

## BOARD'S REPORT

To the Members,

Your Directors take pleasure in presenting the 7<sup>th</sup> Integrated Report (prepared as per the framework set forth by the International Integrated Reporting Council) and the 115<sup>th</sup> Annual Accounts on the business and operations of Tata Steel Limited ('**Tata Steel**' or '**Company**'), along with the summary of standalone and consolidated financial statements for the financial year ended March 31, 2022.

### A. Financial Results

(₹ crore)

Particulars	Tata Steel (Standalone)		Tata Steel (Consolidated)	
	2021-22	2020-21	2021-22	2020-21
Revenue from operations	1,29,021.35	84,132.92	2,43,959.17	1,56,477.40
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	77,891.50	57,009.21	1,80,469.22	1,25,973.14
Operating Profit	51,129.85	27,123.71	63,489.95	30,504.26
Add: Other income	1,452.02	755.11	784.89	895.60
Profit before finance cost, depreciation, exceptional items and tax	52,581.87	27,878.82	64,274.84	31,399.86
Less: Finance costs	2,792.08	4,541.02	5,462.20	7,606.71
Profit before depreciation, exceptional items and tax	49,789.79	23,337.80	58,812.64	23,793.15
Less: Depreciation and amortisation expenses	5,463.69	5,469.26	9,100.87	9,233.64
Profit / (Loss) before share of profit/(loss) of joint ventures & associates, exceptional items & tax	44,326.10	17,868.54	49,711.77	14,559.51
Share of profit / (loss) of Joint Ventures & Associates	-	-	649.16	327.34
<b>Profit / (Loss) before exceptional items &amp; tax</b>	<b>44,326.10</b>	<b>17,868.54</b>	<b>50,360.93</b>	<b>14,886.85</b>
Add/(Less): Exceptional Items	(235.45)	741.30	(134.06)	(1,043.16)
<b>Profit before tax</b>	<b>44,090.65</b>	<b>18,609.84</b>	<b>50,226.87</b>	<b>13,843.69</b>
Less: Tax Expense	11,079.47	1,531.87	8,477.55	5,653.90
<b>(A) Profit/(Loss) after tax</b>	<b>33,011.18</b>	<b>17,077.97</b>	<b>41,749.32</b>	<b>8,189.79</b>
Total Profit / (Loss) for the period attributable to:				
Owners of the Company	-	-	40,153.93	7,490.22
Non controlling interests	-	-	1,595.39	699.57
<b>(B) Total other comprehensive income</b>	<b>694.90</b>	<b>411.41</b>	<b>1,305.42</b>	<b>(7,211.01)</b>
<b>(C) Total comprehensive income for the period [ A + B ]</b>	<b>33,706.08</b>	<b>17,489.38</b>	<b>43,054.74</b>	<b>978.78</b>
<b>Retained Earnings: Balance brought forward from the previous year</b>	<b>46,480.00</b>	<b>30,803.97</b>	<b>16,476.70</b>	<b>18,127.82</b>
Add: Profit for the period	33,011.18	17,077.97	40,153.93	7,490.22
Less: Distribution on Hybrid perpetual securities	1.46	242.34	1.46	242.34
Add: Tax effect on distribution of Hybrid perpetual securities	0.37	60.99	0.37	60.99
Add: Other Comprehensive Income recognised in Retained Earnings	5.67	64.01	366.39	(7,627.26)
Add/(Less): Change in Capital Structure and other movements within equity	9.99	(138.68)	1656.02	(187.98)
Balance	79,505.75	47,625.92	58,651.95	17,621.45
Which the Directors have apportioned as under to:-				
(i) Dividend on Ordinary Shares	3,007.08	1,145.92	3,004.16	1,144.75
<b>Total Appropriations</b>	<b>3,007.08</b>	<b>1,145.92</b>	<b>3,004.16</b>	<b>1,144.75</b>
<b>Retained Earnings: Balance to be carried forward</b>	<b>76,498.67</b>	<b>46,480.00</b>	<b>55,647.79</b>	<b>16,476.70</b>

**Notes:**

- i. The Board of Directors of the Company, at its meeting held on April 25, 2019, had approved the Composite Scheme of Amalgamation of Bannipal Steel Limited and Tata Steel BSL Limited (formerly known as Bhushan Steel Limited) into and with the Company ('**Scheme of Amalgamation**'). The Hon'ble National Company Law Tribunal, Mumbai Bench had pronounced the Order on October 29, 2021, approving the aforesaid Scheme of Amalgamation.

The Company, in its standalone financial statements, had accounted for the amalgamation using the pooling of interest method retrospectively for all periods presented as prescribed in Ind AS 103 – "Business Combinations". The figures for the previous periods in the standalone financial statements have been accordingly restated from April 1, 2020. The consolidated financial results include the impact of the Scheme of Amalgamation on accounting adjustments in accordance with the applicable Ind AS provisions. Consequent to the amalgamation, Bannipal Steel (including Tata Steel BSL) is no longer presented as a separate segment and its steel business is included in Tata Steel India segment with previous periods restated accordingly.

- ii. Consequent to the re-classification of South East Asian Operations from "Held for Sale" during the quarter ended March 31, 2021, results from "Continuing Operations" for the previous periods wherever applicable have been re-stated to include these businesses which were earlier presented as "Discontinued Operations". During the year under review, the Company sold its stake in its Singapore operations of NatSteel Holdings Pte. Ltd. ('**NSH**'). The wires business of NatSteel in Thailand (Siam Industrial Wires) has been retained by Tata Steel as part of the downstream wires portfolio.
- iii. Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.
- iv. The exceptional items (Consolidated Accounts) in Financial Year 2021-22 primarily represents:
- Restructuring and other provisions which includes charge on Employees Family Protection Scheme for COVID-19 amounting to ₹215 crore at Tata Steel Limited (Standalone), Tata Steel Downstream Products Limited and at Tata Steel Utilities and Infrastructure Services Limited.
  - Impairment charges (net of reversal) ₹172 crore in respect of property, plant and equipment (including capital work-in-progress), right-of-use assets and other assets primarily at Tata Steel Europe ('**TSE**') and Tata Steel Thailand.
  - Provision for Employee Separation Scheme ('**ESS**') amounting to ₹331 crore includes provisions made primarily under Sunehere Bhavishya Ki Yojana ('**SBKY**') scheme amounting to ₹208 crore and Second Innings Scheme amounting to ₹123 crore, at Tata Steel Limited (Standalone).
  - Impairment of Inter Corporate Deposits given to an Associate of the Company amounting to ₹100 crore at Tata Steel Limited (Standalone).
  - Expenses incurred on stamp duty and registration fees for a portion of land parcels and mines acquired as part of business combination amounting to ₹27 crore at Tata Steel Long Products Limited.
  - Redundancy provisions at TSE amounting to ₹14 crore.
  - Impairment on outstanding deferred consideration at TSE ₹81 crore.

Partly offset by,

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

The exceptional items (Consolidated Accounts) in Financial Year 2020-21 primarily include:

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

Partly offset by,

- Restructuring and write-back of provisions which primarily includes write-back of provisions at TSE ₹88 crore.
- Reversal of fair value loss amounting to ₹1,230 crore on reclassification of South-East Asian businesses, earlier recognised as "held for sale".
- Reversal of impairment of investments provided earlier in one of the Associate company of Tata Steel amounting to ₹70 crore.
- Profit on sale of subsidiaries includes profit of ₹26 crore on realisation of deferred consideration at TSE.

## 1. Dividend Distribution Policy

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

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

## 2. Dividend

For the Financial Year 2021-22, the Board has recommended a dividend of ₹51/- per fully paid-up Ordinary (equity) Share (previous year: ₹25/- per fully paid-up Ordinary (equity) Share) and in respect of the outstanding partly paid-up Ordinary (equity) Shares of the Company on which call money remains

unpaid as on the date of book closure for the dividend payment, the dividend will be paid in proportion to the amount paid-up on such shares i.e. ₹12.75 per partly paid-up Ordinary (equity) Share of ₹10/- each (paid-up ₹2.504 per share) [previous year: ₹6.25 per partly paid-up Ordinary (equity) Share].

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

The dividend on Ordinary Shares (fully paid-up as well as partly paid-up) is subject to the approval of the Shareholders at the Annual General Meeting ('AGM') scheduled to be held on Tuesday, June 28, 2022 and will be paid on and from Saturday, July 2, 2022.

Based on the Ordinary Shares (fully paid-up as well as partly paid-up) as on the date of this report, the dividend, if approved would result in a cash outflow of ~₹6,233.11 crore. The dividend on Ordinary Shares (fully paid-up as well as partly paid-up) is 510% of the paid-up value of each share. The total dividend pay-out works out to 19% (previous year: 18%) of the net profit (on Standalone basis).

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

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, June 17, 2022 to Tuesday, June 28, 2022 (both days inclusive) for the purpose of payment of the dividend and AGM for the financial year ended March 31, 2022.

### **3. Transfer to Reserves**

The Board of Directors has decided to retain the entire amount of profit for FY 2021-22 appearing in the statement of profit and loss.

### **4. Capex and Liquidity**

During the year under review, the Company, on a consolidated basis spent ₹10,522 crore on capital projects across India and Europe largely towards ongoing growth projects in India, essential sustenance and replacement schemes.

