-2001	1999-2000
Health Check Ups		
Department covered	16	8
Employees examined	4584	3693
Other statutory examination	658	598
Health Education		
Sessions	180	165
Participants	3660	3265
Training for Trainers on Occupational Health – 25 participants from 11 departments.		
Water Quality Analysis for Canteens.		
Health check-up of 1057 contractor employees done for the first time.		



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Curative & Prevention Services		
	2000-2001	1999-2000
Referral to TMH (34% reduction) Numbers	396	599
Blood Grouping (181% increase) Numbers	857	473

Research Activities

- “Reduction in overall Foreign Body in Tata Steel Plant” – presented at 22nd All India Steel Medical Officers Conference at Durgapur.
- “Working at confined spaces” presented at Clinical Society, TMH.

Safety

Every unit of the organization prepares an Annual Safety, Health and Environment Plan integrated with the Annual Operating Plan (AOP). Eight Zonal Committee headed by a Divisional Head monitor the entire Plant Safety. A SHE (Safety Health & Environment) Committee consisting of representatives from Unionised employees and Management representative caters to all aspects of safety, health and environment. Tata Steel appoints “Worker Safety & Environment Inspector” (WSEI) from the unionised cadre in all units selected by the JDCs. All WSEI are trained. Personnel Executives counsel employees to follow safe working practices (4 hours/week). In the reporting year contractor employees were also trained for one full day on safety, health and environment. A General Safety Committee carries out safety surveillance, without on a weekly basis, randomly.

The highlights of the achievements in safety front during the year are presented below;

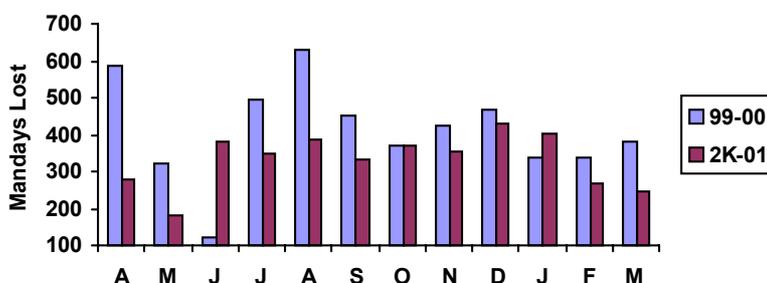
Achievements			
Items	Record Achievement 2000-2001	Previous Best	Year
Total No. of Reportable Accident (Works)	55	60	1999-2000
Lowest No. of Accident in a month (Works)	2 (April'2K) 4 (July '2K)	3 (April'2K) 6 (July '2K)	1999-2000 1998-1999
No. of Man-Days trained in Safety & APS (Works)	7265	6922	1999-2000
Items	Year 2000-2001	Year 1999-2000	% Reduction
Reportable Accidents for employees (Fatal)	55(4)	60 (6)	8
Non Reportable Accidents for employees	48	87	45
Total Accidents(Employees)	103	147	30
Reportable accidents for Contractors (Fatal)	25 (6)	23 (4)	-
Man days Lost due to employees accident	3979	4927	19
Man days Lost/Employee/Year	0.207	0.244	15

Loss on mandays due to accident are not accounted for if a person becomes fit for duty within 48 hours from the time of accident, however if the duration of absence from duty exceeds 48 hours, the entire duration starting from the time of accident (8 hours of working period per manday) is considered. The frequency distribution on loss on mandays due to accident for the year 99-2K and 2K-01 is given below.



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Frequency Distribution on Loss on Mandays



Safety Awards & Recognition (In the reporting period)

- Safety award from the British Safety Council for its commendable performance.
- Ispat Surksha Puraskar from Joint Committee on Safety in Steel Industry (JCSSI).
 - 1st prize for reduction in accident rate in Maintenance & Services Zone.
 - Maintaining longest accident free period in the Works.

Achievements in terms of Million Accident Free Man Hours for 2000-2001.

Works : 8 Million AFMH (Once)
 4 Million AFMH (Once)
 3 Million AFMH (4 Times)
 2 Million AFMH (Once)
 1 Million AFMH (12 Times)

Department with Outstanding accident free records.

