




How we create value


INPUTS → **VALUE CREATION APPROACH**


	Financial Capital	
	Net Worth (₹ Cr.)	72,730
	Gross Debt (₹ Cr.)	29,701

	Manufactured Capital	
	TSL capacity – Crude Steel (MnT)	13
	Steel processing centres - Own (Nos.)	37

	Intellectual Capital	
	Collaborations/memberships (Technical Institutes)* (Nos.)	40
	Patents filed* (Nos.)	1,058
	R&D spend (₹ Cr.)	216

	Human Capital	
	Employees on roll (Nos.)	32,984
	Investment in employee training and development (₹ Cr.)	~133
	Employee training (mandays/employee/year)	7.52

	Natural Capital	
	TSL - Energy intensity (Gcal/tcs)	5.82
	TSL - Specific water consumption (m³/tcs)	3.5
	Captive iron ore (%)	100
	Captive coal (%)	27
	Inbound raw materials (MnTPA)	~40
	Capital spend on environment (₹ Cr.)	286

	Social & Relationship Capital	
	Pan India dealers and distributors (Nos.)	12,000+
	Application engineers working jointly with customers (Nos.)	43
	Customer-facing processes (Nos.)	11
	Customer service teams (Nos.)	25
	Supplier base (Nos.)	> 5,000
	CSR spend (₹ Cr.)	315

Our Vision

We aspire to be the global steel industry benchmark for value creation and corporate citizenship

TATA CODE OF CONDUCT | POLICIES THAT GOVERN OUR BUSINESS

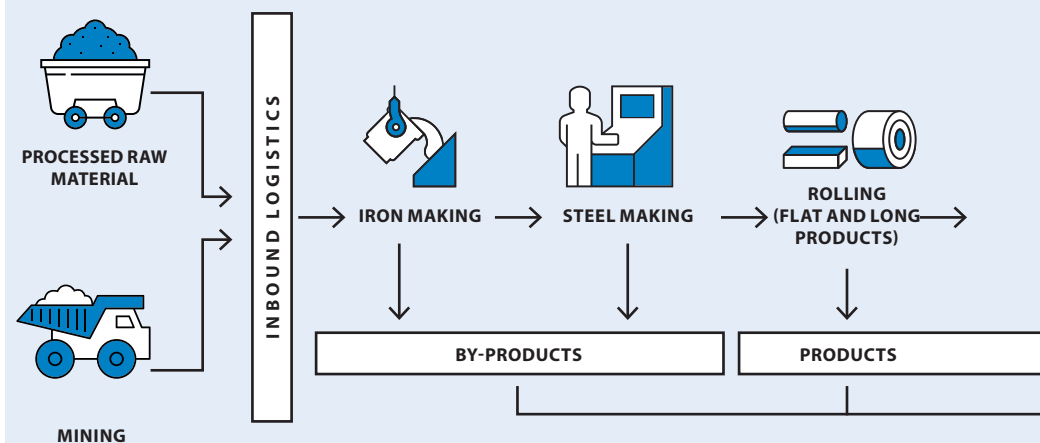
Our Values

- INTEGRITY
- EXCELLENCE
- UNITY
- RESPONSIBILITY
- PIONEERING



Panview of Jamshedpur Steel Plant

Tata Steel Value Chain



* These are cumulative values from FY 2014-15 to FY 2018-19

→ **OUTPUTS** → **OUTCOMES**

Strategic Objectives

S01

INDUSTRY LEADERSHIP IN STEEL

S02

CONSOLIDATE POSITION AS A GLOBAL COST LEADER

S03

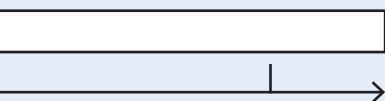
INSULATE REVENUES FROM STEEL CYCLICALITY

S04

INDUSTRY LEADERSHIP IN CORPORATE SOCIAL RESPONSIBILITY AND SAFETY, HEALTH AND ENVIRONMENT



OUTBOUND LOGISTICS



14.24 MnT
Hot metal production



13.23 MnT
Crude steel production



12.7 MnT
Total sales



9.4 MnT
Flat product sales



3.3 MnT
Long product sales



~17 MnT
By-products generated



Financial Capital

Turnover (₹ Cr.)	70,611
EBITDA Margin (%)	29
PAT (₹ Cr.)	10,533
Savings through improvement projects (Shikhar25) (₹ Cr.)	2,801

Shikhar25: EBITDA improvement programme



Intellectual Capital

Patents granted* (Nos.)	476
-------------------------	------------



Human Capital

Fatalities (Nos.)	2
LTI (Nos.)	68
Health index (Score on 16)	12.62
Diversity % women in the workforce	~6.5
Diversity % Affirmative action community in the workforce	~17
Employee productivity (tcs/employee/year)*	800



Natural Capital

TSL - Solid waste utilisation (%)	99
Total raw materials sites covered (%) under biodiversity management plan	100
TSL GHG emission intensity (tCO ₂ e/tcs)	2.34
TSL Dust emission intensity (kg/tcs)	0.42
TSL Effluent discharge intensity (m ³ /tcs)	0.78



