TATA STEEL

Tata Steel Europe Limited

Report & Accounts 2024

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A1. Group's business

Introduction

The directors have pleasure in presenting their Strategic Report together with the audited consolidated accounts of Tata Steel Europe Limited ('TSE' or the 'Company'), and its consolidated subsidiary companies (the 'Group'), for the year ended 31 March 2024.

Ownership

TSE is a wholly-owned subsidiary of T S Global Holdings Pte. Limited ('TSGH'), an unlisted company registered in Singapore. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges. TSE's principal operating subsidiaries are Tata Steel IJmuiden B.V. ('TSIJ') and Tata Steel UK Limited ('TSUK'), which are companies incorporated in the Netherlands and England and Wales respectively.

Principal activities

The principal activities of the Group in 2023/24 comprised the manufacture and sale of steel products throughout the world. The Group's operations produced carbon steel by the basic oxygen steelmaking method at its integrated steelworks in the Netherlands at IJmuiden and in the UK at Port Talbot. During 2023/24 these plants produced 7.8mt of liquid steel (2022/23: 9.3mt) with the lower level of production during the year due mainly to the reline of one of the Blast Furnaces at the IJmuiden works. During the year 4.8mt of liquid steel was produced at IJmuiden (2022/23: 6.3mt) and 3.0mt was produced at Port Talbot (2022/23: 3.0mt).

The Group has sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for the distribution and further processing of steel products. Principal end user markets for the Group's steel products are engineering, construction, automotive, retail and packaging.

Since October 2021 TSE has operated with two separate businesses. One of these businesses is centred on the UK but also including manufacturing assets in Sweden and Norway as well as certain international sales offices (together 'the UK Business') and the other is centred in the Netherlands but including manufacturing assets elsewhere in mainland Europe ('MLE') and the United States, along with other international sales offices (together 'the MLE Business'). Following separation, TSE's role is to provide financial oversight and assurance in relation to the Group and to support where necessary effective co-ordination between the two 'Value Chains'. Even though the separation has occurred, this Strategic Report has continued to be prepared on a TSE Group basis with references to the combined Group as a whole. Where appropriate, the report will distinguish between reporting applicable to the UK or MLE Business.

Further information on TSE can be obtained from either the company's website (www.tatasteeleurope.com) and/or the TSL 2023/24 Annual Report & Accounts which may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

Strategic activities

On 15 September 2023, TSUK announced a joint agreement with the UK Government on a proposal to invest in a state-of-the-art electric arc furnace ('EAF') at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. The proposed agreement in principle with the UK Government was captured in a term sheet between UK Government, TSL and TSUK. The term sheet sets out TSL's intention that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund the remaining part of the capital cost not covered by the government grant and to cover certain restructuring costs which TSUK would be expected to incur as part of a deep restructuring of its heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government is currently being finalised and is expected to be signed in the early part of 2024/25.

On 19 January 2024, TSUK announced a proposal to restructure and transform its business. As part of the proposal, Port Talbot's two high-emission blast furnaces would be closed in a phased manner. The first blast furnace is planned to be closed around June 2024 and the remaining Heavy End assets would be wound down by the end of September 2024. The proposal also included the wider restructuring of other locations and functions across the business, including the proposed closure of the Continuous Annealing Processing Line (CAPL) in March 2025. On 2 February 2024, TSUK initiated the start of a minimum 45 day statutory consultation period in connection with the proposal which is expected to lead to a reduction of up to 2,800 roles across the business.

of which 2,500 could potentially be affected by September 2025, and a further 300 in three years' time. After detailed discussions with relevant parties and careful consideration of the multi-union plan, TSUK announced on 25 April 2024 that it would proceed with its restructuring and transformation proposal.

The Drive to Save (D2S) programme was developed and launched at the start of the year to focus on the cash position on the UK business. The programme delivered important savings with c. £56m in cash improvements in H1 2023/24. There were a number of improvements implemented with the aim of maximising value from TSUK's downstream assets. These included the installation of the UK's largest and heaviest slitter at Hartlepool, a new welder at the Automotive Finishing Line at Llanwern which has increased gauge and coating weight capability and new drossing robots improving the zinc yield at the Zodiac plant at Llanwern and making the operation safer for employees.

During the year, a final insurance transaction between the British Steel Pension Scheme ('BSPS') and Legal & General was completed meaning that TSUK's exposure to the BSPS has been completely de-risked.

In November 2023, the MLE Business submitted to the Dutch government an improved Green Steel Plan with an enhanced focus on reducing the impact on its environment. The Green Steel Plan entails the closing of the largest blast furnace (Blast Furnace 7) and Coke and Gas Plant 2 and replacing them with a Direct Reduced Iron (DRI) plant and an Electric Arc Furnace (EAF) by 2030. The reline of Blast Furnace 6 was completed during the year which will enable the asset to stay in production until the MLE Business is ready to transition to a new way of producing steel and the DRI plant and EAF is commissioned.

Also, during the year, the Roadmap Plus Program took a step forward with the completion of the dust removal installation and the Pellet Plant and the start of construction of the 'DeNOx' installation which has the objective of reducing TSN's nitrogen oxide emissions by 30%. Other strategic activities in the year were the completion of the upgrade to the Continuous Galvanising Line 3, upgrade of the Cold Mill 21 and the launch of the 'TSIJ.NU' initiative that focuses on improving the operational and financial performance of Tata Steel Ijmuiden B.V.

A2. Principal risks and uncertainties

The principal risks and uncertainties affecting the Group and the actions taken are as follows:

Risks	Mitigating factors
Health, safety, environmental and other compliance matters	
TSE's priority at all times is the health, safety and wellbeing of staff and contractors. Available capital expenditure funding is therefore prioritised to this area. The Group has policies, systems and procedures in place aimed at ensuring compliance and there is a strong commitment from the TSUK and TSN boards to continuously improve health and safety performance, enforce compliance and to minimise the impact of the Group's operations on the environment. The Group's businesses are subject to numerous laws, regulations and contractual commitments relating to health, safety, the environment and regulatory compliance in the countries in which it operates. The risk of substantial costs, liabilities and damage to reputation related to these laws and regulations are an inherent part of the Group's business. Improving environmental performance and its linkage to "license to operate" is a key focus of the Group. The "license to operate" of the Group depends on the balance which its businesses achieve between the value of their products and services to society, the jobs they create, their contributions to communities and local economies, and their environmental footprint. Environmental issues, such as dust emissions in the vicinity of the Group's manufacturing sites, are key areas of concern for local communities which may negatively harm the "licence to operate" of its businesses.	TSE deploys a positive culture of managing safety, health and environmental ('SHE') risks. This includes the escalation of these risks to a TSL SHE Committee. A key area of focus for TSE's operations and procurement is to minimise environmental impacts by selecting raw materials on its environmental credentials (as well as quality) in order to minimise landfill tonnages and to identify external opportunities for use/sale of by-products. The Group continues to engage with EU legislators to secure a level playing field, for example in areas such as the REACH (Registration, Evaluation, Authorisation & restriction of Chemicals) scheme. The disparities in legislation across steel producers in different countries reinforce the continued need to build brand reputation and customer loyalty. The Group is increasing its contact with local communities closest to its manufacturing operations to explain the measures taken by the Group to reduce emissions and avoid environmental nuisance and to listen to their main concerns regarding the Group's steel making activities.