The Company's liquidity position, on a consolidated basis, is ₹37,470 crore as on March 31, 2022, comprising ₹24,513 crore in cash and cash equivalent and balance in undrawn credit lines.

### **5. Management Discussion and Analysis**

The Management Discussion and Analysis as required in terms of the SEBI Listing Regulations is annexed to this Report (**Annexure 1**).

## **B. Integrated Report**

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

Our 7<sup>th</sup> Integrated Report highlights the measures taken by the Company that contributes to long-term sustainability and value creation, while embracing different skills, continuous innovation, sustainable growth and a better quality of life.

## **C. Operations and Performance**

### **1. Impact of COVID-19 on the economy and Company's initiatives in addressing the challenges of the pandemic**

The COVID-19 pandemic has led to the unprecedented health crisis and has disrupted economic activities and global trade while weighing on consumer sentiments. During the year under review, the nation experienced high severity and mortality of citizens brought by the second wave of the ongoing COVID-19 pandemic. With intermittent nationwide lockdowns and disruption in regular economic activities, there was price volatility of raw materials and sluggish market demand during first half of the year under review. However, the Company dealt with the pandemic by continuing to focus on operational excellence, marketing strategies, and keeping its employees and community at the core of it.

The health and safety of employees and the communities in which the Company operates continue to be the foremost priority of the Company. To mitigate the risks and challenges faced by the Company during the pandemic, the Company enhanced safety and hygiene norms at offices, implemented work from home, staggered shift timings for safety of employees and leveraged digital platforms for its day-to-day operations. The Company, in collaboration with state governments and hospitals, contributed immensely towards maintaining dedicated covid-care units, providing of liquid oxygen & maintaining oxygen processing plants and undertaking vaccination drives. Further, the Company's three pronged communication strategy – awareness, engagement and reinforcement helped spreading awareness amongst various communities.

During the challenging times, the Company maintained its liquidity position by minimizing cash outflows and maintaining a judicious mix of funding instruments to fulfil its operational requirements.

Further details on various initiatives taken by Tata Steel in addressing the challenges posed by COVID-19 pandemic forms part of the Management Discussion and Analysis forming part of this Report.



## 2. Tata Steel (Consolidated)

During the year under review, the Tata Steel Group ('TSG') recorded total consolidated crude steel production of 31.03 MnT (previous year: 28.54 MnT), an increase by 9% primarily due to better steel demand. TSG recorded total consolidated deliveries of 29.52 MnT (previous year: 28.50 MnT), an increase by 4%, due to higher exports and higher domestic demand primarily during second half of the year under review.

The turnover of TSG was ₹2,43,959 crore during the financial year 2021-22 (previous year: ₹1,56,477 crore), an increase by 56% primarily contributed by higher steel realisations across geographies along with increase in deliveries. Further, the EBITDA of TSG was ₹63,830 crore [ $>2x$ ] of previous year] during the financial year 2021-22, significantly higher as compared to ₹30,892 crore in the previous year, owing to higher revenues, partly offset by increase in input cost.

During the year under review, TSG reported a consolidated profit after tax of ₹41,749 crore which is almost five times higher than the profit after tax of ₹8,190 crore in the previous year. The increase was mainly due to improvement in EBITDA, lower net finance charges due to pre-payments and lower exceptional charge, partly offset by higher tax charge in India due to higher profits.

## 3. Tata Steel (India Operations)

During the year under review, total deliveries at Tata Steel Limited (Standalone) were at 17.62 MnT (previous year: 16.66 MnT). Turnover was ₹1,29,021 crore (previous year: ₹84,133 crore), an increase of ~53% than that of the previous year. EBITDA from Tata Steel Limited (Standalone) was ₹51,456 crore (previous year: ₹27,340 crore), 88% higher than that of the previous year. During the year under review, the crude steel production in Tata Steel Limited increased by 13% to 18.38 MnT as the previous year was impacted due to COVID-19 pandemic.

Total deliveries of Tata Steel from its Indian operations (including Tata Steel Long Products Limited) stood at 18.27 MnT which is higher than the previous year by 6%. The turnover was ₹1,35,823 crore, an increase by ~53% than previous year and EBITDA (excluding inter-company eliminations and adjustments) was ₹52,745 crore, 85% increase than previous year, both owing to sharp increase in steel realisations and higher steel deliveries which was partly offset by higher operating cost due to increase in imported coal prices and higher iron ore prices.

## 4. Tata Steel (Europe Operations)

During the year under review, liquid steel production from Europe operations was 10.11 MnT (previous year: 9.55 MnT), an increase of 6%. Deliveries from Europe operations increased by ~2% to 9.02 MnT primarily due to increased demand. Turnover from operations was ₹90,023 crore (previous year: ₹56,051 crore), significantly higher due to increase in average revenue per tonne due to continued increase in selling price and higher deliveries in view of market demand.

Despite the headwinds from COVID-19, there was significant improvement in EBITDA which stood at ₹12,164 crore primarily on account of higher prices, which was partly offset by the increase in raw material prices, increase in maintenance spend, energy prices and employee cost.

## D. Key Developments

### 1. Amalgamation

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

The Board of Directors of the Company, at its meeting held on April 25, 2019, approved the amalgamation of Bamnival Steel Limited and Tata Steel BSL Limited ('TSBSL'), into and with the Company by way of a composite scheme of amalgamation ('Scheme'). The Scheme was approved by the shareholders of the Company by requisite majority at their meeting held on March 26, 2021. On receipt of the approval of the shareholders, the Company filed the 'Company Scheme Petition' with the Hon'ble National Company Law Tribunal ('NCLT'), Mumbai Bench with the prayer to sanction the Scheme. After several hearings, on October 29, 2021, the NCLT pronounced the Order sanctioning the above-mentioned Scheme (the Appointed Date being April 1, 2019). On November 11, 2021, the parties to the Scheme made necessary filings with the statutory authorities and accordingly, the Scheme became effective from November 11, 2021.

As per the terms of the Scheme, the Board of Directors of the Company at its meeting held on November 11, 2021, approved the issuance of one fully paid-up Equity Share of Tata Steel Limited of face value ₹10/- each for every fifteen Equity Shares of TSBSL of face value ₹2/- each upto 1,99,34,052 equity shares, to eligible shareholders of TSBSL as on the Record Date i.e. November 16, 2021. Further, cross-holding of equity shares and/or preference shares amongst the parties to the Scheme, inter-se, stood cancelled. On November 23, 2021, the Board of Directors of the Company approved the allotment of 1,82,23,805 fully paid-up Equity Shares to the eligible shareholders of TSBSL. As on date, Bamnival Steel Limited and TSBSL stands amalgamated into and with Tata Steel Limited.

### 2. Acquisitions, Investments and Portfolio Restructuring

#### Acquisition of Neelachal Ispat Nigam Limited

On January 31, 2022, Tata Steel Long Products Limited ('TSLP'), a listed subsidiary of the Company, was announced as the winner of the bidding process to acquire 93.71% stake in the 1 MnTPA Neelachal Ispat Nigam Limited ('NINL') in accordance with the process run by Department of Investment and Public Asset Management, Government of India. NINL is a strategic acquisition for Tata Steel due to its close proximity to Kalinganagar Steel Plant, its steel making capacity, its 2,500 acres of land for future growth and iron ore reserves of around 100 MnT. This will help Tata Steel to boost its long products business.



On March 10, 2022, the Company and TSLP executed a Share Sale and Purchase Agreement with NINL and its principle shareholders for acquisition of the said stake for an aggregate consideration of ₹12,100 crore, which reflects the enterprise value (including all recorded liabilities) as part of the said acquisition.

#### Investment in Tata Steel Long Products Limited

On March 17, 2022, Tata Steel acquired 10,00,00,000 – 0.01% Non-Convertible Redeemable Preference Shares of face value ₹100/- each ('NCRPS') of Tata Steel Long Products Limited ('TSLP'), aggregating to ₹1,000 crore. On March 30, 2022, Tata Steel further acquired 117,00,00,000 NCRPS of TSLP, aggregating to ₹11,700 crore. Through these fundings, Tata Steel assisted TSLP in funding growth plans including acquisition of NINL.

The Company's equity shareholding in TSLP remains at 74.91%.

#### Acquisition of Rohit Ferro-Tech Limited

The Company was exploring opportunities to meet its production target for ferro alloys and considering the strategic attractiveness, competitive intensity and expected synergy benefits, identified Rohit Ferro-Tech Limited ('RFT') as a target company to be acquired through Tata Steel Mining Limited ('TSML'), wholly-owned subsidiary of Tata Steel, under the Corporate Insolvency Resolution Process ('CIRP') of the Insolvency and Bankruptcy Code, 2016 ('Code').

On June 5, 2021, the Committee of Creditors, in terms of the CIRP of the Code, declared TSML as the successful resolution applicant for the acquisition of RFT, subject to necessary regulatory approvals including approval from the NCLT, Kolkata Bench. On April 7, 2022, the NCLT pronounced the Order approving the Resolution Plan submitted by TSML for acquisition of RFT. As per the Resolution Plan, TSML acquired 90% equity stake in RFT for ~₹617 crore.