- Works Design : 35 Years
- Telecommunication : 22 Years
- Environmental Management : 15 Years (since inception)

Special Activities :

- The Safety Proficiency Centre has been set up to impart Safety Training.
- One full day Training on Safety, Health and Environment has been commenced for Contractor’s employees also. 7192 contractor employees were trained during 2K-01.
- Traffic violation cards have been issued to all Employees & Contractors’ for checking Traffic violations. Action has been initiated for violators.
- A National Seminar on “Gas Holders” was hosted jointly with JCSSI, which had participation from all steel industries in India.

Medical Division

Highlights :

- A New Incinerator inclusive of pollution control device was installed in April 2000 at a cost of Rs.1.80 million.
- OPD waiting time reduced to 14.4 mins.



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Community Reach Activities of Medical Division

Screening/Health Camps				
	1997-98	1998-99	1999-2K	2000-01
By Skin Department	-	-	6000	6000
By Dental Department	1428	2700	1930	1872
AIDS Cell – Condom Distribution	9100	3645	2350	150
Audiological Examination	220	110	656	840
Hearing Aid distribution	-	-	53	36
Curative/Rehabilitative				
	1997-98	1998-99	1999-2K	2000-01
ENT surgeries in camp by Bihar Govt.	500	890	-	-
Orthopaedic surgeries in camps	206	100	122	150
Counselling of STD cases (Sessions)	-	-	276	252
Counselling at AIDS Cell (Sessions)	093	282	299	114
Hydrocoele surgeries with Rotary Club	50	68	-	63
Free Service at Loyola / IMA Clinic	4000	2876	2982	1017

Employee Welfare :

Tata Steel was the first to introduce various employees welfare schemes in India much ahead of introduction of the same by Govt. of India as Law. For employees welfare, Tata Steel encourages sports, family initiatives and health care activities The Table below indicates, some of the firsts and pioneering efforts of Tata Steel;

Tata Steel's "first" in Labour Welfare Measure			
	Introduction in Tata Steel	Enforced by law	Subsequent Legal Measures
Eight-hour working day	1912	1948	Factories Act
Free medical-aid	1915	1948	Employee State Insurance Act
Establishment of Welfare Dept.	1917	1948	Factories Act
Schooling facilities for children	1917		
Formation of Works Committee for handling complaints, service conditions & grievances	1919	1947	Industrial Disputes Act
Leave with pay	1920	1948	Factories Act
Workers' provident fund scheme	1920	1952	Employees' PF
Workmen's accident compensation scheme	1920	1924	Workmen's Compensation Act
Technical institute for training of apprentices, craftsmen & Engineering. Graduates.	1921	1961	Apprentices Act
Maternity benefit	1928	1946	Bihar Maternity Benefit
Profit sharing bonus	1934	1965	Bonus Act
Retiring gratuity	1927	1972	Payment of Gratuity
Ex-gratia payments for road accidents while coming to or returning from duty	1979		
Social audit	1980	-	First in India
Pension scheme	1989	-	



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Quality of Life :

The quality of life in Jamshedpur towers over what prevails in the rest of India. Much of it is because of the services provided by Tata Steel in terms of a Green Township with well-maintained roads, a large number of carefully laid out gardens, meticulous cleanliness of the town, supply of high quality filtered water, constant availability of electricity, etc. Jamshedpur is a truly green city – it already had a vast number of trees and during the last ten years, more than 0.515 million additional trees were planted under the Green Millennium Count Down Programme. The sources of this water are the Dimna reservoir and the Subarnarekha River. The average quantity of filtered water supplied in 2000-2001 was 35.50 MGD compared with an average of 34.50 MGD during the previous year. Since pure drinking water is available to the Seven lakh inhabitants of Jamshedpur, the incidence of water-borne diseases is low. Another reason for good health is that Jamshedpur is kept clinically clean – an average of 7.5-8.0 MGD sewage is pumped and treated daily. Every year around 120,000 tonnes of garbage is removed from Jamshedpur by the conservancy vehicles run by Tata Steel.