A2. Principal risks and uncertainties

Risks	Mitigating factors
Climate Change	
Climate-related risks are central to the TSUK and TSN risk registers. This includes climate change-induced physical risks such as those linked to rising sea levels and extreme weather events disrupting supply chains (e.g. storms, flooding, droughts, severe winds), and transition risks which include technological, policy and market changes to adapt to a lower-carbon economy. For the steel industry, transition risks include increased costs within Emissions Trading Systems (both UK and EU) and a reduction in the free allocation of CO_2 allowances under those schemes. There is an expectation that in the future the allocation of CO_2 allowances is likely to be substantially lower than projected emissions which is likely to expose TSE to higher operating costs. In addition, steel producers in the Netherlands are subject to a Netherlands specific carbon tax which, under certain conditions, may come on top of any EU Emissions Trading Systems costs. Carbon taxes continue to absorb additional resources when compared to competitors not subject to the same legislation. One of the major challenges facing the steel sector is the ambition to move towards low carbon steelmaking with key stakeholders putting pressure on the industry to make a step change in CO_2 emissions. TSUK and TSN are working in partnership with governments on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low carbon future. Due to the significant amount of capital that would be required in order to invest in greener steelmaking, a risk remains that without sufficient government support in the countries in which TSE operates, the Group may not be able to meet long term sustainability objectives, leading to higher carbon taxes and potentially a reduction in orders from environmentally conscious customers.	Physical risks for which mitigations are in place include flood-risk management on TSE sites and resilience planning in respect of raw material suppliers declaring Force Majeure because of mine inundation or shipping delays. In 2021, TSUK and TSN started to pass on costs of carbon taxes to customers in the form of an additional surcharge which is adjusted when carbon costs change. Transparency in pricing of steel products is important and end customers and society as a whole should recognise that decarbonisation is likely to involve higher costs. Future anticipated regulatory changes, including a Carbon Border Adjustment Mechanism in the UK and EU, are required to protect European steel producers from imports from countries that are not subject to the same level of carbon taxes. TSE is supportive in principle of the EU's proposed Carbon Border Adjustment Mechanism, but care will be needed in its design if it is to have the intended effect of incentivising rapid decarbonisation amongst UK and EU steelmakers. In September 2021, Tata Steel announced it will pursue a hydrogen route to decarbonisation at its IJmuiden steelworks. This involves the introduction of direct reduced iron (DRI) technology which can make iron using natural gas or hydrogen, before it is converted to steel in one or more electric furnaces to be invested in the future. On 15 September 2023, Tata Steel UK Limited announced that it had reached an agreement in principle with the UK Government on proposals that would see the two blast furnaces at Port Talbot replaced with an electric arc furnace (EAF). See page 17 for further detail.
Long term competitiveness	
TSE's manufacturing facilities are largely based in Europe which is a relatively high cost area and where demand growth for steel products is lower than in developing parts of the world. Increasing raw material costs as well as high energy and CO_2 costs challenge the long-term competitiveness of strip products. One of the major challenges facing the steel sector is the ambition to move towards low carbon steelmaking with key stakeholders putting pressure on the industry to make a step change in CO_2 emissions. Tata Steel is working in partnership with national governments on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low carbon future.	In order to maintain its ability to successfully compete in the long term the Group is undertaking a number of initiatives, including cost reduction measures and business specific improvement plans. The most significant of these initiatives is the Transformation programme, which aims to deliver operational, commercial and supply chain improvements and enable the Group's businesses to reach sustainable levels of EBITDA even in an economic downturn. As part of the Transformation programme, the Group will continue to target and grow its offering of a high value, differentiated product mix to the market.

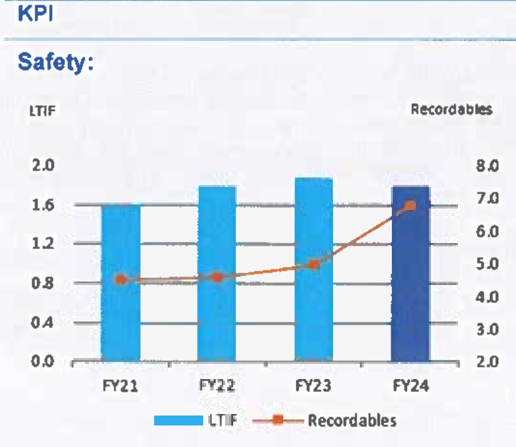
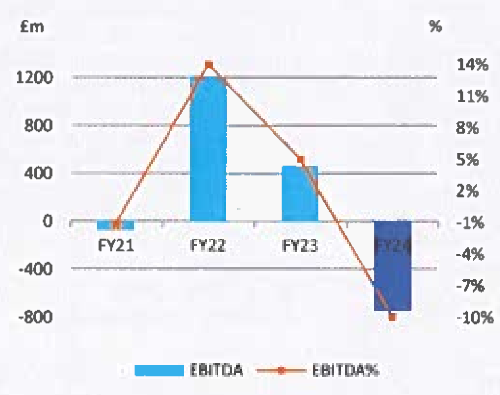
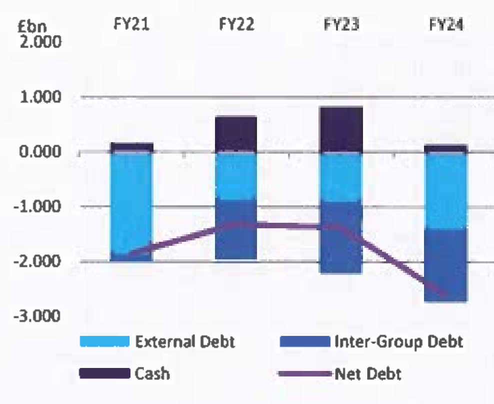
A2. Principal risks and uncertainties

