



N. Chandrasekaran

Chairman, Tata Steel

114th Annual General Meeting of Tata Steel Limited | Chairman's message:

The past 18 months have been challenging for all of us in many ways. We have seen unprecedented times due to the spread of the COVID-19 pandemic across the world and it has not yet abated with multiple variants of the virus still a threat to human lives. In these times, it is important for us to continue to maintain covid appropriate behaviour.

As part of the efforts to combat COVID-19, your Company's #CombatCovid19 programme and direct COVID-Care support has reached the lives of over 1 million beneficiaries. Amongst the multiple initiatives undertaken by your Company in this area include:

1. Setting-up over 1,600 COVID treatment beds to provide medical treatment not only for the employees and their families but also for the community in and around our operating locations.
2. To help the Nation during the second wave of the pandemic, Tata Steel took significant steps to supply medical oxygen to several states in India and till mid June, 2021, have supplied 61,000 tonnes of liquid oxygen from its installations.
3. Tata Steel Foundation has undertaken several outreach programmes for the community to extend help and support on health, livelihood and sustenance of the marginalised section of the society.

Your Company continues to be committed to do its best and provide necessary support to the community and the Nation at this time of crisis.

Turning to the broader economy, the first wave of the pandemic brought economic activity to a near-standstill in almost all major economies during the first half of Financial Year 2020-21 and global growth declined by 3.5% in 2020. In India too, the GDP declined by 7.7% year-on-year.

As a result of the pandemic, the Indian steel industry has also suffered production losses due to the National lockdown especially in the first two quarters of the financial year but recovered gradually in the third and fourth quarter driven by strong revival in the domestic steel demand and rebound in manufacturing and infrastructure development activity in India.

Under this backdrop, your Company too had a very challenging first quarter. However, with the efforts and commitment demonstrated by the employees, the Company not only overcame the crisis but also produced the best underlying financial performance in its history. For the Financial Year 2020-21, the consolidated revenues increased by 5% to ₹1,56,294 crore, and on the back of a very strong operating performance of its Indian business, achieved its highest ever EBITDA of ₹30,892 crore, which is a growth of 71% year-on-year. The consolidated profit after tax also increased to ₹8,190 crore. The management of your Company demonstrated strong focus on generating free cash flows through tight working capital management and disciplined capital allocation during the year to record its highest-ever free cash flows of ₹23,748 crore.

The turnover from Indian operations of Tata Steel stood at ₹91,037 crore which is ~11% higher than the previous year in spite of being impacted severely in the first half of the year due to the pandemic and generated EBITDA of ₹28,587 crore for the year, which is 62% increase over the previous year. On a standalone basis, the revenue of Tata Steel was at ₹64,869 crore which was 7% higher than the previous year while the EBITDA of ₹21,952 crore was 45% higher than the previous year.

During the year, the Board of Directors also made the first and final call on the outstanding partly paid-up equity shares and the Company received approximately ₹3,500 crore in the form of first and final call money. We thank you for your relentless trust and support to the Board and the Management of the Company. I am also happy to announce that for the Financial Year ended March 31, 2021, the Board of Directors of the Company has recommended the highest ever dividend in the Company's history of ₹25/- per fully paid up equity share and a dividend of ₹6.25 for each partly paid up equity share.

Let me now spend a few minutes on the broad areas of focus of the Company. Over the last 4 years, the management of your Company has continued to focus on building the scale of the Indian business. In addition to the organic growth plan of expanding the Kalinganagar facilities to 8 million tons per annum which is currently underway, the Company acquired Bhushan Steel in May 2018 and the steel business of Usha Martin in 2019 to strengthen Tata Steel's overall portfolio. Both these acquisitions have been integrated efficiently in a short period of time and have also yielded significant synergies.

As we grow in scale, it is also imperative to continue on the path of simplification of the business and I am happy to report that your Company has rationalised around 100 legal entities in the last 24 months. We have also advanced the process of the merger of Tata Steel BSL with Tata Steel which will also yield further synergies for the Company in the future. We are also progressing well on the re-organisation and consolidation of the India business of Tata Steel into four clusters viz. Long Products, Mining, Downstream and Utilities & Infrastructure Services. In addition to the simplification exercise, the Company has also been investing in the areas of digital analytics and technology to make the business structurally more competitive and agile. Tata Steel is also very focussed on environment standards and sustainability, and is undertaking several projects in the areas of carbon capture, hydrogen-based steel making and new smelting technologies in the pursuit to transition to a low carbon regime in the future,.

In Europe, the process to separate Tata Steel Netherlands and Tata Steel UK is currently underway and the Transformation Programme is focussed on building a profitable, resilient and sustainable business in the future.

As a result of all the actions taken by the Company during the year, aided by the strong market conditions, we have significantly strengthened the financial position and reduced the net debt by ₹29,390 crore and our consolidated net debt at year end was at ₹75,389 crore, which is 28% lower than the start of the year. As we end the first quarter of the Financial Year 2021-22, I am happy to report that your Company is well on course to further reduce its net debt position to have a strong Balance Sheet in the current financial year.

Finally, I believe Tata Steel is at a very important inflection point in its history and has the opportunity to create substantial long-term value for its stakeholders. In the next decade, your Company has the vision to build significant scale and consolidate its position as one of the most competitive and valuable steel companies globally. With a stronger balance sheet, an agile and responsive team, disciplined operating culture and a strong market environment for steel worldwide, the current financial year has the promise to be spectacularly better than the previous year.