Social & Relationship Capital

Suppliers assessed based on safety (Nos.)	1,035
Customer satisfaction index (Steel) (out of 100)	81.6
Net Promoter Score (out of 100) - Tata Tiscon	81
Net Promoter Score (out of 100) - Tata Shaktee	81
Enriched/value-added products sales (MnT)	8.6
Suppliers trained through VCAP** (Nos.)	1,426
Quality/customer complaints (PPM)	444
Lives touched through CSR initiatives (Nos.)	>1.1 Mn

**** VCAP-Vendor Capability Advancement Programme**

@ **Employee productivity definition: Tonnes of crude steel produced per employee in a year**

* **These are cumulative values from FY 2014-15 to FY 2018-19**

Read more on Capitals

[PAGE 40-87](#)

Future-proofing our business

Favourable demand conditions, availability of skilled manpower and adequate iron ore reserves make India one of the most attractive regions globally for the steel industry.

However, volatility associated with sensitivity to economic cycles, long lead time for project execution, stringent norms around environmental clearances and regulatory approvals are ongoing concerns. Added to these are high cost of capital and complex logistics. This external context, coupled with the internal environment, forms the basis of our understanding of risks and opportunities.

Risk landscape and mitigation measures

Financial risks

Contraction in global and domestic liquidity adversely affecting availability and cost of capital

Mitigation strategies

Tata Steel is deleveraging through internal cash generation and monetisation of non-synergistic assets. We have a well-diversified liability profile and we raise funds from domestic and international bond markets as well as from the banking system. We consistently work towards increasing our debt maturity and opportunistically tap into pools of liquidity to reduce our financing costs.

Strategic Objectives

SO1 SO2

Capitals Impacted



Regulatory risks

Withdrawal of favourable trade measures such as minimum import prices, antidumping laws, countervailing duties and tariffs, trade restrictions may impact profitability

Building on the mitigation strategies for macroeconomic and market risks, we continue to invest in stronger customer relationships, distribution networks and brands that focus on value-added segments such as auto and retail, and help to strengthen our revenue profile.

Stringent regulations and compliances resulting in liabilities and damage to our reputation

We are investing in training and automated systems for facilitating compliances to all applicable regulatory norms. Efforts are undertaken to improve the efficiency and cost competitiveness of our operations, including investing in digitisation and automation, to improve our productivity levels.

Non-renewal of mining leases compelling higher purchases from open market at higher prices, adversely impacting profitability

Tata Steel has sought judicial intervention to secure lease renewals. We also participate in mining auctions to secure fresh leases. Alternative supply chains are also being developed to source raw materials at competitive prices.

Strategic Objectives

SO1 SO2

Capitals Impacted



SO1 - Industry leadership in steel
SO2 - Consolidate position as a global cost leader

SO3 - Insulate revenues from steel cyclicality
SO4 - Industry leadership in CSR and SHE

Macroeconomic and steel market risks

Slowdown in global growth, particularly in China, adversely affecting steel demand

Increasing competitive intensity in India, especially post the acquisition of steel assets by international steel producers under the Insolvency and Bankruptcy Code, 2016

Technology disruptions and shifting customer preferences to alternative materials adversely impacting earnings

Mitigation strategies

Tata Steel is enhancing its footprint in India, which is among the fastest growing steel markets in the world. We have built a strong marketing franchise through strong brands and relationships, which helps reduce exposure to business cycles.

As a preferred supplier to large auto customers in India, a large part of our sales is contractual and relatively more stable. We have a large retail business that leverages an extensive network of over 200 distributors and 12,000+ dealers and a strong portfolio of brands to sell branded steel across the country. This segment is relatively insulated from the international cycles and provides strong cash flows. We have a significant downstream portfolio and are also exploring new segments such as oil & gas.

Strategic Objectives

SO1 SO3

Capitals Impacted



Operational risks

Inadequate assessment of health of critical equipment leading to unplanned interruption of operational processes

Non-disposal of plant waste due to limited demand and storage space

Logistics constraints due to inadequate rail, road and sea infrastructure may lead to disruption in operations

Our dedicated Shared Services team focusses on advanced maintenance practices to improve plant availability and reliability. We have a dedicated R&D team that deploys innovative ways to reduce waste generation and commercialise alternative uses of waste material.

Tata Steel is working on developing logistics providers under various schemes of private sector participation in the Indian Railways, apart from developing additional deep sea ports and contracting with terminal owners at existing ports.

Strategic Objectives

SO1 SO2

Capitals Impacted



Safety risks

Non-compliance/delay in implementation of the provisions of safety laws and regulations, which may lead to stoppage of operations, damage to assets and loss of reputation

Tata Steel has a strong safety management system that covers employees, contractors, rail and road transport, equipment safety and emergency response. Regular audit and review of the safety measures are undertaken. Periodic safety trainings are conducted for employees, contractors and other relevant stakeholders.

Safety is a KPI for all employees in their performance management system.

Strategic Objectives

SO4

Capitals Impacted