Risks	Mitigating factors
Financing	
TSE is financed in part through external bank facilities referred to as the senior facility agreement ('SFA') and also by local financing arrangements in both the UK and MLE businesses. During 2022/23 TSE made further prepayments on the SFA which reduced the amount payable from €470m to €302m. This reduced amount was then subsequently refinanced with a single bank (as opposed to the previous syndicate of banks) on the same payments terms, however with less covenants and more favourable interest costs. TSE is committed to long term financial independence and in recent years a significant amount of debt to TSE from TSL Group companies was converted into equity or waived. Short term facilities have been put in place for the both the UK Business and the MLE Business in order to help manage liquidity. Access to finance may be required to enable the Group's transition to a low carbon future with potential capital investments running into the billions of pounds in a potentially short space of time.	In order to effectively manage this risk, the forecast requirements of the Group continue to be closely monitored and 'downside' sensitivities are undertaken regularly to ensure the adequacy of facilities. As part of the wider TSL group, TSE has good relationships with external banks and has a proven ability to access sources of financing when required. As referenced on page 41, the UK Business benefits from a non-binding letter of support from TSL Group companies in order to help manage its liquidity. Together with the Dutch Government, TSN is working on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low carbon future. In the UK, Tata Steel continues to hold talks with the UK Government around support for its decarbonisation plans.
Trading in the global steel market	
The Group's financial performance is influenced by the global steel market and the economic climate in Europe. TSE is one of a number of European steel producers which are being squeezed between rising import pressures and a long term decline in demand, with the situation being particularly acute for producers of hot rolled flat products. The surge in imports in recent years forced TSE and other EU producers to pursue antidumping (AD) actions, investigation of unfair imports and imposition of trade remedy measures. Despite measures being in place to support EU producers, vulnerabilities remain, as safeguards to manage volumes do not address prices. Furthermore, the Tariff Rate Quotas (TRQs) set a cap on imports, but at a high level which varies by product, and are based around historical EU imports, when demand was higher than today. TSE is monitoring the current status and utilisation of safeguard quotas and their impact on stabilising traditional import flows and prevention of market-disrupting import concentration. Post Brexit, TSUK is also facing a risk of an insufficient response by the new UK Trade Remedy Authority (TRA) on implementation of trade defence instruments.	The Group's commercial strategies aim to identify opportunities to focus on less import sensitive sectors/markets, product differentiation and a customer focus that will enable longer term contracts. The Group will continue to monitor and respond to the emerging legislation in the UK as it establishes a standalone regulatory environment post Brexit.

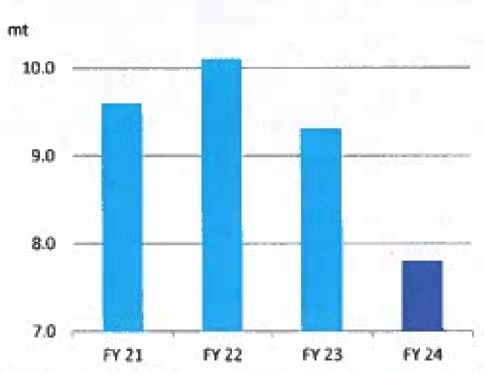
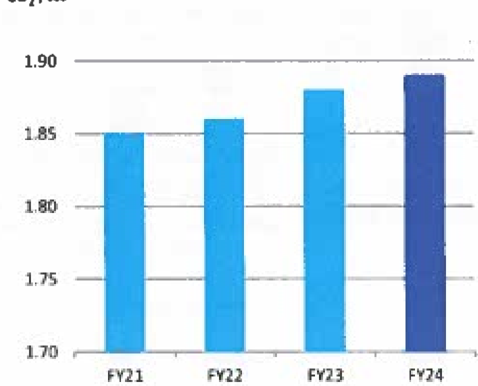
A2. Principal risks and uncertainties

Risks	Mitigating factors
Raw materials and energy	
The Group does not have access to captive iron ore and coal supplies, therefore access to and pricing of raw materials supplies depends, to a large extent, on worldwide supply and demand relationships, notably iron ore, metallurgical coal and scrap. Exposure to raw material shortages has not been a high risk historically, though this is going to need to be managed effectively for a period of time following the impact of the COVID-19 pandemic and sanctions placed on Russia following the continuing war in Ukraine. Supply disruption of raw materials beyond existing buffer stocks could arise, either from quarantine of the vessels if they come from high risk countries, or disruptions and restrictions in the country of origin of raw materials. TSUK's restructuring proposal whereby the blast furnace assets will be closed will require TSUK to be able to access imported slab and coil in order to continue to supply its customers. Whilst steel is a globally traded product and not in short supply, TSUK's plan includes securing a number of long term supply agreements from key strategic partners in order to guarantee supply and maintain flexibility over these imports. A significant part of the purchased slab and coil is expected to come from Tata Steel's other operations in India and the Netherlands.	Within TSE's Transformation programme opportunities are being sought, with suppliers, to get more value out of contracts by strengthening partnerships, negotiating better payment terms and leveraging the buying power of TSL to lower costs of consumables. The workstream also investigates opportunities in the supply chain, for example by reducing inbound freight costs. Exposure to energy shortages and price increases are a very relevant risk at the moment due to disruption caused by the war in Ukraine and sanctions being placed on Russia. These risks are closely watched and extreme volatility in the market is partly mitigated by short term price hedging. In response to Russian actions in Ukraine, the Group announced in April 2022 that it has decided to end procurement of coal from Russia and to source supplies from alternative countries. In addition, the Group continues to target measures to reduce its energy requirements, e.g. by increasing self-generation of electricity and efficiency improvements.
Performance and operations	
Whilst the Group seeks to increase differentiated/premium business which is less dependent on steel market price movements, it still retains focus in both the UK and Netherlands on improving its operations, consistency, and taking measures to protect against unplanned interruptions and property damage.	Best practices in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused risk management remain as priorities for the business.
Digital resilience	
The cyber environment in which TSE operates requires continuous scanning of threats and constant review of controls to prevent an increasing risk exposure, utilising new technology and maintaining existing hardware at all levels. TSE is committed to having the right cyber security standards and practices to ensure the company is equipped to defend itself from cyber incidents. The threat of cyber-attacks has continued as a genuine business risk due to large scale criminal activity targeting major businesses across all industries. TSE therefore has a focus on preventative measures to help maintain a low level of vulnerability.	Significant investment has been committed to combat the increasing global threat from cyber incidents to manufacturing companies, including continuing investment in a central Operational Security Service (including a Security Operations Centre), and both IT and process control security projects to improve resilience, manage security incidents and improve event detection. Specific focus and investment has been placed on awareness and education, protection from viruses, malicious software and external hacking, managing core network components, and contingency planning and resilience for digital business critical components.

A3. Key Performance Indicators (KPIs)

KPI	Rationale	Comments
Safety: 	• This shows the lost time injury frequency rate ('LTIF') from continuing operations to provide a basis of comparison with industry peers. The frequency rate (as with 'recordables') is reported per million hours worked as a rolling twelve-month average. • Recordables are defined as all work related incidents resulting in harm to a person or persons excluding those that require no more than first aid treatment.	• LTIF was 1.79 in 2023/24, which compares to 1.87 in 2022/23. • The recordables rate, which includes lost time injuries as well as minor injuries, rose from 4.98 in 2022/23 to 6.79 in 2023/24. Refer to pages 11 and 12 for further information.
EBITDA & EBITDA Margin: 	• EBITDA is defined as earnings from continuing operations before restructuring, impairments, exceptional items, profit/loss on disposals, interest, tax, depreciation and amortisation. EBITDA margin shows EBITDA as a percentage of Group revenue. • EBITDA margin measures how efficiently revenue is converted into EBITDA.	• EBITDA in 2023/24 decreased to a £749m loss (2022/23: £464m profit) and the EBITDA margin decreased to minus 10% (2022/23: 5%) mainly due to operational issues in TSUK and the reline of Blast Furnace 6 in TSN which led to lower production levels and higher costs of production coupled with reducing spread levels as the European steel market has been weakening since reaching a high point at the start of 2022. • See page 24 for a reconciliation of statutory profit to the EBITDA Alternative Performance Measure (APM).
Net Debt: 	• This shows total debt less cash and cash equivalents, and short-term investments. • It reflects the Group's overall funding position.	• Net debt at 31 March 2024 was £2,603m (2022/23: £1,379m). For further details see note 32. • The increase in net debt from 2022/23 to 2023/24 was mainly due to the increased external borrowing within the UK business and a reduction in cash reserves in the MLE business.