The annual revenue expenditure incurred by the Steel Company on the maintenance of Jamshedpur in the year 2000-2001 the expenditure incurred on Jamshedpur was around Rs. 2000 million, a part of which (Rs. 450 million) was offset through the revenues collected.

Some facilities, that are owned by the Railways and the Government were not in good shape and were causing inconvenience to the citizens of Jamshedpur, the Steel Company recently chipped-in to reconstruct three of these facilities.

- Approach road to the Tatanagar railway station from Jugsalai - Tata Steel has completed reconstruction of about 1.1 km of this road in June 2001 at an expenditure of Rs.17.5 million.
- The Kharkai Road Bridge Repair. The work was started in February 2001 and completed in July 2001. The total cost involved in the bridgework and illumination is Rs.1310 million.
- New RCC road-over-bridge at Burmamines – Tata Steel and its associated companies in Jamshedpur have agreed to share with the Railways half of the reconstruction cost of Rs.80 million for a new two-lane railway over bridge.

Other special jobs undertaken by the Town Division in 1999-2000 included the modification of the Brisa Munda Chowk at Ranchi, installation of JRD Tata bust at the JRD Sports Complex, a new RCC road near Jugsalai, four blocks of offices in Transport Nagar (a special area developed for parking trucks and trailers coming to and going out of Jamshedpur) etc. For this jobs an expenditure of over Rs.9920 million was incurred.

Social harmony is one of the key concerns of Tata Steel. Some of the activities that have had a direct bearing on social harmony are awareness programmes on various social topics, celebration of festive occasions like, Bijoya Milan, Id Milan, Iftar parties, Christmas and Chaita, cultural programmes based on the themes of social harmony etc.

Tata Relief Committee

In November 1974 the Jamshedpur based Tata Relief Committee (East) was incorporated. Spearheaded by Tata Steel, the Tata Relief Committee (East) also includes, Tata Steel's sister concerns, associate companies and Jamshedpur industries. The objective of TRC is to render help to those affected by flood, drought and other natural calamities by offering them food, medical aid, rehabilitation, etc. Some of the important projects undertaken over past 10 years by TRC, include;



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Expenditure by Tata Relief Committee		
Year	Amount spent	Activity
1979	Rs.17.85 million	Construction of houses for riot affected victims at Jamshedpur.
1983	Rs.1.98 million	Re-construction of 26 shops for five victims of new Baridih market, Jamshedpur.
1989	Rs.44.5 million	Building materials for fire victims of Klandamanda and Karketa.
1990	Rs.45.6 million	Medical relief and provision for victims of the Singhbhum district.
1990	Rs.15.1 million	Building materials for fire victims of Mansoons and Chandanpura.
1993-1994	Rs.306.8 million	100 tube wells in the drought affected areas of Palamu and Garhwa districts.
1993-1994	Rs.17.2 million	Rice for the drought victims in Palamu and Garhwa districts.
1993-1994	Rs.17.5 million	Building materials for fire victims of Munda village in the Baharagora block
1994-1995	Rs.2.3million	Medical relief for flood victims of Chandil in West Singhbhum.
1997-1998	Rs.1.3 million	Medical relief for the food victims of Jamshedpur.
1998-1999	Rs.44.2 million	Distribution of building materials for the victims of Nelis and Bhakuda.

Archery in Jharkhand

A separate Tata archery Academy was inaugurated in 1996 in the J R D Tata Sport Complex. The Academy has educational as well as recreational facilities for young cadets from this area and runs training schedules in archery as well as for general physical growth.

Following intensive training, the local archers have begun winning medals in national competitions at the junior level. The honours won by the Tata Archery Academy are summarised below.