On April 11, 2022, in terms of the Resolution Plan, the Company (through TSML) completed the acquisition of 90% stake in RFT and the remaining 10% stake was acquired by the assenting financial creditors of RFT towards conversion of a portion of their loans. For the purpose of this acquisition, the Company, as one of the funding modes, infused ₹625 crore into TSML by acquiring 32,63,70,757 equity shares of TSML of face value ₹10/- each for a premium of ₹9.15 per share.

#### Acquisition of Preference Shares of Angul Sukinda Railway Limited

On December 15, 2021, the Company executed a long-term agreement with Angul Sukinda Railway Limited ('ASRL'), for the construction, operation and maintenance of an alternate railway line ('Additional Rail Line'). The agreement has been entered into for a period of 20 years to meet the logistic requirements of the Company's Kalinganagar Steel Plant. The entire expenditure for construction of the Additional Rail Line

of ₹400 crore will be funded by the Company in a phased manner by subscribing to 40,00,00,000 Non-Convertible, Non-Cumulative, Redeemable Preference Shares of face value ₹10/- each of ASRL.

#### Increase in stake in Medica TS Hospital Private Limited

On January 7, 2022, the Company's equity stake in Medica TS Hospital Private Limited ('MTSHPL'), a joint venture of Tata Steel, increased from 26% to 51% due to conversion of 5,102 Optionally Convertible Debentures ('OCDs') of ₹1,000 each into 5,10,200 Equity Shares of ₹10/- each of MTSHPL. Further, 4,92,298 OCDs of ₹1,000 each were also converted into 0.1% of Optionally Convertible Redeemable Preference Shares of ₹10/- each of MTSHPL. Accordingly, during the year under review, MTSHPL became a subsidiary of the Company from being a joint venture of the Company.

#### Acquisition of stake in Ceramat Private Limited

The Company has identified Advanced Ceramics as one of the new materials for strategic growth. The Company was exploring opportunities to set up a world-class facility to produce medical materials and identified Ceramat Private Limited as a special purpose vehicle for this purpose.

On February 28, 2022, Tata Steel Limited through Tata Steel Advanced Materials Limited, wholly owned subsidiary of the Company, executed a Share Purchase cum Shareholders' Agreement for acquisition of 90% equity stake in Ceramat Private Limited. The said acquisition was completed on March 16, 2022 for a cash consideration of ₹90,000.

#### Acquisition of itemized assets from Stork Ferro and Mineral Industries Private Limited

On March 30, 2022, the Company executed an Asset Transfer Agreement with Stork Ferro and Mineral Industries Private Limited for acquisition of itemized assets to produce ferro alloys for a cash consideration of ₹155 crore (excluding applicable taxes).

#### Acquisition of entire stake held by Steel Authority of India Limited in S & T Mining Company Limited

On April 5, 2022, the Company had executed a Share Purchase Agreement with the Steel Authority of India Limited ('SAIL') for acquisition of the entire equity stake of SAIL (50%) held in S&T Mining Company Limited ('S&T Mining'). On April 11, 2022, the said acquisition was completed and S&T Mining ceased to be joint venture of the Company and became its wholly-owned subsidiary.

#### Portfolio restructuring of Tata Steel Group Companies

The Company had previously announced that it is embarking on a comprehensive strategic organization level restructuring and consolidation of its diversified business portfolio of its group companies ('Tata Steel Group Companies or TSGCs'). The strategic objective is to group the TSGCs under 4 distinct



clusters viz. (a) Long Products (b) Downstream (c) Mining and (d) Utilities and Infrastructure Services, each controlled through a subsidiary company of the Company, which will be responsible for nurturing and scaling the business of its respective cluster to become a leading strategic player in the industry.

In line with the above objective, the Company during the year under review, transferred its entire shareholdings in (a) Tata Steel Special Economic Zone Limited, (b) Adityapur Toll Bridge Company Limited (c) Himalaya Steel Mill Services Private Limited (d) Tata Pigments Ltd. (e) Jamipol Limited (f) Nicco Jubilee Park Limited to Tata Steel Utilities and Infrastructure Services Limited (Company's wholly-owned subsidiary), and entire shareholding in Tata Steel Advanced Materials Limited (formerly Tata Steel Odisha Limited) to Tata Steel Downstream Products Limited (Company's wholly-owned subsidiary).

### 3. Divestments

#### Sale of shares in NatSteel Holdings Pte. Ltd.

On September 30, 2021, T S Global Holdings Pte. Ltd. ('TSGH'), an indirect wholly owned subsidiary of Tata Steel Limited, set up in South-East Asia, executed definitive agreements with Toptip Holding Pte Ltd. to divest its entire stake held in NatSteel Holdings Pte. Ltd., for an equity value of US\$ 172 million (₹1,275 crore). However, the wires business of NatSteel in Thailand (Siam Industrial Wires) will continue to be in operations under TSGH as part of downstream wires portfolio.

### 4. Financing and Debt Redemption

#### First and Final Call on Partly Paid-up Equity Shares

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

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

During the year under review, the SRC, approved the conversion of 71,64,259 partly paid-up equity shares of face value ₹10/- each into fully paid-up equity shares of face value ₹10/- each,

against which the First and Final Call money of ₹461/- per share was received. The converted shares rank *pari passu* with the existing fully paid-up equity shares of the Company.

As on March 31, 2022, the Company has 2,23,288 partly paid-up equity shares on which the first and final call money remains unpaid.

#### Debenture Redemptions

On May 11, 2021 the Company exercised its Call Option to redeem 11.50% Perpetual Hybrid Securities of the Company aggregating to ₹775 crore, as per their terms of issue. On April 22, 2022, the Company redeemed its 2% Non-Convertible Debentures aggregating to ₹1,500 crore as on the due date.

#### Credit rating

During the year under review, international rating agency S&P Global Ratings upgraded Tata Steel's Corporate Family Rating by four notches to 'BBB-' Outlook: Stable from 'B+' Outlook: Stable. With the upgrade, Tata Steel has become an investment-grade rated entity in the international markets. Further, Moody's also upgraded the rating by one notch to 'Ba1' Outlook: Stable from 'Ba2' Outlook: Stable due to its better-than-anticipated operational performance and reduction in gross debt during FY 2021-22.

Domestic rating agencies upgraded Tata Steel's Ratings by one notch: India Ratings upgraded Tata Steel's long-term credit rating by one notch to 'AA+' Outlook: Stable from 'AA' Outlook: Stable. CARE Ratings upgraded Tata Steel's long-term credit rating by one notch to 'AA+' Outlook: Stable from 'AA' Outlook: Negative'. Brickwork Ratings also upgraded Tata Steel's long-term credit rating to 'AA+' Outlook: Stable from 'AA' Outlook: Stable.

#### Sub-division of Ordinary Shares of the Company

On May 3, 2022, the Board of Directors of the Company, in order to enhance the liquidity in the capital market, to widen shareholder base and to make the shares more affordable to small investors, considered and approved the proposal for sub-division of 1 (one) equity share of the Company having face value of ₹10/- each into 10 (Ten) equity shares of the Company having face value of ₹1/- each, subject to the approval of the Shareholders of the Company and other necessary approvals.

Further, there will be consequential amendments in the Capital Clause of the Memorandum of Association of the Company and Articles of Association of the Company, subject to approval of the Shareholders of the Company at the ensuing AGM scheduled to be held on June 28, 2022.

Details on the proposal forms part of the AGM Notice forming part of this Integrated Report & Annual Accounts 2021-22.

## 5. Operations

### Commissioning of first Steel Recycling Plant in Rohtak, Haryana

On August 18, 2021, the Company commissioned its new 0.5 MnTPA Steel Recycling Plant at Rohtak, Haryana in collaboration with Aarti Green Tech Limited on 'Build-Own-Operate' basis. It is the first such facility in the country and is equipped with modern and mechanized equipment such as Shredder, Baler, Material Handler amongst others. The scrap would be procured from various market segments such as end-of-life vehicles, obsolete households, construction & demolition, industrial etc., and processed through mechanised equipment and the high-quality processed scrap would be supplied for downstream steel making. Steel produced through this recycled route will lead to lower carbon emissions, resource consumption and energy utilisation.

## E. Sustainability

Tata Steel's philosophy of steel production is deep rooted on the principles of zero harm, resource efficiency, circular economy, minimising ecological footprint and care for community & workforce. The Company has adopted the United Nations Sustainable Development Goals ('UN SDGs') and linked it with its long-term strategy and has revised its sustainability targets. Aspirations of taking the Company's carbon emissions to <1.8 tCO<sub>2</sub>/tcs, mitigating dependence on fresh water by lowering specific freshwater consumption to <1.5 m<sup>3</sup>/tcs, no harm to biodiversity and inclusion of critical supply chain partners for Company's ESG risk assessment and mitigation are significant facets of this strategy. In Europe, the Company has embraced a target to achieve carbon neutrality of its steel making operations by 2050.

The Company takes it as its inherent responsibility to protect the rights of its stakeholders. During the year under review, the Company has adopted the Business and Human Rights Policy and institutionalised a governance structure towards its deployment. The Policy is in consonance with the Universal Declaration of Human Rights, the UN Principles on Business and Human Rights, and the International Labour Organization Convention and Indian laws.

Tata Steel had identified supply chain sustainability as a key material issue and in order to take this forward, the Company had in February 2020, adopted the Tata Steel Responsible Supply Chain Policy. During the year under review, the Company took initiatives in deployment of the Policy through various communication channels, including a framework for shared growth between its suppliers and distributors for sustainable supply chain.