A3. Key Performance Indicators (KPIs)

KPI	Rationale	Comments
Volume Performance: 	• Liquid steel production from operations. This reflects the level of physical activity and is a key indicator of the manufacturing performance of upstream assets. • It is also a measure by which the steel industry compares the size of companies on a global scale.	• Liquid steel production was 7.8mt in 2023/24 (2022/23: 9.3mt) with the lower level of production during the current year due mainly to mainly to the reline of one of the Blast Furnaces at the IJmuiden works. • During the year 4.8mt of liquid steel was produced at IJmuiden (2022/23: 6.3mt) and 3.0mt at Port Talbot (2022/23: 3.0mt).
Environment: 	• The Group reports its CO2 emissions using a standardised methodology adopted by worldsteel, which enables performance benchmarking. The methodology comprises a number of different emission scopes, such as direct emissions only (Scope 1 emissions), direct emissions plus indirect emissions associated with imported electricity (Scope 1 + Scope 2) and a holistic scope which also takes account of the emissions associated with producing raw materials (Scopes 1+2+3). The worldsteel method allows users to report emissions both with and without the application of credits for the use of by-products – particularly granulated blast furnace slag - in applications that help to reduce emissions in the wider economy. • The method of calculation used by worldsteel is different to the method used by the UK's Streamlined Energy & Carbon Reporting system (SECR), which is presented in accordance with UK legislation on page 20.	• The Group's weighted average emission from its two steelmaking facilities (worldsteel Scopes 1+2+3) was 1.89 tCO2/tonne crude steel (tCO2/tcs) in 2023/24 taking into account the application of credits associated with blast furnace slag production, broadly in line with that in the three previous years (2022/23:1.88 tCO2/tcs, 2021/22: 1.86 tCO2/tcs, 2020/21: 1.85 tCO2/tcs). Thus, the Group's emission performance is substantially better than the worldsteel average benchmark. • The worldsteel average is based on data reported from participating companies, covering 56 integrated steelmaking facilities

A4. Business Review

Business environment and prospects

Dynamics of the business

The steel industry is cyclical. Financial performance is affected by general macroeconomic conditions that set the demand for steel from downstream industries, as well as by available global production capacity, raw material prices and exchange rate relativities. As integrated steel players seek to maintain high capacity utilisation, changes in margins across regions lead to changes in the geographical sales pattern. As a result, in addition to market developments in the UK and mainland Europe, changes in the global market for steel influence the financial performance of TSE.

Macroeconomic environment

Economic growth again decelerated globally in 2023 calendar year. The rise of central bank rates to fight inflation continued to negatively impact consumption and investments. Global GDP growth increased by 2.7% (2022: 3.1%). Inflation, at 6.1%, was lower than the 8.1% in 2022 calendar year but still significantly above levels seen in earlier years (2.9% in 2016-2020). In China GDP growth was 5.3% (2022: 3.0%) as economic activity increased due to the reopening of the Chinese economy in January 2023 after being shut down during the pandemic. Growth in China was held back during the year by a weak property market with house prices declining which led to issues for real estate developers.

The EU economy decelerated to 0.5% (2022: 3.6%) and the UK economy to 0.1% (2022: 4.4%). Monetary tightening and high energy costs impacted the economy. Output at the manufacturing sector was particularly low, whilst services provided more support to the economy, contrary to the post-pandemic rebound in 2021 during which manufacturing was relatively strong. Growth across the EU was uneven across the individual economies. Germany experienced a mild recession with -0.1% and France and Italy grew by 0.9% and 0.7% respectively.

Steel demand and production

Global steel demand declined in 2023 calendar year for the second year in a row by -1.1%, in line with the weak macroeconomic conditions, after a -3.3% decline in 2022 calendar year. Demand in China decreased by -3.3% (2022: -2.9%). This decline was mainly driven by the downturn in the Chinese real estate sector whilst steel demand from the manufacturing sectors continued to grow. Chinese steel demand is gradually shifting from construction to manufacturing and from long steel products to flat steel products. Demand in the EU decreased by -10.0% (2022: -7.9%). Activity growth in the main steel-using sectors decelerated but remained slightly positive in 2023 calendar year. Although construction output was negatively impacted by the high interest rates, especially for real estate, automotive output grew strongly due to backlogs.

In 2023 calendar year global steel production decreased by -0.2% to 1,848Mt (2022: -3.3%). Steel production in China decreased by -0.4% to 1,015Mt (2022: -1.4%) and equated to 55% of global steel production. In the EU production decreased by -7.3% to 126Mt (2022: -10.7%) as ~20% of blast furnaces were idled in response to lower demand for steel.

Raw materials and steel prices

The principal raw materials used in TSE's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price for iron ore fines (China CFR 62%) remained relatively stable in calendar year 2023 at US$120/t (-$1/t), with a low of US$105/t in May and a high of US$137/t in December. The hard coking coal spot price (Australia FOB) declined to US$296/t (-$69/t). In March 2022 the price was at an all-time high of US$594/t due to the loss of supply from Russia as a result of the war in the Ukraine. The German benchmark scrap price (Sorte 2/8) decreased to €340/t (-€74/t) compared to the previous calendar year. The price of CO2 increased in 2023 to €84/t (+€3/t), reaching an all-time high in February 2023 at €92/t. Reforms of the EU Emissions Trading System led to a reduction in the supply of permits which cause the price to rise. In the second half of 2023 the price declined mainly due to the weak economy reducing the demand for carbon allowances.

The European steel spot Hot Rolled Coil price (Germany, parity point) decreased in calendar year 2023 to €713/t (-€193/t). In April 2022 the steel price was at an all-time high of €1,346/t due to the loss of supply from Ukraine and Russia. In 2023 the price was relatively low due to declining demand for steel.

Trade

In calendar year 2023 imports of finished steel into the EU decreased to 25.6Mt (2022: 28.9Mt). Reduced demand and low margins made it less profitable for exporters to sell material in the EU. The market share of imports in the EU declined to 18.6% (2022: 19.6%). Steel-using sectors are increasingly sourcing steel from third countries. In 2022 the

import market share was at a historical high. The EU remained a net importer of steel in 2023, which it became in 2015, with net imports of 16.0Mt (imports: 33.6Mt, exports: 17.6Mt).

Prospects for 2024

In calendar year 2024 economic growth is expected to gradually accelerate in both the EU and the UK due to a lowering of the bank rates as inflation normalises. However, the high interest rates will continue to impact the economy leading to a gradual recovery. In 2024 growth of 0.8% is expected for the EU and 0.5% for the UK. Economic growth will only return to the longer-term levels from before the pandemic in 2026. Output growth in the steel-using sectors is forecast to be low in 2024 due to the tight monetary policy. A recovery in real demand is not foreseen in 2024 but a rebound of steel demand of 2.9% is expected due to restocking as the steel-using sectors start to anticipate higher demand for their products.