Year	Tournament	Number of Cadets
1998-1999	5 th Junior World Archery Target Championship, Sweden	2
1999-2000	1 st Asian Cup Circuit Archery Meet, Bangkok	2
2000-2001	Asian Circuit Archery Tournament, Taipei	5
2000-2001	6 th Junior Outdoor Target Archery World Championship	6
2000-2001	Asian Circuit Archery Championship, New Delhi	11

Tata Football Academy

The Tata Football Academy (TFA) was inaugurated in Jamshedpur in 1987. The basic objective of the Academy is to select, nurture and prepare budding footballers in a scientific way with the sole purpose of improving the standard of Indian soccer. Since the establishment of TFA, almost 125 cadets have successfully completed the programme, 80% of them are plying in top clubs of India. A brief resume of what TFA has been able to do in the national / international soccer arena is given in table.

National Achievements of TFA		
1998-1999	TFA Cup	Winner
1999-2000	51 st All India Independence Cup	Runners-up
2000-2001	All India Bordoloi Football Tournament (Assam)	Winner

Other Sports Activities

Besides archery and football, Jamshedpur has other sports facilities which are among the best in the country – the Keenan Stadium (22,000 sitting capacity) for cricket, the 10,000 seating capacity Sumant Moolgaonkar Stadium at Telco, the JRD Tata Sport Complex which houses an international standard football ground and an eight lane mono-synthetic track, apart from two basket ball courts, tennis courts, a hockey ground, archery ground, handball/volleyball grounds, chess and boxing centres and a state-of-the-art gymnasium, the Tata Steel Adventure Club for



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sport such as rock climbing, river rafting and para sailing; the Jamshedpur Gliding (Flying) Club as well as numerous private clubs which provide opportunities for golf, tennis, squash, billiards, horse riding, swimming, etc. Beldih Club and United Club. were Established in 1920 and 1948 respectively and Tata Steel has been the principal Corporate Patron of both.

Tata Steel's effort in providing a conducive environment for sports promotion has resulted in five Padmashrees, 34 Arjuna Awareness, 20 Olympians and over 50 international sports persons from amongst its employees (past and present). These employees received awards while in service with Tata Steel. It is worth noting that sports for the physically challenged are also organised on a regular basis in Jamshedpur.

Tata Rural Development Society

Fifty years ago, Tata Steel realised that the Government alone could not handle the task of social development. It then formalised the efforts it had already been making in this direction by setting up the Family Welfare and Community Development Department as well as the Social Welfare Department. In the Seventies, the Company focussed attention on the special needs of the country's tribals by instituting the Tribal and Harijan Welfare Cell. This Cell adopted especially designed schemes to help these communities keep pace with the rate of development of India's mainstream population. In 1979, it established Tata Steel Rural Development Society (TSRDS) to assist in irrigation, agriculture, safe drinking water, basic health care service, income generating activities, environment and forests protection, youth and women development programmes, etc, in 32 villages around Jamshedpur. At present, its activities stretch beyond Jamshedpur and impact the people living in over 700 villages in Jharkhand and Orissa.

TSRDS is partnering the Confederation of Indian Industry under the auspices of the Prince of Wales business forum. The Management of Tata Steel has mirrored the vision of the Founder and that is why today the Company is India's best corporate citizen (Tata Steel received the Corporate Citizen Award in 2001).

TSRDS lays emphasis on three thrust areas (i) door-step delivery of health facilities (ii) enhancement of income generation and (iii) empowerment of the people. Active partnership with the rural community is the key to the development initiatives of TSRDS and their sustainability.

Health & Hygiene

One of the most noteworthy efforts made by TSRDS in the area of health has been its involvement with the Lifeline Express, also called "Jeevan Rekha". The Lifeline Express is a fully staffed "hospital on wheels" equipped with a modern operation theatre to provide diagnostic, medical and surgical treatment for prevention and curative interventions for the handicapped.

Tata Steel got involved with the Lifeline Express in India on 26.08.1991, when over 1500 patients with different ailments were attended to. Since then, TSRDS has hosted it on two more occasions in Jharkhand (details given below)

Venue	Year	No. of Patients Treated	Aid appliances distributed
West Bokaro (Chainpur)	Aug. 1991	590	345
Noamundi	Feb. 1995	390	322
Bhelatand (Jamadoba)	Dec. 1996	630	886

In the field of family welfare, the work carried out by TSRDS has progressed from immunisation in isolation to an integrated approach towards mother and child health care. 0.162 million children have been immunised from six deadly infant diseases since the inception of TSRDS. In the field of family planning, TSRDS has encouraged annual laparoscopy camps in rural areas and subsidised the expenses involved. So far 21, 531 women have been sterilised.