The Company continues to be committed to serve its customers through a portfolio of eco-friendly products and disclosure of the environmental impact of its products by using Life Cycle Assessment ('LCA') methodology. To accelerate

its efforts in becoming a leader in product sustainability, Tata Steel strives to use LCA tool effectively in its products. During the year under review, the Company has undertaken LCA studies based on worldsteel LCA methodology guided by ISO 14040 and ISO 14044. The Company has completed the LCA study for products manufactured at its plants at Meramandali (Odisha), CRM Bara in Jamshedpur (Jharkhand) and the plant site of its subsidiary, Tata Steel Long Products Limited situated at Gamharia (Jharkhand). The Company has also carried out LCA study for structural tubes and hollow section products manufactured at Tata Steel Tubes division, Jamshedpur (Jharkhand) and other production units across India. The Company has also carried out LCA study for its Fibre Reinforced Polymer ('FRP') product to understand its environmental impact. During the year under review, Tata Tiscon became India's first GreenPro certified TMT rebar brand. In alignment to the Company's sustainability strategy, it aspires to obtain eco-labels (GreenPro and Environment Product Declaration) for its key products and proactively react to its customers who seek product related sustainability information. In Europe, the Company has published Environmental Product Declarations with entire product range of the European operations certified with BES 6001 sustainable sourcing standard.

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

The Company continues to integrate Biodiversity within its business ecosystem. Towards this, the Company has aligned its actions with the National and International Biodiversity Targets and the Sustainable Development Goals. To augment Company's efforts in Biodiversity conservation, Tata Steel has constituted Centre of Excellence for Biodiversity Management to strategically formulate and implement Biodiversity Management Plans ('BMPs') across locations. As on March 31, 2022, the Company has implemented BMPs across 13 locations in India.

## 1. Environment

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



Guided by our Code of Conduct and internal corporate policies, Tata Steel endeavours to set steel industry benchmark in environmental performance. With the Strategic objective of “Leadership in Sustainability”, Tata Steel has achieved significant reduction in its environment footprint over the years through its commitment of being a responsible stakeholder in the community. Towards this, the Company has taken several initiatives in areas of resource conservation, pollution control and sustainable practices for waste management, amongst others. Tata Steel has adopted environment friendly processes, best available technologies, real-time monitoring systems and IT enabled dashboards to facilitate environmental responsiveness. Tata Steel maintains transparency in its environmental performance through various disclosures and reporting made to stakeholders from time to time. The Company has digitized the systems of real-time monitoring of environmental parameters to faster identify probable environmental impacts of its operations in order to undertake mitigating actions to control environmental pollution. During the year under review, these digital monitoring practices have been recognised as “synergized” in the DATOM assessment forming part of the established digital ecosystem across enterprise and its value chain. During the year under review, Tata Steel has taken initiatives to retain its Indian benchmark position in CO<sub>2</sub> intensity, specific stack dust emissions and specific water consumption. The Company’s newly commissioned UV based Cyanide treatment plant at Coke Oven#2 at Angul Works, got recognition by Tata Innovista Awards 2021.

## 2. Climate Change

Climate change is one of the most pressing issue the world faces today and the Company recognises its obligation to work towards mitigation of climate change related risks and strives to reduce its carbon footprint across all geographies. The Company is committed to being aligned with India’s Nationally Determined Contribution (‘NDC’) and the European Union’s commitment on climate change. In India, the Company has successfully reduced its carbon footprint in past sixteen years by improving resource efficiency and technology and strives to attain carbon emission intensity of <1.8 tCO<sub>2</sub>/tcs by 2030. To be aligned to its carbon emission target, Tata Steel is taking a range of efforts across the organisation for Greenhouse Gas Emission reduction activities that include increasing efficiency of operations, use of recycled clean scraps, Carbon Capture and Utilization (‘CCU’), and hydrogen-based steelmaking.

The Company is signatory to the Task Force on Climate-related Financial Disclosures (‘TCFD’) for climate change and has identified transition risks and opportunities. Specific mitigation and contingency plans for each of the identified risks have been integrated within the Company’s long-term strategy. To move closer towards lower carbon pathway, the Company is working towards installing natural gas based DRI kiln and be future-ready in use of hydrogen by replacing natural gas. The Company continues to work towards integrating hydrogen gas

in iron making processes as a non-fossil fuel and reductant. During the year under review, the Company has successfully tried injection of Coal Bed Methane (type of natural gas) in one of its Blast Furnaces to reduce carbon intensity by replacing metallurgical coke.

In India, the Company, in collaboration with various startups, academia and other organizations of repute, is working towards developing various projects with primary focus on decarbonization. During the year under review, the Company commissioned the CCU pilot plant at Jamshedpur Works, the first of its kind in India that extracts CO<sub>2</sub> directly from the Blast Furnace gas. The Company aspires to emerge as a business leader across the hydrogen and CCU value chain.

Tata Steel is also working towards minimising emission standards. With the advent of electrification of vehicles and renewable energy system, the Company is taking efforts to increase the use of renewable energy along with inclusion of high range electric mobility system. During the year under review, Tata Steel became the first steel producer in India in transporting steel products in Electronic Vehicles with a minimum carrying capacity of 35 tonnes of steel.

Tata Steel is collaborating with wide range of organisations in developing the ecosystem to mitigate climate change transition risk. The Company is also working on the assessment of the physical risks present at plant sites of operation and developing adaption strategies for the same.

## 3. Health and Safety

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

During the year under review, the Company undertook proactive measures to minimize the impact of the COVID-19 pandemic on the Company’s workforce through agile decision making and timely and effective deployment of several policies and measures for the benefit of the employees. A novel initiative, the ‘POD concept’, which involves self-sufficient groups of people having self-contained set of skills to do an intended job, was formed. It was deployed at manufacturing and raw material locations as well as at profit centres to tackle the spread of COVID-19 within the Company premises. During the year under review, the Company’s efforts for ensuring safety and business continuity during the pandemic period was recognized by the World Steel Association.



The Company took several initiatives to improve the health and safety standards of its employees, including rolling out a Reward and Recognition Policy for Indian operations to encourage positive safety behavior among employees. Further, to boost employee morale during the pandemic situation, the Company organized the 'SHE Excellence Award', recognizing and rewarding employees/departments for their remarkable contribution towards maintaining 'safety, health and sustainability' within the Company.

The Company took initiative to enhance the competency of the workforce and provided safety training at the Safety Leadership Development Centre formed by the Company. The Company took several efforts in training the majority workforce in simplified safety standards through e-modules which helped the Company to strengthen safety competency.

Contractor's safety has always been a priority for the Company. During the year under review, the Company introduced 'Ghar Se Ghar Tak' programme for the contractor workers along with their families, to improve discipline and behavior amongst themselves. Contractor Safety Management System ('CSMS') has been deployed in all stockyards and Steel Processing Centres of Tata Steel as well as across Tata Steel Group Companies.

Further, the initiative to roll out Process Safety through 'Centre of Excellence' ('CoE') methodology gained momentum, enhancing the process safety competency for employees. Currently, the process safety through CoE, has been rolled out to 43 departments across locations as well as amongst Tata Steel Group Companies. The Company has rolled out an integrated Asset Management Framework across India operations after considering a similar framework existing in Europe.

The Company has set up 'Tactical Centre', for business continuity management during emergencies at Tata Steel Jamshedpur. This centre will be responsible for triggering control measures through digital information feed from various stakeholders and similar facilities are being established at Tata Steel Kalinganagar and Tata Steel Meramandali. To provide a holistic approach towards the adoption of digital and technology in maintaining safety within the organization, the Company has formed an internal Apex Digital & Technology Safety Sub-Committee to focus on maximizing the leverage of current digital initiatives and designing new initiatives to bolster our key strategies.

Towards Occupational Health, the Company has implemented a comprehensive Industrial Hygiene program which includes identification of occupational health hazards, risk analysis, and assessment of actual exposure through hazard quantification. It also focusses on implementation of hazard control measures to maintain minimum exposure level and to reduce occupational health related risks. During the year under review, more than 500 awareness sessions on 'Health & Well-being' have been organized across Tata Steel India for the employees and contract employees. These sessions have helped in reduction of high-risk cases of lifestyle diseases by 57%.

Fatality of people working at Tata Steel premises has been the topmost safety concern for the Company. It is with deep regret that the Company reports 3 fatalities during the year under review. The Company launched hazard specific Safety campaigns viz. 'Slip/Trip/Fall', 'Hands are not Tools', 'Zero Toppling', amongst others, across locations to address gaps and improve safety awareness. Deployment of various safety initiatives helped the Company in achieving 14% reduction in first-aid cases where as increase in Slip/Trip/Fall related Lost Time Injuries still remain a major concern.

At Tata Steel Europe, health and safety continues to be of utmost priority. In another year dominated by the COVID-19 pandemic, the Company responded with pace and with a coordinated agile approach to protect the health and well-being of all employees and stakeholders. Effective communication and engagement was key to maintain safe and healthy working environment and to recognize the challenges to employee's health and well-being. With this backdrop, the overall safety performance of the Company improved, and the Company reported no fatalities in Europe during the year under review.