Civil society advocacy

TSE's businesses continuously engage with governments at various levels and other civil society stakeholders, such as non-governmental organisations, to inform the elements of public policy and regulation relevant to the business. The objective is to help create the right conditions for a sustainable steel industry through adoption of policies which would create a level playing field with international competitors, a competitive cost base and attractive conditions for innovation and investment, including energy prices, taxation, carbon pricing and leakage, public procurement and international trade.

Climate change and decarbonisation is the most significant area of engagement with civil society stakeholders at both UK and EU levels. Engagement with governments has centred on how plans for decarbonisation can be funded and ensuring the business secures the right policy environment for industrial decarbonisation.

Employees

Health and safety

Striving for Excellence in Health and Safety is a core value for the Group and along with our 5 key Health and Safety commitments is felt in everything we do and everything we say. We are committed to our goal of ensuring zero harm to our employees, contractors and the communities in which we operate

The five guiding commitments of health and safety are as follows:

- I protect myself and others because I care;
- I follow current standards and procedures as the best way to work safely;
- I assess risks whenever there is a change to the workplace;
- I always lead by example; and
- I challenge (and accept being challenged) or I stop the job.

Our ambition remains to be the health and safety benchmark in steel.

UK Business

For the UK business, the combined lost time injury frequency (LTIF) rate in 2023/24 for employees and contractors improved slightly to 2.64 compared to 2.83 in the previous year along with the recordables rate, which includes lost time injuries, medical treatment cases and restricted work day cases, also improved slightly from 4.34 in 2022/23, to 4.04 in 2023/24. The business continued with hazard studies and developing process safety leadership. This is reflected overall in improvement in reporting from all the sites on process safety metrics and the increasing capability and knowledge in this area.

Good progress was made with the key occupational safety items in the annual plan: one person one lock, deployment of mechanical safety rules, deployment of the cranes and lifting codes of practice, Provision and Use of Work Equipment (PUWER) compliance and deployment of a single incident and investigation reporting system across the organisation. Face-to-face senior leadership safety tours, which are an effective way of engaging with employees were deployed widely to improve standards.

The focus for the UK business remains with high severity and potential high severity events. This increased focus resulted in more focused incident investigations, increased sharing and learning around high potential events and management team members visiting potential high severity events to review and give focus. These now feature in regular processes and reviews to ensure the organisation learns from such events and to minimise the likelihood of repeat events.

Working in collaboration with universities and experts, the UK business continues to embraced technical innovation. As well as further digitising our key processes such as the single

incident reporting system (SALUS), the use of a safety app was further developed to increase engagement, and TSUK continues to use and trial other technology to either help eliminate or reduce risk.

Healthy Tata Steel

Healthy Tata Steel, a programme to embed a positive culture for health and wellbeing, strives to increase awareness, involvement and confidence. A regular focus on health, wellbeing and mental health, has been integrated into the day-to-day business, aiming to prevent work-related illness, encourage health surveillance, promote health and wellbeing, and support recovery and rehabilitation. Mindfulness sessions were also introduced in 2023/24.

Dedicated resources have been put in place to support deployment of our mental health policy, with over 350 trained Mental Health First Aiders across TSUK to allow people to step out and have a conversation to support their mental health. In Port Talbot a wellbeing hub was established to support people back to the workplace following mental health issues. TSUK also recognised world mental health day and awareness week with a number of activities to reinforce the work we have been doing throughout the year. A range of other support is available including an Employee Assistance Programme (EAP) which was fully available for all employees as well as a dedicated occupational health and hygiene team.

MLE Business

During 2023/24, in the MLE business, the LTIF marginally decreased to 1.10 compared to 1.12 in 2022/23. However. The number of recordable injuries saw an increase to 9.05 in 2023/24 compared to 5.57 in 2022/23. Extensive analysis has been carried out to understand the causes for this increase so lessons can be learned to prevent this from happening in the future. Outcomes so far have led to, for example, awareness campaigns focusing on the prevention of eye and hand injuries and falling objects in certain areas or works.

In the MLE business a new strategy is being implemented to create a pro-active safety management culture regarding unsafe behaviour. In addition to keeping an eye on incidents (safety issues), the positive aspects of safety: the circumstances and moments in which work runs smoothly and safely are focussed upon to identify the conditions that contribute to safe operations and eliminate risk.

An important aspect of this strategy is safety awareness among employees, regarding both themselves and their colleagues, and associated behaviours and communication. Three key leadership principles, Care, Connect & Change, are promoted and underline the responsibility of the individual for safety.

Process safety

Process Safety Management is an important pillar in the prevention of major process safety incidents. Since 2022, the MLE business has placed more emphasis on the reporting of identified High Potential Incidents and their follow-up. In addition, further efforts were made to guarantee the integrity of installations by tailoring maintenance regimes more specifically to each individual installation. The procedure for securing process installations during stoppages and shutdowns has been adapted and rolled out in the various units.

Another important part of Process Safety Management is barrier management. A significant amount of resource has been put into embedding barrier management in the relevant systems during the year. In addition, more emphasis has also been placed on alarm management.

Health and vitality

The MLE business is implementing a health roadmap, with the vision: 'We work in optimal conditions to be able to live and work in a healthy and vital way'. This shared vision emphasises the importance of sustainable employability and preventive sickness absence. Preventing exposure to hazardous substances and conditions is one of the top priorities for the avoidance of occupational diseases. The chance that employees may experience extreme temperatures is inherent in our processes. To remove (and to list and catalogue) these risks, work on a new app is underway that employees can use to manage their 'heat stress'. Further efforts include a campaign to draw employees' attention to the importance of respiratory protection in specific situations. An on-site hygiene campaign to promote safe eating and drinking has also started.

The MLE business encourages its employees to work consciously on their own employability. For this purpose, we provide numerous tools and resources, in line with our Sustainable Employability approach. A special website provides access to resources, so that employees can respond and act independently. Managers can also introduce tailor-made activities for their team or deploy an employee from the team, in line with their own current needs

Employee numbers

During the financial year ended 31 March 2024 the average number of employees in the Group increased to 20,600 (2023: 20,300).

Employment policies

There are well established and effective arrangements at each business location for communication and consultation with works councils and trade union representatives to systematically provide employees with information on matters of concern to them. Well-developed policies and procedures have been operating in all parts of the Group for a considerable time for the purpose of consulting and negotiating with trade unions and some of these are being reviewed and updated with trade union representatives to reflect the creation of the separate value-chains.

As part of a trans-national, multi-cultural group, TSE's businesses are committed to providing an environment that recognises and values the differences in employee backgrounds and skills and to provide equality of opportunity for all employees and seeks to maximise the benefits available from a diverse workforce. Following on from the adaptations made during the pandemic, the Group has continued to embed flexibility and adaptive working as a part of supporting its diversity and inclusivity action plan.