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Under the community based rehabilitation to the blind programme (in collaboration with Sight Savers International under the aegis of Royal Commonwealth Society for the Blind, UK), TSRDS has made efforts to rehabilitate the completely blind and those suffering from cataracts. What it has been able to achieve, is summarised below.

Year	No. of Villages	No. of Cases Treated	Services provided
92-95	118	208	Vocational training, government pension and social rehabilitation
95-97	206	163	Orientation mobility, active daily living, social and economic rehabilitation, referral services.
98-2K	210	223	Orientation mobility, active daily living, social and economic rehabilitation, referral services, cataract rehabilitation

Between 1980-1990, 4701 cataract operations were performed, between 1991-2001 another 7874 patients benefited.

In the rural belt, tuberculosis is a rampant disease also accompanied by social stigma. Both treatment and social rehabilitation are now being taken care of by TSRDS.

Year	No. Treated	Year	No. Treated	Year	No. Treated
1991-92	203	1992-93	342	1993-94	402
1994-95	219	1995-96	565	1996-97	928
1997-98	735	1998-99	668	1999-2K	526

Total from 1991 to 2000 – 4788.

A new programme (Watsan) in collaboration with UNICEF and PH Department of Govt. of Jharkhand has been started in 132 villages. The objective of this programme is to promote use of safe disposal practices of human and animal waste and make available safe drinking water through repair and maintenance of existing tube wells, create village based institutions that will handle operation and maintenance of the tube wells, train village based repair mechanics and provide tool kits to handle repairs and train village based masons to facilitate speedy construction.

Investment on social services for the review period and previous years (Rs.Million)								
Service	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
Municipal Services	130	183	140	180	250	233	237.7	239.0
Community Services	25	25	29	28	43	44	426	40.6
Medical Services	38	46	68	72	50	47	339	30.3
Grants & Donations	16	24	24	17	17	17	384	37.8
TSRDS Grants	30	30	30	30	30	32	285	30.7
TOTAL	239	308	291	327	390	373	3811	378.4
PAT	1810	2810	5860	4000	3220	2820	4230	5530
Ratio (%)	130	110	50	70	120	130	90	70

In 1992-93, PAT was Rs.1270 million and spending on Social Services were Rs.2730 million representing 21.6% of the PAT.

Income Generation Scheme

TSRDS interventions to promote self employment encompass training of interested candidates' groups, providing them nominal assistance and networking in animal husbandry (dairy, poultry, fishery), traditional arts, cottage industry (nursery, weaving), etc. Over 1300 people have benefited directly from such ventures besides those who have gained employment. Some particular examples of how this has been accomplished are highlighted here.



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Gram Shree Mela : To provide a meaningful marketing outlet for the produce from rural areas such that the producers get appropriate returns and to be an interface between the urban buyers and the rural producers, TSRDS in association with CAPART (an autonomous body under the aegis of the Ministry of Rural Development) has annually organised “Gram Shree Melas” at Jamshedpur beginning in 1996. These Melas have received tremendous response as manifested by the sales figures, which have increased from Rs.2.5-2.7 million in 1996-97 to Rs.3.8-4.8 million in the last couple of years.

Pani Panchayat : These are micro-water cooperatives established around available water resources not tapped optimally. Starting from the “pani panchayat” at Pachardih in 1984, twenty-one pani panchayats are now running successfully. This is over and above the Jaldhara scheme undertaken in collaboration with the Government Partners such as Ford Foundation, Association Pur Une Terre Plus Humaine and LD Jhaveri Trust have contributed financially towards these efforts. Besides the pani panchayats, several other initiatives such as check dams, bunds, paddle pumps, pump sets, and pond deepening exercises have been undertaken to increase land usage from single crop to two crops in a year. 1324 structures have been constructed for optimum harvesting of water used in crop cultivation.