#### **4. Research and Development**

Conservation of the environment and sustainability has always been an important area for the Company. During the year under review, the Research and Development ('R&D') team of the Company has focused in areas such as reduction in Green House Gas emissions, achieving water neutrality and use of low-grade raw materials. The Company strives towards reducing its carbon footprint and in alignment to this, the Company has significantly progressed towards setting up and operating high-end technology driven plant such as 5 TPD (tonne per day) CO<sub>2</sub> capture plant and Cyanide removal plant based upon patented UV oxidation process.

The Company has also demonstrated continuous injection of Coal Bed Methane in Blast Furnace at Jamshedpur operations in order to reduce use of coal/coke in Blast Furnace which in turn would further reduce CO<sub>2</sub> emissions. Hydrogen is seen as another potential solution to decarbonize steel industry and towards this, the Company has initiated several research programs in collaboration with research institutes towards production of hydrogen through sustainable process. Working in line with the theme of efficient usage of raw materials, a novel slag modifier has been developed which allows smooth Blast Furnace operations even with high alumina iron ore material. This process is patented and has potential to substantially contribute towards the cost saving of the Company.

Amongst the notable new product development, the R&D team of the Company has developed a novel process of manufacturing a new variant of pearlitic (C80) steel used to modify the microstructure to spheroidised carbides in hot rolled condition. Crash is one of the most important design considerations for automotive engineers. Tata Steel has established a facility for studying deformation behaviour of steels at high strain rates which are usually seen during crash.



Tata Steel R&D team is a pioneer in adding this facility which is so far available only at a few Government Research Centres in India.

Our thrust on innovation is visible as the Company has filed 125 new patent applications during the year under review, which is highest ever number achieved by Tata Steel.

In Europe, R&D has contributed to the development of various new products and has been involved in the development and implementation of new process control models and other process improvements. In the Netherlands, the Company has progressed in its product developments which includes 27 & 38MnB5 steels (high strength heat treatable BMn steels used in agricultural applications by the engineering-sector), Serica-FLO (a new GI-based, zinc coating for exposed panels used by automotive sector) and HR-S355MC with guaranteed toughness at thick gauge (a HSLA grade with high impact toughness at low temperatures). The Company has also introduced various process improvements which includes implementation of coating weight control on Galvanising Line to visualise the hearth wear in Blast Furnaces, and setting up of new design of oxygen blow profiles to prevent slopping at convertor processes. Further, R&D has also been vital in getting many potential new products to reach higher level of Technology Readiness throughout the year and support the customer interactions on a technical level. Research & Development continues to help the Company and its customers in its drive to become more sustainable and more environment friendly. Within R&D, work continues on Hlsarna project as a novel and more flexible reduction technology for iron production.

In the United Kingdom, the R&D department supports the business needs of new product development, process and product improvements and providing customer support. The Company has identified automotive VAVE/EVI, Engineering Performance Analyses, Construction and Conveyance Solutions as specific competency areas. Amongst new process development, the Company has developed a software for automated release of Hot Rolled products, the use of Through Process Record set tool and Advanced Analytics Toolbox to investigate the long-standing caster laminations problem. The Company has made significant achievement in product differentiation by innovating eco-friendly Microwave curing coatings on steel. During the year under review, the Company has strengthened its collaboration with various global Universities so as to contribute to research and development and deliver the much needed technology support to meet business requirements. The Company has also worked with Steel and Metals Institute SaMI at Swansea University on better utilisation metrics.

## 5. New Product Development

During the year under review, the Company developed 62 new products in India. For superior customer experience, the Company has adopted best in class manufacturing practices, invested in product branding and developed its products to

best serve its customers. During the year under review, the Company has taken initiatives to develop high end, niche products in Automotive and Industrial Products, Projects and Exports segment through continuous engagement with customer. On the automotive segment, some of the significant developments bolstering growth in high end automotive grades in India includes development of 22MnB5 used for heat treated long member application, S700MC [thin] used for automotive structural application, E450 used for axle housing applications and JSH 590B having >75% hole expansion ratio. In the API (American Petroleum Institute) segment, noteworthy development includes successful commercialization of J55 for OCTG (Oil Country Tubular Goods) application in export segment. During the year under review, the Company has moved to advance stages of development of X42 and X60 with stringent sour performance guarantee. The Company made significant advancement towards niche Lifting & Excavation ('L&E') products by developing S700MC, first of its kind in India, with guaranteed toughness at -40°C, primarily used in telescopic boom application. This product advancement had led to import substitution and customer delight.

Further, to maintain leadership position in rebar segment, the Company developed Fe550SD with higher strength and ductility and commercialized it in size range of 6mm to 25mm. Also, higher sizes of high strength rebars of Fe600HD and Fe550D were developed to cater to niche requirements in various projects in areas of construction and infrastructure. In order to cater to the new requirements of high strength wire rods for LRPC and spring application, new grades such as HC82Cr[LR HT], HC82BCr[SH HT], PC300K were developed. These grades have been developed as first of their kind in India and they provide increased drawing speed, increase in die life and better mechanical properties in the final product.

In Europe, 13 new products were launched during the year. These launches include major developments for automotive, engineering, and construction markets in the Netherlands and construction and energy markets in the United Kingdom. In the Netherlands, in the automotive segment, the Company improved the product performance of Serica® range thereby offering premium surface finish for market-leading paint appearance for automotive outer body applications. Additionally, to cater to premium customers, the Company has introduced new offerings of nickle-plated steel for application in rechargeable batteries used in Electric Vehicles. In the construction sector, the Company launched products which extended the capability of linepipe offerings for offshore Oil & Gas application in the X65/X70 grade range and improved the sustainability of the Contiflo® range of precision tubes with an odour free and low environmental impact internal coating aligned to latest environmental standards. The Company also introduced Sinusoidal Roof Panel which is the future-proof solution for asbestos replacement market. In the engineering sector, the Company has launched two additional hot-rolled grades - 27MnB5 and 38MnB5, to strengthen its heat treatable, manganese boron portfolio. In the United Kingdom, the

Company commercialized the Colorcoat® High Reflect Liner A+ organic coated steel product, thereby catering to customer requirement towards a sustainable internal coating with A+ VOC which will reduce energy consumption and CO<sub>2</sub> emission in construction sector. Additionally, the API X65/X70 energy tube range produced at Tata Steel's Hartlepool facility was extended to target the large diameter, thin wall segment to cater to the requirements of a niche market.

## 6. Customer Relationship

The year under review continued to be a challenging year for the global economy with two major waves of COVID-19 pandemic. During such challenging times, the Company stood steadfast with its customers, partners, and other stakeholders and continued to work on its effort to strengthen this relationship. The Company's digital initiatives served as a big game changer during the pandemic and helped the Company to revitalize its engagement with existing customers and reach new customers in unserved territories and markets.

The Company continued its efforts to enhance its relationship with automotive manufacturers and their large value chain partners. Considering the changing business requirements and to serve the customers better, the Company focused towards fast growth Light Commercial Vehicle segment, technical services offerings such as Vehicle Teardown and Benchmarking Services, Early Vendor Involvements on upcoming models amongst others and broadening supply chain capabilities through new processing partners. Further, the Company's digital initiatives such as digital VAVE (Value Analysis and Value Engineering) workshops through e-DRIVE platform, supply chain visibility through COMPASS platform and complaint handling through TSLCares app, has enhanced value driven engagements with customers.

In B2B segment, the Company has formed cross functional Customer Service Teams ('CST') with key customer accounts for building and nurturing relationships. VAVE initiatives for L&E segment also helped in customer value creation. Further, to enhance service levels to Oil & Gas customers during the pandemic, the Company extended virtual third-party inspection facility through close co-ordination amongst multiple internal and external stakeholders. The Company has also collaborated with the World Steel Association (through ConstructSteel forum) to support them in their effort to improve steel intensity in construction in India.

The Company continued to nurture the relationship with MSME customers through 'Ecafez', an online platform where training workshops, events, quality focused webinars and Micro-segment specific Engagement Programs were conducted. During the year under review, 180 Ecafez Qualithon engagements were conducted and the 'Ecafez 360' app saw 8,000+ new influencers. The Company also conducted eight new ECA connects for insightful discussions with over 800 MSMEs / ECAs (Emerging Corporate Accounts) spread across

20 microsegments. DigEca, a digital solution for ECA business, has created real-time, segment visibility of sales for channel partners and end customers.

Our flagship galvanized retail brands, Tata Shaktee and Tata Kosh, undertook various marketing initiatives to engage with stakeholders and increase brand loyalty among consumers. Tata Sampoorana, the channel management platform for Tata Shaktee was launched for improving consumer (R2C) level leads visibility. Tata Shaktee reached out to over 10,000 farmers across India via Kisan meets conducted on Kisan Diwas. The Company's e-selling platform "Aashiyana" through which we sell multiple B2C brands crossed a turnover of ₹1,468 crore as against ₹726 crore in previous year. Further, Tata Kosh doubled its volumes to 125 KT in FY 2021-22 as against 67 KT in FY 2020-21 by reaching out to over 35 lakh consumers and over 5,000 fabricators.

'Golden Home Consumer' - Tata Tiscon's loyalty and advocacy programme for Individual House Building segment, strengthened its digital platform and the brand touched 19,000+ consumers.