During the year ended 31 March 2024, the TSUK Inclusion and Diversity Steering Group supported National Inclusion Week by hosting a series of educational sessions focused on imposter syndrome & masking, the importance of allyship, and how to hold inclusive meetings.

TSUK's Steel Women's Network has continued on its trailblazing path by running events tackling some difficult and challenging topics, such as women's health and unconscious bias.

In addition, the TSUK Menopause Support Group held various awareness and engagement sessions during the year. By continuing to raise awareness and challenge these important topics, the Group aims to continue to break down potential barriers to inclusion which our employees may face.

In the MLE business, Tata Steel IJmuiden runs a programme to encourage and promote diversity and inclusion. The aim is to make all employees feel equally important and valuable regardless of their cultural background, age, religion, gender (identity), disability, sexual orientation or any other difference.

The programme sets out three main goals:

1) Inclusion - The annual survey "Being Yourself Works" was conducted in February 2024, to monitor the perceived level of inclusion and cultural diversity. The survey showed that 96.5% of employees feel that they can be themselves at work. Nevertheless, a third of respondents indicate that they feel different to others at work and some also feel they are treated differently.

2) Cultural diversity – According to Statistics Netherlands, more than 25% of the Dutch population were not born in the Netherlands and/or of whom one or both parents were not born in the Netherlands, whilst at Tata Steel IJmuiden the figure that falls into this category is 15%. It is the MLE Business' ambition to reflect society in this respect by applying the 25% annual Statistics Netherlands figure as a cultural diversity target for its workforce.

3) More female technicians and managers – it is the aim of the MLE Business to employ more women in vocational-level technical positions and in decision-making positions. The Tata Steel Academy has a growing percentage of female students. By 2023, 8% of first-year students were women. The MLE Business also strives for a better balance between men and women in decision-making positions. In 2023, the share of women in these positions was 18.5% with an expectation to rise to at least 30% by 2027.

The requirements of job applicants and existing members of staff who have a disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed by the Group. Opportunities for promotion, access to benefits and facilities of employment will not be unreasonably limited and all reasonable adjustments will be made. All reasonable measures will be taken to ensure that disabled staff are given the opportunity to participate fully in the workplace, in training and career development opportunities.

UK Steel Enterprise is the Group's subsidiary that helps the economic regeneration of communities affected by changes in the UK steel industry and it continues to deliver packages of support measures to a variety of businesses across all steel manufacturing regions of the UK to help support and create new job opportunities for steel communities.

UK Gender pay

In the UK, under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, employers with more than 250 employees are required to publish annually their gender pay gap information by reporting the percentage differences in pay between their male and female employees for the previous year. TSUK first published results in 2018 and again this year has published its results on the UK Government website.

Relative to national and industry statistics TSUK's gender pay gap (3.9% mean gender pay gap and 7.0% median gender pay gap) continues to be at the lower end. The Group continues to focus on steps to further enhance the diversity in its organisation because it believes having the right people in the right job is important.

Pension arrangements

The principal defined benefit pension scheme in the Group at 31 March 2024 is the British Steel Pension Scheme ('BSPS') in the UK which is closed to future accrual. This came into existence on 28 March 2018 as part of the regulated apportionment arrangement ('RAA') agreed between TSL, the Trustee of the old BSPS, the UK Pensions Regulator and the Pension Protection Fund ('PPF'). Pension arrangements for employees in the UK are now provided by way of a defined contribution scheme.

The principal pension scheme in the Netherlands is the Stichting Pensioenfonds Hoogovens scheme ('SPH') which is classified in the financial statements as a defined contribution scheme.

Further details on these schemes are provided in Note 21.

Modern Slavery Act

Section 54 of the Modern Slavery Act 2015 requires relevant organisations carrying on business in the UK to publish a statement setting out the steps taken to ensure no slavery or human trafficking is taking place within the organisation or its supply chains. The TSUK Board has approved a statement setting out the measures taken by the Group during the prior financial year ended 31 March 2023. The statement for the financial year ending on 31 March 2024 will be issued by TSUK on behalf of itself and its relevant subsidiary companies and published on the TSE website.

Community Engagement

Tata Steel strives to enrich its local communities and contribute to their future economic and social wellbeing.

As part of its restructuring proposal announced during the year (see page 2), Tata Steel has committed a one-time £20m to a Transition Board (with £80m to be provided by the UK Government) in order to mitigate any impact to the local community. Tata Steel will work closely with the Transition Board and a range of regional and national stakeholders to ensure that this investment, coming at the same time as the establishment of the Celtic Freeport in Port Talbot, provides a catalyst for the economic regeneration of south Wales and creates high skilled, well-paid jobs for local people in the coming decades.

TSUK's programme of proactive community partnerships embraces three aspects: health and wellbeing, environment, and education and learning. TSUK sponsors a running event – the Richard Burton 10K near Port Talbot which is now in its 41st year and raised more than £107,000 for local charities and good causes in 2023.

In the UK, the business encourages employees to make an active contribution to their local community. Examples include food donations to food banks and donations to charities supporting victims of domestic abuse and families facing poverty and hardship. TSUK has also continued to raise thousands of pounds every Christmas for local communities, to ensure families have something to celebrate.

In the Netherlands, activities include the traditional annual Tata Steel Chess Tournament (established in 1937), which has attracted thousands of players and spectators and boosted local tourism during the off-season in January. Wijk aan Zee was once again the centre of the worldwide sport, Chess, for more than two weeks.

Sustainability & Environment

Sustainable in Every Sense

TSE is determined to be sustainable in every sense. Sustainability goals are embedded in the policy, management systems and communication of TSE entities. The Group always seeks to ensure that its decisions and its communications are underpinned by science and facts. It follows widely-accepted standards, guidelines and indicators and communicates openly about sustainability performance to the extent that third parties can assess this as well.

In order to secure third party validation of its progress, the Group (through its parent company, Tata Steel Limited) became a member of ResponsibleSteel™ in 2020. This is the first globally-present sustainability standard development and

certification scheme for the steel industry. Both TSUK and TSN are intent on securing certification against the ResponsibleSteel™ standard for their sites.

During 2023/24, both TSN and TSUK made further, concrete steps towards transforming their businesses in response to the need to decarbonise steelmaking.

Recognition

The Group has signed the World Steel Association (worldsteel) Sustainability Charter for the period 2022 – 2024 inclusive. In April 2024, Tata Steel Group was named as a Steel Sustainability Champion by worldsteel (the World Steel Association). Now in its seventh year, the Steel Sustainability Champions Programme commends those worldsteel members that are most clearly demonstrating their commitment and action to sustainable development through their involvement in worldsteel sustainability activities. In order to be recognised as Sustainability Champions, companies must: (i) sign the worldsteel Sustainability Charter, providing evidence of meeting the 20 criteria covering the fields of environment, social, governance and economics (ESGE), (ii) provide Life Cycle Inventory (LCI) data to worldsteel's data collection programme, ensuring that the data cover more than 60% of the company's crude steel production and are less than 5 years old, and, (iii) be shortlisted in one of the 6 categories of the worldsteel Steelie Awards or be recognised in the worldsteel Safety and Health Recognition Programme.