Empowerment

TSRDS initiatives to conserve fast depleting forest reserves began way back in the Eighties. Community managed forest resources have caught the people’s imagination and facilitated afforestation especially in Noamundi, where forty-one Save Forest Groups have been protecting 1700 hectares of land for the last two decades. This has brought back many fast disappearing fauna and flora species to this area. About 7.5 million saplings raised by women groups in nurseries have been transplanted to rural plantation and households.

Conserving the unique culture of Jharkhand is the Tribal Culture Society (erstwhile Tribal Welfare Cell) which set up the Tribal Culture Centre in 1990. The Centre contains a room for exhibiting tribal artefacts, a herbal garden, a library and an amphitheatre to preserve / promote tribal art and cultural traditions. Educational scholarships are awarded each year by the Tribal Cultural Society to assist meritorious students amongst the tribal communities to enable them to continue their studies. On an average, Rs.0.9 million has been budgeted for these scholarships and since 1981, 2621 high schools students, 2484 college students and 304 sports personnel have been assisted. Since 1981, 111 “Balawadi” classes have been run by the Society. TSRDS has been involved with education since its inception by providing assistance in terms of buildings, seating arrangements, teaching aids, books, library, maps, laboratory equipment, etc. More than 312 new schools have been constructed and over a hundred existing schools have been assisted.

Social Audit

The Management of Tata Steel thought it important to have an evaluation of its social activities conducted. In 1980, a Committee of comprising of Mr. Justice S P Kotval (retired Chief Justice of the Bombay High Court), Professor Rajni Kothari and Professor P G Mavalankar was constituted and they were requested to prepare a Social audit Report. This was the first occasion, when any Indian company had invited outsiders to probe its social activities and to comment thereon. The Management constituted another Committee in January 1991 to prepare a second report. The members of this Committee were Mr. Justice D N Mehta (Retired), Professor P G Mayalankar and Professor Sachchidananda. Tata Steel Company has just decide to have a third social audit carried out sometime in 2001-2002.



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Technical Training

Company spends around 20% of its operating cost in training and several programmes to foster worker participation like training on quality issues, Value Engineering, EMS etc. are organized. The different training programmes conducted by SNTI include;

- Graduate training scheme.
- Systems training scheme.
- Junior Supervisory / Operative Training scheme.
- Technician training scheme.
- Trade Apprentices scheme.
- Technical executive education.
- Skill & job orientation training for employees.
- Modular training & equipment/system oriented training.

The details of training imparted by SNTI over the last few years to many young Indians (including several from this area) are summarised in table.

Number of Trainees Trained by Technical Institute					
Category	Year				
	2000	1999	1998	1997	1996
System trainee	23	96	84	58	47
Graduate trainee	59	73	78	63	90
Jr. Engg. Trainee	Nil	136	Nil	Nil	Nil
Vacation trainee	332	357	323	341	362
Technician trainee	Nil	Nil	Nil	Nil	Nil
Operative trainee	Nil	10	Nil	Nil	27
Trade Apprentices	145	114	10	95	Nil

Domestic Management Programme

A programme initiated by Tata Steel's HR Division and Corporate Communications aims at covering every Tata Steel family and large community around its operations. The programme is conducted as workshops and seminars to household ladies focussing on;

“Inter personal relationship, positive thinking, domestic safety health and environment improvement, women's rights and duties, drug and AIDS awareness, domestic budget, parent hood”. The ladies are taken on workplace to see the work environment in which their spouses work. During the year 2000-2001, 35 domestic management programmes were conducted company wide benefit more than 2000 participants.