In the Services and Solutions segment, the Company has two major offerings – Tata Pravesh steel doors and windows and Nest-In, a smart steel based modular construction solution. During the year under review, amidst the pandemic, Tata Pravesh became the first brand in doors and fenestration industry to set up Authorized Service Centre - SmartCare for its customers to provide them with superior and uniform customer experience through professionally trained service team, supported by augmented IT infrastructure and best in class industry practices. During the year under review, Tata Pravesh installations grew by ~34% over previous year. Additionally, Tata Pravesh expanded its Privileged Dealer network to 350 outlets.

Nest-In has built competency in developing and sustaining long-term value-creating partnerships with its customers and channel partners through unique interventions and innovative services across several stages of the customer life cycle. The Company has taken initiatives towards strengthening customer relationships by leveraging digital tools like SFDC for lead management, MS Project for time and cost compliance, AR-VR (Augmented Reality - Virtual Reality) facility for providing key solutions to customer amongst others. These initiatives have helped the Company to transfer information seamlessly with customers starting from their order placement till product delivery. Additionally, Nest-In has developed capability of executing more than 60 projects across locations at any given time which has helped in converting revenues into profits and strengthening customer relations.

Further, the Company also launched two new brands - Tata FerroBaled® and Tata FerroShred® for the baled & shredded ferrous scrap processed in the new facility at Rohtak, Haryana, India. These are high quality processed scrap and they promise



to provide the much-needed raw material fillip to Tata Steel /Indian steel industry by making available quality processed ferrous scrap and reducing the dependency on imports.

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

## 7. Corporate Social Responsibility

The objective of the Company's Corporate Social Responsibility ('CSR') initiatives is to improve the quality of life of communities through long-term value creation for all stakeholders. The Company's CSR policy provides guidelines to conduct CSR activities of the Company. The salient features of the Policy forms part of the Annual Report on CSR activities annexed to the Board's Report. The CSR policy is available on the website of the Company at <https://www.tatasteel.com/media/11804/tata-steel-csr-policy-latest-2019.pdf>.

For decades, the Company has pioneered various CSR initiatives. The Company continues to address societal challenges through societal development programmes and remains focused on improving the quality of life. During the year under review, the Company has impacted the lives of around 2.87 million people from the most vulnerable sections of society, including initiating a large-scale national programme in response to the COVID-19 pandemic. The Company implements its CSR programmes primarily through the Tata Steel Foundation, which works in close collaboration with public systems and partners.

Through its CSR, the Company envisions an enlightened, equitable society in which every individual realises her/his potential with dignity through work with tribal and excluded communities to co-create transformative, efficient and lasting solutions to their development challenges.

Through large-scale, proven Signature Theme Models of change, the Company addresses core development gaps in

India, while being replicable at global platform. These include programmes on maternal and child mortalities, access to school and learning enrichment for rural children, pan-India focus on key aspects of tribal identity, and comprehensive development through empowerment of panchayats between the manufacturing locations at Jamshedpur and Kalinganagar.

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

During the year under review, the Company spent ₹406 crore on CSR activities. The Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 and the Rules framed thereunder, is annexed to this Report (**Annexure 2**).

In Europe, the Company maintains close relationship with employees, customers, local residents, NGOs and educational institutions in driving community development programmes and provides guest lectures on various environmental related topics including role of steel in our society and processing method of steel. In the Netherlands, the Company is closely involved in the Technochallenge Foundation, which organises various activities for primary and secondary schools. During 2021, Promotie Evenement Techniek event in Beverwijk, Holland was attended by 67 primary schools who were introduced to recent technologies. Further, on April 21, 2021, the Company also celebrated 'Girl's Day' and organized an online programme to introduce girl students to the world of science and technology.

The Company strives to contribute to the future social wellbeing of its local communities through a Community Partnership Programme, 'Future Generations' which makes donations and organises activities focused on education, environment as well as health and well-being. The Company sponsors local activities and supports charities. The Company also co-operates a programme named 'Telstar at home in the neighbourhood'. As part of this programme, children with learning difficulties are coached towards a healthy lifestyle.

The Company also sponsors local sports teams and children's events which promote community spirit and brings improvement in fields of healthy eating, teamwork and behavior. The Company also engages with communities as an existing and potential workforce, running programmes to involve young people, and girls in particular, so that they can discover the interesting career opportunities that our organisation offers.

## F. Corporate Governance

At Tata Steel, we ensure that we evolve and follow the corporate governance guidelines and best practices diligently, not just to boost long-term shareholder value, but also to respect rights



of the minority. We consider it our inherent responsibility to disclose timely and accurate information regarding the operations and performance, leadership, and governance of the Company.

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

Pursuant to the SEBI Listing Regulations, the Corporate Governance Report along with the Certificate from a Practising Company Secretary, certifying compliance with conditions of Corporate Governance, is annexed to this Report (**Annexure 3**).

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

The Board met six times during the year under review. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI Listing Regulations. The Committees of the Board usually meet the day before or on the day of the Board meeting, or whenever the need arises for transacting business. Details of composition of the Board and its Committees as well as details of Board and Committee meetings held during the year under review and Directors attending the same are given in the Corporate Governance Report forming part of this Report.

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

The Nomination and Remuneration Committee (**'NRC'**) engages with the Board to evaluate the appropriate characteristics, skills and experience for the Board as a whole as well as for its individual members with the objective of having a Board with diverse backgrounds and experience in business, finance, governance, and public service. The NRC, basis such evaluation, determines the role and capabilities required for appointment of Independent Director. Thereafter, the NRC recommends to the Board the selection of new Directors.

Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. The Company has in place a Policy on Appointment and Removal of Directors.

The salient features of the Policy are:

- It acts as a guideline for matters relating to appointment and re-appointment of directors;
- It contains guidelines for determining qualifications, positive attributes of Directors, and independence of a Director;
- It lays down the criteria for Board Membership;
- It sets out the approach of the Company on Board Diversity;

- It lays down the criteria for determining independence of a Director, in case of appointment of an Independent Director;

During the year under review, there were no substantive changes in the Policy except to align the Policy with amendments made to applicable laws and the same is available on the website of the Company at <https://www.tatasteel.com/media/6816/policy-on-appointment-and-removal-of-directors.pdf>

**3. Familiarization Programme for Directors**

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

Details of orientation given to the new and existing Independent Directors in the areas of strategy/industry trends, operations & governance, and safety, health and environment initiatives are available on the website of the Company at <https://www.tatasteel.com/media/12333/familiarization-programme-for-independent-directors-for-website.pdf>

**4. Evaluation**

The Board evaluated the effectiveness of its functioning, of the Committees and of individual Directors, pursuant to the provisions of the Companies Act, 2013 (**'Act'**) and the SEBI Listing Regulations.

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

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

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



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

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

The NRC reviewed the performance of the individual directors and the Board as a whole.

In the Board meeting that followed the meeting of the IDs and the meeting of NRC, the performance of the Board, its committees, and individual Directors were discussed.

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

In the coming year, the Board intends to enhance focus on the ESG landscape, stakeholder engagement, safety performance including digital interventions and risk management.

## 5. Remuneration Policy for the Board and Senior Management

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

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay, reflecting short, medium and long-term performance objectives appropriate to the working of the Company and its goals.

The salient features of the Policy are:

- It lays down the parameters based on which payment of remuneration (including sitting fees and remuneration) should be made to Independent Directors and Non-Executive Directors.

- It lays down the parameters based on which remuneration (including fixed salary, benefits and perquisites, bonus/performance linked incentive, commission, retirement benefits) should be given to Whole-time Directors, KMPs and rest of the employees.
- It lays down the parameters for remuneration payable to Director for services rendered in other capacity.

During the year under review, there has been no change to the Policy. The Policy is available on the website of the Company at <https://www.tatasteel.com/media/6817/remuneration-policy-of-directors-etc.pdf>

## 6. Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report (**Annexure 4**).

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

## 7. Directors

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

### Inductions to the Board

- Based on the recommendations of the NRC, the Board, on August 12, 2021, in terms of the provisions of the Companies Act, 2013, appointed Ms. Farida Khambata (DIN: 06954123) as an Additional Director of the Company. Further, based on the recommendations of the NRC and subject to the approval of the Members, the Board, in accordance with the provisions of Section 149 read with Schedule IV to the Act and applicable SEBI Listing Regulations, appointed Ms. Khambata as an Independent Director of the Company, not liable to retire by rotation, for a period commencing from August 12, 2021 through December 10, 2024, (i.e. up to Ms. Khambata attaining the age of 75 years). Ms. Khambata brings to the Board her extensive knowledge and experience in areas of Governance, Risk Management and Finance. On March 25, 2022, the Shareholders of the Company, by way of a special resolution passed through postal ballot, approved the appointment of Ms. Khambata as an Independent Director of the Company for the above-mentioned tenure.
- Based on the recommendations of the NRC, the Board of Directors of the Company, on October 11, 2021, in terms of the provisions of the Companies Act, 2013, appointed Mr. David W. Crane (DIN: 09354737) as an

Additional Director of the Company. Further, based on the recommendations of the NRC and subject to the approval of the Members, the Board, in accordance with the provisions of Section 149 read with Schedule IV to the Act and applicable SEBI Listing Regulations, appointed Mr. Crane as an Independent Director of the Company, not liable to retire by rotation, for a period commencing from October 11, 2021 through October 10, 2026. Mr. Crane brings to the Board his extensive knowledge and experience in areas of health, safety, environment and sustainability. On March 25, 2022, the Shareholders of the Company, by way of a special resolution passed through postal ballot, approved the appointment of Mr. Crane as an Independent Director of the Company for the above-mentioned tenure.