Tata Steel has been recognised in each year since the inception of the Programme and is only one of two companies to achieve this feat, demonstrating its ongoing and class-leading commitment to sustainability.

The Group secured a worldsteel Steelie award at its 2022 awards ceremony in the category 'Excellence in Life Cycle Assessment (LCA),' adding further to its already strong international reputation for its LCA expertise and activities.

All the Group's manufacturing operations continue to be independently certified as meeting the international environmental management system standard, ISO 14001:2015. Tata Steel continues to have all of its products manufactured in the UK and the Netherlands certified as conforming with the sustainability standard, BES6001. Certification against this standard is increasingly being specified by customers in the construction and other market sectors.

Climate Action

Steel and climate change

Steel is a fundamental material in the modern world. It is often said that 'if something is not made from steel, it is made using steel.' It is a vital and familiar component of our everyday lives. It is increasingly recognised as also being fundamental to efforts to transition to a low-carbon economy. Indeed, there can be no low-carbon economy without steel. It is needed for renewable energy, sustainable homes, low-CO_2 transportation, infrastructure schemes for large-scale hydrogen production and distribution, and carbon capture, usage & storage. It will be needed to build and power the electric vehicles of tomorrow, as well as creating sustainable buildings and delivering major infrastructure projects which will help nations across the globe to achieve their climate goals.

Steel's role in the net zero world of the future is clear, but it is also recognised that the steelmaking process itself creates substantial CO_2 emissions. The steel sector globally accounts for between 7% and 9% of man-made emissions of CO_2. It is recognised as being a 'hard to abate' sector. The combination of steel's intrinsic importance to global development, prosperity, well-being on one hand, and the carbon intensity of its production on the other have resulted in steel becoming a priority for governments around the world who are committed to playing their part in achieving the goals of the Paris Agreement.

Government action

The Dutch and UK Governments have sought to take leadership positions in global climate action. The European Commission adopted its 'Fit for 55' package of proposals in July 2021 to align the EU's climate, energy, land use, transport and taxation policies with the legal objective of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.

The UK Government has legislated for net zero by 2050 and, in early 2021, announced its acceptance of the recommendations of its statutory advisory committee on climate change (UKCCC) and legislate to ensure the UK achieves a 78% reduction in emissions by 2035 (compared to 1990) and that ore-based steelmaking in the UK achieves 'near-zero' emissions by 2035. The UK Government has signalled its intent to tighten the trajectory of emissions reduction across the traded sector (i.e. those in UK Emissions

Trading System (UK ETS)) in line with net zero by 2050 aspirations. This will equate to ~53% reduction in emissions by 2030 compared to 2019.

Market expectations

A large proportion of the TSE customer base will not accept a supplier that does not have the plans and credentials to be a zero CO_2 supply partner. Increasingly, the ability of steel companies to demonstrate not only that they already perform to a very high standard in terms of carbon efficiency, but that they have clear and credible plans to make the transformative changes needed to become carbon neutral before 2050, are becoming part of their 'licence to sell.' Steel companies are increasingly seeking to differentiate themselves from competitors on grounds of their climate ambition and performance in addition to their product capability, reliability and service. The stakeholder expectations and pressures driving steel companies to enhance their climate credentials go beyond those of the market and the governments in the jurisdictions in which they operate: TSE is also intent on responding to the expectations of its parent company and its shareholders and to the strengthening public attitudes in the UK and the Netherlands towards climate change and environmental protection. Only companies that can be seen to be making a positive contribution to climate solutions will command the support of the public and will be able to attract the best talent.

Commitment

Against the backdrop of the myriad risks and opportunities arising from climate change summarised in this section, TSE has responded with a comprehensive suite of actions to reduce its emissions, innovate in the products and services that will enable society to decarbonise and to disclose its performance, plans and progress to all interested parties.

In 2023, Tata Steel adopted a target to be net zero across the entire Group – including its European entities - by 2045. Tata Steel Netherlands (TSN), as part of its long-term sustainability strategy, has built upon this Group-wide target through its public commitment to reduce its CO_2 emissions by 5 million tonnes per year by 2030 and to be fully climate-neutral by 2045 via an accelerated transition process. Tata Steel UK Limited established in 2020 a target to reduce its direct emissions by 30% by 2030, compared to 2018, and has since announced its plans to transition to electric arc furnace steelmaking at its only UK steel plant in Port Talbot – a plan that will achieve a reduction in annual direct emissions from the site of over 5 million tonnes.

TSE has set out its intent to establish science-based targets (SBT), which are medium-term emissions reductions targets consistent with the speed and extent of decarbonisation that the steel sector will need to make in order for the world to meet the 1.5°C goal of the Paris Agreement.

Public Policy Environment

The Group is supportive of the strong leadership positions on climate action that the Dutch and UK Governments have taken. It is committed to working closely with policy-makers to deliver a profoundly important contribution to the achievement of national aspirations. The Group's emission reduction commitments, participation in global initiatives and other actions to date are evidence of this. Yet, the Group cannot achieve its decarbonisation aspirations alone. Tackling climate change is an effort that concerns the whole of society and accelerating the pace of decarbonisation of the steel sector will require a set of policy interventions that rapidly strengthen the business case for public and private investment in low-CO_2 steel.

It would be counter-productive if the cost of decarbonising the Group's steelmaking operations in the Netherlands and the UK were to give a competitive advantage to steelmakers in less carbon-constrained jurisdictions; policy measures are thus needed to enable the Group to remain competitive whilst pioneering the steel sector transition to net-zero. These measures should take the form of public procurement and product policies that incentivise the use by society of low-CO_2 steel, measures that accelerate the deployment of clean energy infrastructure and interventions that ensure that steelmakers can access low-cost finance to commercialise high-risk, innovative and first-of-a-kind technologies.

In the EU, the agreement on the future of EU ETS covers the period up to 2030, which will be a critical period for the uptake of low carbon technologies at industrial scale in the steel sector. The new rules include some stronger incentives for the uptake of new decarbonisation technologies, such as revised steel benchmarks providing for the uptake of low-carbon technologies such as Direct Iron Reduction using green hydrogen. However, the pre-defined phase-out of free allocation in conjunction with the introduction of CBAM presents a profound threat to EU steel exports as the carbon compliance costs required to be borne by operators in the EU

will not be borne by operators in the domestic markets of major trading partners. In the UK, the Government announced that it will implement a UK CBAM from January 2027 at the latest. In March 2024 it launched a consultation on the precise design and implementation of the policy, which remains open at the time of writing.

The Group is supportive in principle of the EU's CBAM policy and the expression of intent by the UK Government to continue to ensure carbon leakage mitigations remain a core feature of UK ETS. Care continues to be needed to ensure these mechanisms have the intended effect of incentivising rapid decarbonisation amongst EU and UK steelmakers whilst ensuring their adoption of a leadership position on climate action does not come at the expense of their competitiveness. The level playing field between the EU and UK must also be preserved. Key to this will be increasing the scope of the EU and UK schemes to include steel in imported goods.