Customer's Satisfaction

Organization	CSI* (%)	Tata Steel continues to maintain its leadership in Customer Satisfaction in the steel industry. (Survey Carried out by IMRB)
Tata Steel	76	
BHILAI	71	
VSP	71	
ESSAR	71	
BOKARO	70	
DURGAPUR	69	
ROURKELA	66	
IISCO	66	

* Customer Satisfaction Index, 1999



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Annexure-I

MD's Balance Score Card (2K-01)

Strategic Goals	Measure	UOM	Actual (98-99)	Target				Bench mark	Result
				99-00	00-01	01-02	02-03		
Create a culture of continuous learning and change	JRDQV Score	Points	582	>650	>675	>700	>750	800+ IBM	7.5-1
	Employee Satisfaction Index	Index	3.14/5	-	3.3/5	3.5/5	3.75/5	3.6/5 HP	7.3-28
	Manpower Quality/ (Blend of professionals as % of total officers)	% professionals /total Officers	57	60	67	72	77	Unique & Specific	7.3-5
Achieve world class status in services & products	Sales from segments where Tata Steel is ranked No.1 or 2	% Sales	34	40	38	52	55		7.2-8
	Customer satisfaction index	Index	70	75	75	80	>80	89 Timken	7.1-4
Reach the position of the most cost competitive steel producer	Cost of Hot Rolled Coil	US \$/T	186	170	160	167	161	<160 Posco	7.5-30
	Rightsizing	MOR	59235	<55000	<50000	To be firmed up each year			7.3-1
	Working capital efficiency	Working capital/ annualised turnover %	2611	2449	2380	2270	2140		7.2-5
	Procurement cost	Cost of procurement (Rs./Ton of saleable steel)	8.53	0.16	10*	10	10	Unique	7.4-1b
Establish industry leadership	Corporate citizenship index (10 points)	Index	8.53	0.16	10*	10	10	Unique	7.5-38
	Economic value addition	ROIC/WACC	-7.7	-5.5*	-4.9	-2.9	-0.9	7 Posco	7.2-16
	EBDIT to turnover	EBDIT turnover %	17.76	20.06	22.50	25	27.5	27.4 Posco	7.2-3



CODE OF CONDUCT (adopted across the Tata Group in 1998-99)

Clause pertaining to sustainability from Tata Code of Conduct (25 numbers total) are highlighted below;

National Interest (Clause#1)

A Tata Company shall be committed in all its actions to benefit the economic development of the countries in which it operates and shall not be engaged in any activity that would adversely affect such objective. It shall not undertake any project or activity to the detriment of the Nation's interests or those that will have any adverse impact on the social and cultural life patterns of its citizens. A Tata Company shall conduct its business affairs in accordance with the economic, development and foreign policies, objectives and priorities of the Nation's government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level as appropriate.

Competition (Clause#3)

A Tata Company shall fully strive for the establishment and support of a competitive open market economy in India and abroad and shall co-operate in the efforts to promote progressive and judicious liberalisation of trade and investment by a country.

Specially, a Tata Company shall not engage in activities which generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

A Tata Company shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

Equal-Opportunities Employer (Clause#4)

A Tata Company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality, disability and veteran status. Employees of a Tata Company shall be treated with dignity and in accordance with the Tata Policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

Health, Safety and Environment (Clause#8)

A Tata Company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory in which it operates in. A Tata Company shall be committed to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.



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Quality of Products and Services (Clause#9)

A Tata Company shall be committed to supply goods and services of the highest quality standards backed by efficient after sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should at least meet the required national standards and the company should endeavour to achieve international standards.

Corporate Citizenship (Clause#10)

A Tata Company shall be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates with the objective of making them self reliant. Such social responsibility would comprises, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities. The company would also not treat these activities as optional ones but would strive to incorporate them as integral part of its business plan. The company would also encourage volunteering amongst its employees and help them to work in the communities. Tata companies are encouraged to develop social accounting systems and to carry out social audit of their operations.

Public Representation of the Company and the Group (Clause#12)

The Tata Group honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders, a Tata Company or the Tata Group shall be represented only by specifically authorized directors and employees. It will be the sole responsibility of these authorized representative to disclose information on the company.

Ethical Conduct (Clause#17)

Every employee of a Tata Company, which shall include whole-time Directors and the Managing Director, shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

Every employee shall be responsible for the implementation of and compliance with the Code in his professional environment. Failure to adhere to the Code could attract the most severe consequences including termination of employment.