- iii. The NRC after considering, (1) performance evaluation of Mr. Deepak Kapoor (DIN: 00162957) as a Member of the Board/Committees, (2) his contribution in Board/Committee deliberations during his tenure as an Independent Director and (3) his skills, background and experience, recommended to the Board for his re-appointment as Independent Director for a second term of five years. The Board unanimously endorsed the view of the NRC and recommended to the Shareholders of the Company, the re-appointment of Mr. Kapoor as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years, effective April 1, 2022 through March 31, 2027. On March 25, 2022, the Shareholders of the Company, by way of a special resolution passed through postal ballot, approved the re-appointment of Mr. Kapoor as an Independent Director of the Company for the above-mentioned tenure.
- iv. Based on the recommendations of the NRC, the Board of Directors of the Company, on March 28, 2022, in terms of the provisions of the Companies Act, 2013, appointed Mr. Noel Naval Tata (DIN: 09354737) as an Additional Director (Non-Executive, Non-Independent) of the Company. Further, the Board considering his experience, designated Mr. Noel Naval Tata as the Vice – Chairman of the Board. Mr. Noel Naval Tata brings to the Board his extensive knowledge and experience in areas of operations, strategy, risk management, financial, societal and governance matters.
- v. Mr. V. K. Sharma has served as a Non-Executive Director on the Board of the Company since August 24, 2018. At the time of the appointment as a Member of the Board, Mr. Sharma was the Chairman of Life Insurance Corporation of India ('LIC'), a shareholder of Tata Steel Limited. Mr. Sharma ceased to be the Chairman of LIC effective December 31, 2018. On March 28, 2022, Mr. Sharma conveyed his intention to step down as representative of LIC and resigned as the Non-Executive Director of the Company with immediate

effect. However, the NRC, after considering, (1) his performance as Member of the Board, (2) background, qualification, skills & attributes and (3) his contribution to Board/Committee deliberations during his tenure as a Director of the Company, considered the proposal to appoint Mr. Sharma as an Independent Director of the Company for a term of five years from March 28, 2022 through March 27, 2027 (both days inclusive) and accordingly recommended the same to the Board.

Based on the recommendations of the NRC, the Board of Directors of the Company, on March 28, 2022, in terms of the provisions of the Companies Act, 2013, appointed Mr. V. K. Sharma (DIN: 02449088) as Additional Director of the Company. Further, based on the recommendations of the NRC and subject to the approval of the Members, the Board, in accordance with the provisions of Section 149 read with Schedule IV to the Act and applicable SEBI Listing Regulations, appointed Mr. Sharma as an Independent Director of the Company, not liable to retire by rotation, for a period commencing from March 28, 2022 through March 27, 2027. Mr. Sharma will continue to bring to the Board his extensive knowledge and experience in the areas of strategic planning, product development and branding, risk oversight, compliance and other governance matters.

The necessary resolutions for the appointment of Mr. Noel Naval Tata as Non-Executive Director and Mr. V.K. Sharma as Independent Director, as mentioned above in point (iv) and (v), form part of the Postal Ballot Notice dated May 3, 2022. The profile and particulars of experience, attributes and skills that qualify the above-mentioned Directors for Board membership, are disclosed in the said Notice. The Notice will be sent to eligible shareholders as on the cut-off date of April 29, 2022. The e-voting period for the same shall stay open from 9:00 a.m. (IST) on Thursday, May 12, 2022 through 5:00 p.m. (IST) on Friday, June 10, 2022.

#### **Re-appointment of Directors retiring by rotation**

In terms of the provisions of the Companies Act, 2013, Mr. Koushik Chatterjee (DIN: 00004989), Director of the Company, retires at the ensuing AGM and being eligible, seeks re-appointment. The necessary resolution for re-appointment of Mr. Chatterjee forms part of the Notice convening the ensuing AGM scheduled to be held on Tuesday, June 28, 2022.

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

#### **Cessations**

Dr. Peter Blauwhoff, Independent Director, resigned as a Member of the Board effective July 13, 2021.

In accordance with the retirement policy applicable for the Company's Board of Directors (Independent Directors to retire



on attaining 75 years of age), Mr. Aman Mehta, Independent Director, retired from the Board on August 31, 2021.

The Board of Directors places on record its deep appreciation for the contribution of these Directors during their tenure.

### 8. Independent Directors' Declaration

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

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

### 9. Key Managerial Personnel

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

### 10. Audit Committee

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

The Committee comprises Mr. O. P. Bhatt (Chairman), Mr. Deepak Kapoor, Ms. Farida Khambata, Mr. David W. Crane and Mr. Saurabh Agrawal. The Committee met six times during the year under review, the details of which are given in the Corporate Governance Report forming part of this Report.

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

### 11. Internal Control Systems

The Company has internal control systems commensurate with the nature of its business, the size, and complexity of its operations and such internal financial controls with reference to the Financial Statements are adequate. Details on the Internal Financial Controls of the Company forms part of Management Discussion and Analysis forming part of this Report.

### 12. Risk Management

Tata Steel's Enterprise Risk Management ('ERM') process is based on international standards like Committee of Sponsoring Organization of the Treadway Commission ('COSO') and ISO 31000.

Risk Management Committee ('RMC') of the Board provides oversight and sets the tone for implementing the ERM framework across the organization. It reviews the status of key risks, progress of ERM implementation across locations and any exceptions as flagged to it, on quarterly basis.

The risk appetite of the organization was approved by the RMC and the Board during FY 2020-21. The risk appetite is aligned to the Vision of the organization and is an important metric governing all business actions and strategic decisions. The Risk Appetite is driven by the following:

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

Risk Owners may accept risk exposure to their annual and long-term business plans, which after implementation of mitigation strategies, is aligned to our risk appetite. The risk appetite has been cascaded across the organization including the Tata Steel Group Companies through focused communication during the Annual Business Plan cycle.

For better focus on Risk Governance and ERM implementation, the Company has set up a Management Committee called Apex Risk Committee ('ARC'). ARC has the primary responsibility of implementing the Risk Management Policy of Tata Steel



and developing a risk intelligent culture that fosters business resilience. ARC reviews include detailed discussions on key risk themes, progress of mitigation plans, exceptions as flagged to it and new initiatives related to ERM.

Central ERM is a dedicated business vertical that has been set up to ensure deployment of the 5 Step bottom-up process across the organization. The team is led by Vice President - Corporate Finance, Treasury & Risk Management who acts as the Chief Risk Officer of the Company. The ERM team continuously scans the external environment for developments which may throw up risks for the organization. The risk flags and risk insights are shared with the Business Units ('BUs'). These form inputs to the BUs for identification and management of bottom-up risks, which are periodically reviewed as per defined ERM Governance mechanism. The risks are escalated and aggregated for reporting to ARC and RMC. This is complemented by a top-down process, which helps in identification of strategic, enterprise level risks.

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

Tata Steel was conferred with the 'RIMS India ERM Award for Distinction', the only company to receive this award in India in 2021. The Risk and Insurance Management Society (RIMS) Global ERM Award of Distinction honors organizations that create and retain value through their Enterprise Risk Management programs and ERM excellence that demonstrates ERM innovation in creating and preserving organizational value, and the program's ability to build sustaining risk management capabilities. The Company has also been adjudged 'Masters of Risk in Metals & Mining' and 'Risk Technology' categories, at the 8<sup>th</sup> edition of 'The India Risk Management Awards' for the sixth time in a row.

Risk intelligent culture of Tata Steel has established ERM as an enabler to proactively manage the uncertainties in an unprecedented and volatile business environment and achieve business objectives. During the year under review, with the resurgence of COVID-19 pandemic, "Scenario-based risk assessment" was revisited across Tata Steel to understand the change in best-case and worst-case scenarios. The focus was on identification of "Early Warning Indicators" for proactive Risk Management. Real-time digital dashboard was developed and reviewed by the Senior Leadership Team periodically for

decision making. The Company continues its focus on creating sustainable value for building resilience amidst dynamic and uncertain business environment.

During the year under review, the Company continued to be vigilant of the evolving pandemic situation to proactively manage risks. Health and safety of employees and the communities in the vicinity of the Company's operations remained the top-most priority for the Company, whilst simultaneously ensuring continuity of our business operations.

Implementation of focused risk mitigation strategies coupled with improvement in the global and domestic macro environment has significantly improved Tata Steel's risk profile for FY 2021-22. Despite the challenges posed by COVID-19, the Company has been able to deleverage beyond the target set in the past two years.

### **13. Vigil Mechanism**

Tata Steel always believes in promoting a culture of trust and transparency. The vigil mechanism in Tata Steel resonates with the same values. The Company has a Vigil Mechanism that provides a formal channel for all its Directors, employees and business associates including customers to approach the Chairman of the Audit Committee or Chief Ethics Counsellor and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Tata Code of Conduct ('TCoC'). No person is denied access to the Chairman of the Audit Committee.