Regulatory Compliance (Clause#18)

Every employee of a Tata Company shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code then the standards of the Code shall prevail.



GLOBAL COMPACT - THE NINE PRINCIPLES

At the World Economic Forum, Davos, on 31st January 1999, UN Secretary-General Kofi A. Annan challenged world business leaders to “embrace and enact” the Global Compact, both in their individual corporate practices and by supporting appropriate public policies. These principles cover topics in human rights, labour and environment:

Human Rights

The Secretary-General asked world business to:

Principle 1 : support and respect the protection of international human rights within their sphere of influence; and

Principle 2 : make sure their own corporations are not complicit in human rights abuses.

Labour

The Secretary-General asked world business to uphold;

Principle 3 : freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 : the elimination of all forms of forced and compulsory labour;

Principle 5 : the effective abolition of child labour, and

Principle 6 : the elimination of discrimination in respect of employment and occupation.

Environment

The Secretary-General asked world business to:

Principle 7 : support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and

Principle 9 : encourage the development and diffusion of environmentally friendly technologies.



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CoRE SUSTAINABILITY CHARTER

Objective of the Charter :

To express support publicly for these principles and to provide a basis for pursuing environmental improvements at the corporate level.

Principles :

Corporate Priority:

To recognise environmental management as among the highest corporate priorities and as a key determinant to sustainable development; to establish policies, programs and practices for conducting operations in an environmentally sound manner.

Integrated Management :

To integrate these policies, programs and practices into each business as an essential element of management in all its functions.

Process of Improvement :

To continue to improve corporate policies, programs and environmental performance, taking into account technical development, scientific understanding, consumer needs and community expectations, with legal regulations as a starting point.

Employee Education :

To educate, train and motivate employees to conduct their activities in an environmentally responsible manner.

Prior Assessment :

To assess environmental impacts before starting a new activity or project and before decommissioning a facility or leaving a site.

Products and Services :

To develop and provide products or services that have no undue environmental impacts and are safe in their intended use, that are efficient in their consumption of energy and natural resources, and that can be recycled, reused, or disposed of safely.

Customer Advice :

To advise, and where relevant educate, customers, distributors and the public in the safe use, transportation, storage and disposal of products provided; and to apply similar considerations to the provision of services.

Facilities and Operations :

To develop, design and operate facilities and conduct activities taking into consideration the efficient use of energy and materials, the sustainable use of renewable resources, the minimisation of adverse environmental impact and waste generation, and the safe and responsible disposal of residual wastes.



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Research :

To conduct or support research on the environmental impacts of raw materials, products, processes, emissions and wastes associated with the enterprise and on the means of minimizing such adverse impacts.

Precautionary Approach :

To modify the manufacture, marketing or use of products or services or the conduct of activities, consistent with scientific and technical understanding, to prevent serious or irreversible environmental degradation.

Contractors and Suppliers :

To promote the adoption of these principles by contractors acting on behalf of the enterprise, encouraging and, where appropriate, requiring improvements in their practices to make them consistent with those of the enterprise, and to encourage the wider adoption of these principles by suppliers.

Emergency Preparedness :

To develop and maintain, where significant hazards exist, emergency preparedness plans in conjunction with the emergency services, relevant authorities and the local community, recognizing potential trans-boundary impacts.

Transfer of Technology :

To contribute to the transfer of environmentally sound technology and management methods throughout the industrial and public sectors.

Contributing to the common effort :

To contribute to the development of public policy and to business, governmental and intergovernmental programs and educational initiatives that will enhance environmental awareness and protection.

Openness to concerns :

To foster openness and dialogue with employees and the public, anticipating and responding to their concerns about the potential hazards and impacts of operations, products, wastes or services, including those of trans-boundary or global significance.

Compliance and reporting :

To measure environmental performance; to conduct regular environmental audits and assessments of compliance with company requirements, legal requirements and these principles; and periodically to provide appropriate information to the Board of Directors, shareholders, employees, the authorities and the public.

{Drawn from ICC's (International Chamber of Commerce) Business Charter for Sustainable Development}