The Vigil Mechanism includes policies viz. the Whistleblower Policy for Directors & Employees, the Whistleblower Policy for Business Associates, the Whistleblower Protection Policy for Business Associates (vendors/customers), the Gift and Hospitality Policy, the Conflict of Interest Policy for Employees, the Anti-Bribery & Anti-Corruption ('ABAC') Policy, and Anti-Money Laundering ('AML') Policy.

The Whistleblower Policies for Directors & Employees and Business Associates and TCoC encourage every Director, employee, and Business Associate to promptly report any actual or possible violation of the TCoC or any event that he or she becomes aware of that could affect the business or reputation of the Company. The Company ensures protection for the whistleblowers and any attempts to intimidate the whistleblower would be treated as a violation of the TCoC. This Policy includes 'reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information ('UPSII') as required in terms of the provisions of the SEBI Listing Regulations.

The Whistleblower Protection Policy for Business Associates including vendors and customers provides protection to Business Associates from any victimization or unfair trade practices by the Company. While the Whistleblower policy encourages Whistleblowers to make protected disclosures in good faith, it also forbids raising concerns with malicious intent.



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

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

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

The Whistleblower Reward and Recognition Guidelines for employees has been implemented to encourage employees to genuinely blow the whistle on any misconduct or unethical activity taking place in the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Whistleblower Policy.

The Company continues to make available a Third-Party Whistleblowing helpline service through an external service provider across the Company as well as Tata Steel Group Companies. The Ethics helpline services includes toll free number, web access, postal services and e-mail facilities. This helpline service acts as a platform within the Tata Steel Group Companies, to raise concerns on unethical behavior and enhance 'zero tolerance towards unethical activities'. Around 40% of the reportees use this medium to raise their whistleblowing concerns. During the year under review, the Company has conducted several training sessions for its employees, vendors and distributors, spreading awareness towards TCoC, ABAC & AML Policy, Whistleblower Policy and other ethical practices of the Company.

During the year under review, the Company received 845 whistleblower complaints of which as on March 31, 2022, 601 complaints were investigated and appropriate actions were taken and investigations were underway for the remaining 244 complaints.

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

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

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

During the year under review, the Company received 22 complaints of sexual harassment, of which 18 complaints have been resolved by taking appropriate actions and 4 complaints are under investigation.

#### **15. Related Party Transactions**

In line with the requirements of the Act and the SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions. During the year under review, the Policy has been amended to incorporate the regulatory amendments in the SEBI Listing Regulations. The updated Policy can be accessed on the Company's website at <https://www.tatasteel.com/media/5891/policy-on-related-party-transactions.pdf>

During the year under review, all related party transactions entered into by the Company, were approved by the Audit Committee and were at arm's length and in the ordinary course of business. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. The Company did not have any contracts or arrangements with related parties in terms of Section 188(1) of the Companies Act, 2013. Also, there were no material related party contracts entered into by the Company during the year under review.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for FY 2021-22 and hence does not form part of this report.

Details of related party transactions entered into by the Company, in terms of Ind AS-24 have been disclosed in the notes to the standalone/consolidated financial statements forming part of this Integrated Report & Annual Accounts 2021-22.

#### **16. Directors' Responsibility Statement**

Based on the framework of internal financial controls and compliance system established and maintained by the Company, work performed by the internal, statutory, cost, and secretarial auditors and external agencies including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021-22.

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**17. Business Responsibility and Sustainability Report**

The Securities and Exchange Board of India ('SEBI'), in May, 2021, introduced new sustainability related reporting requirements to be reported in the specific format of Business Responsibility and Sustainability Report ('BRSR'). BRSR is a notable departure from the existing Business Responsibility Report ('BRR') and a significant step towards giving platform to the companies to report the initiatives taken by them in areas of environment, social and governance. Further, SEBI has mandated top 1,000 listed companies, based on market capitalization, to transition to BRSR from FY 2022-23 onwards.

For FY 2021-22, the Company has followed the <IR> framework of the International Integrated Reporting Council (now known as Value Reporting Foundation), to report on all the six capitals that are used by the Company to create long-term stakeholder value. The Company has done the requisite mapping of principles between the Integrated Report, the Global Reporting Initiative ('GRI') and the BRR principles as prescribed by SEBI and the same is available on our website at [www.tatasteel.com](http://www.tatasteel.com). Our Integrated Report has been assessed and Price Waterhouse & Co Chartered Accountants LLP has provided the required assurance.

**18. Subsidiaries, Joint Ventures and Associates**

We have 172 subsidiaries and 45 associate companies (including 25 joint ventures) as on March 31, 2022. During the year under review, the Board of Directors reviewed the affairs of material subsidiaries. There has been no material change in the nature of the business of the subsidiaries.

We have, in accordance with Section 129(3) of the Act prepared Consolidated Financial Statements of the Company and all its subsidiaries, associates and joint ventures which form part of the Integrated Report. Further, the report on the performance

and financial position of each subsidiary, associate and joint venture and salient features of their Financial Statements in the prescribed Form AOC-1 is annexed to this report (**Annexure 5**).

In accordance with the provisions of Section 136 of the Act and the amendments thereto, read with the SEBI Listing Regulations the audited financial statements, including the consolidated financial statements and related information of the Company and financial statements of the subsidiary companies are available on our website at [www.tatasteel.com](http://www.tatasteel.com)

The names of companies that have become or ceased to be subsidiaries, joint ventures and associates during the year under review are disclosed in an annexure to this report (**Annexure 6**).

**19. Auditors**

**Statutory Auditors**

Members of the Company at the AGM held on August 8, 2017, approved the appointment of Price Waterhouse & Co Chartered Accountants LLP (Registration No. 304026E/E300009) ('PW'), Chartered Accountants, as the statutory auditors of the Company for a period of five years commencing from the conclusion of the 110<sup>th</sup> AGM held on August 8, 2017 until the conclusion of 115<sup>th</sup> AGM of the Company to be held in the year 2022.

In terms of the provisions of the Companies Act, 2013, an audit firm acting as the statutory auditor of a company is eligible to be appointed as statutory auditors for two terms of five years each. The first term of PW as statutory auditors of the Company expires at the conclusion of the 115<sup>th</sup> AGM of the Company scheduled to be held on June 28, 2022. Considering their performance as auditors of the Company during their present tenure, the Audit Committee of the Company, after due deliberation and discussion, recommended the re-appointment of PW as statutory auditors of the Company for a second term of five years to hold office from the conclusion of the 115<sup>th</sup> AGM to be held on June 28, 2022 through the conclusion of the 120<sup>th</sup> AGM of the Company to be held in the year 2027. Further, the remuneration to be paid to Statutory Auditors for FY 2022-23 is ₹10 crore plus out of pocket expenses and applicable taxes and the remuneration for the remaining tenure of their second term as Statutory Auditors shall be mutually agreed between the Board of Directors and PW, from time to time.

The above proposal forms part of the Notice of the AGM for your approval.

The report of the Statutory Auditor forms part of this Integrated Report and Annual Accounts 2021-22. The said report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors did not report any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.



## Cost Auditors

In terms of Section 148 of the Act, the Company is required to maintain cost records and have the audit of its cost records conducted by a Cost Accountant. Cost records are prepared and maintained by the Company as required under Section 148(1) of the Act.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s Shome & Banerjee as the cost auditors of the Company (Firm Registration No. 000001) for the year ending March 31, 2023. M/s Shome & Banerjee have vast experience in the field of cost audit and have been conducting the audit of the cost records of the Company for the past several years.

Further, Tata Steel BSL Limited has amalgamated into and with Tata Steel Limited effective November 11, 2021, pursuant to the Composite Scheme of Amalgamation of Tata Steel BSL Limited and Bannipal Steel Limited into and with Tata Steel Limited as sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, vide Order dated October 29, 2021. Consequent to the amalgamation, the scope of cost audit has enhanced. Accordingly, the Board, based on the recommendation of the Audit Committee, has approved an increased remuneration to ₹30 lakhs plus applicable taxes and reimbursement of out-of-pocket expenses payable to the Cost Auditors for conducting cost audit of the Company for FY 2022-23. The same is placed for ratification of Members and forms part of the Notice of the AGM.

## Secretarial Auditors

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

The Board had appointed Parikh & Associates, (Registration No. P1988MH009800), Practicing Company Secretaries, as the Secretarial Auditors to conduct Secretarial Audit of the Company for the FY 2021-22 and their Report is annexed to this report (**Annexure 7**). There are no qualifications, observations, adverse remarks or disclaimer in the said Report.

## 20. Annual Return

The Annual Return for FY 2021-22 as per provisions of the Act and Rules thereto, is available on the Company's website at <https://www.tatasteel.com/media/15859/mgt7-combine.pdf>.

## 21. Significant and Material Orders passed by the Regulators or Courts

There has been no significant and material order passed by the regulators or courts or tribunals impacting the going

concern status and the Company's future operations. However, Members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the Financial Statements.

## 22. Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees given and investments made during the year under review in accordance with Section 186 of the Act is annexed to this report (**Annexure 8**).

## 23. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of the energy conservation, technology absorption and foreign exchange earnings and outgo are annexed to this report (**Annexure 9**).

## 24. Deposits

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

## 25. Secretarial Standards

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

## J. Acknowledgements

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. We thank our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

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

On behalf of the Board of Directors

sd/-

**N. CHANDRASEKARAN**

Chairman

DIN: 00121863

Mumbai  
May 3, 2022