Decarbonisation Activities across Tata Steel Europe

TSN and the Dutch government signed an Expression of Principles in 2022/23 to transition to low CO_2 steel making, with an ambition to reduce CO_2 emission by 5 million tonnes by 2030. TSN is committed to transition out of blast furnace operations (closing both blast furnaces and coke ovens) to steel making using DRI technology and electric smelting or any other viable and scalable technology, with an eventual transition to Green Hydrogen depending on availability and economics. It continues to be in in dialogue with the Dutch Government about financial support.

On 15 September 2023, Tata Steel UK Limited announced that it had reached an agreement in principle with the UK Government on proposals that would see the two blast furnaces at Port Talbot replaced with an electric arc furnace (EAF). The £1.25bn investment will encompass a new 3.2mtpa, state-of-the-art EAF, new secondary steelmaking ladle metallurgy furnaces and upgrades to casting capabilities and hot and cold rolling facilities. Under the agreement, the UK Government will contribute £500 million and Tata Steel will fund the balance. The proposals remain subject to relevant regulatory approvals, information and consultation processes, and finalising detailed terms & conditions, but if implemented, the project will bolster UK's steel security and would be the first major step towards decarbonisation of the UK steel industry, resulting in a 90% reduction in direct CO_2 emissions from Port Talbot and a 1.5% reduction in the UK's national, territorial emissions. The proposal, if implemented, will also be a transformation in terms of the UK's progress towards a more circular economy, leveraging strategic, domestically available scrap steel and promoting value addition within the UK.

Further to the investment proposal, as part of Tata Steel's commitment to advance global research and innovation in materials science for a sustainable future, the company also announced its intention to invest approximately £20 million over four years to set up two additional Centres of Innovation and Technology in the UK at the Henry Royce Institute at Manchester (for advanced materials research) and at Imperial College London (for research in sustainable design and manufacturing).

CO_2 Emissions Performance and Emissions Trading

Even with the Group's decarbonisation activities moving forward at pace, it is nevertheless still important to ensure that its assets remain highly efficient in the short term. The Group reports its CO_2 emissions using a standardised methodology adopted by worldsteel, which enables performance benchmarking. The methodology comprises a number of different emission scopes, such as direct emissions only (Scope 1 emissions), direct emissions plus indirect emissions associated with imported electricity (Scope 1 + Scope 2) and a holistic scope which also takes account of the emissions associated with producing raw materials (Scopes 1+2+3). It is important when comparing the emissions performance of different installations to define which methodology and which scope are being used.

The Group's weighted average emission from its two steelmaking facilities (worldsteel Scopes 1+2+3) was 1.89 tCO_2/tonne crude steel (tCO_2/tcs) in 2023/24, taking into account the application of credits associated with blast furnace slag production. This performance level was broadly in line with that in recent years, indicative of the fact that both the two TSE integrated steelworks are operating close to the optimal CO_2 intensity levels for the technologies and asset configurations at each site.

The Group met its environmental obligations for calendar year 2023, the third year of Phase 4 (2021 to 2030) of EU ETS, and the third year of the operation of the UK ETS.

Product innovation

Decarbonisation of its operations is only a part of the positive contribution that the Group is making, as its products are also

part of the solution to climate change. Steel is a fundamental material for a low-carbon economy. CO_2 emissions in steel production can be offset by reductions in direct and indirect emissions through the life-cycle of steel products, achieved through effective product development and design, and through recycling at end-of-life. The Group has developed a tool to assess the sustainability of all new products against the products they replace, in a semi-quantitative manner. The Sustainability Assessment Profiler is a unique framework supporting the company's mission to become sustainable in every sense, creates value propositions related to sustainability and supports customer engagement. The framework considers environmental, social and economic aspects over the complete product life cycle in a consistent manner in an approach that puts the Group ahead of other international steel companies.

Carbon Lite

During 2022/23, the Group launched commercial propositions that allow customers to take a stake in its decarbonisation journey, whilst demonstrating their own contribution to societal CO_2 emission reductions. Under the brand names Zeremis Carbon Lite and Optemis Carbon Lite for TSN and TSUK respectively, the propositions are based on an approach described as carbon 'insetting,' in which actual emissions reductions are third-party verified, banked and then offered to customers as a way of off-setting their own Scope 3 emissions of CO_2. The CO_2 savings are real and are subject to verification by leading assurance organisation DNV. Revenues from the sale of certificates are used to fund projects generating further CO_2 savings to be verified by DNV, speeding up decarbonisation of TSUK and TSN processes.

At the end of 2023, TSN launched Zeremis® Delivered, the solution for customers to receive their steel orders through lower-emission transportation methods. The service enables customers to reduce their scope 3 emissions, along with other emissions linked to the transportation of their steel. Under the Zeremis Delivered brand, we will introduce a broad range of reduced and zero emission logistics solutions across modalities such as the use of biofuels, electric and fuel cell technologies.

Transparency & Disclosure

Tata Steel UK Limited is committed to open communication of its carbon emissions and climate action. In 2023 it again provided a comprehensive disclosure as part of a consolidated TSL annual submission to CDP (formerly Carbon Disclosure Project). Tata Steel attained a rating of A-, placing it firmly amongst the best performing of the steel companies reporting to CDP.

Increasingly, the Group is working with customers in all market sectors on all aspects of sustainability. Its knowledge and transparency about the performance of its products allows customers to understand the sustainability of steel applications, enabling them in turn to develop their approach to material usage and meet their environmental goals.

Life cycle assessment

Life cycle assessment (LCA) is a powerful tool for identifying opportunities to reduce the environmental impact of a product – whether that is a building, a vehicle, a piece of machinery or packaging – throughout its life cycle. Tata Steel is widely recognised for its expertise in LCA. Taking a supply chain perspective allows it to demonstrate how improvements in material utilisation and right-first-time manufacturing can reduce emissions during the production phase. Tata Steel's LCA models allow it to consider the complete value chain, for instance, the impact of the carbon intensity of regional grid electricity (gCO_2 / kWh) on the carbon footprint of a vehicle or building.

To extend its capability in this area, Tata Steel has developed the PACI (Product Assessment Carbon Indicator) tool. This streamlines the process of undertaking life cycle studies of products and enables an understanding of greenhouse gas (GHG) emission hot spots and trade-offs in the steel product value chain, which can be used to inform new product developments and optimise existing manufacturing routes. PACI has been used to support collaborative projects with customers, for example, to examine the greenhouse gas emission impact of materials selection and part design, or the trade-off between motor efficiency versus embodied GHG emissions associated with different grades of electrical steels. The tool was recognised by worldsteel in 2022, winning a Steelie award for Excellence in Life Cycle Assessment.

In construction, the Group has been supplying life cycle data on its building envelope products for 15 years, publishing environmental declarations for its supply chain partners' cladding systems that use our Colorcoat HPS200 Ultra® or Colorcoat Prisma® prefinished steel. Work in this area has been recognised with four worldsteel awards for Excellence in LCA.

The Group was the world's first steel manufacturer to operate an Environmental Product Declaration (EPD) programme and can produce product-specific EPDs that comply with EN 15804 and ISO 14025 standards and which are third-party validated. An EPD contains a description of the manufacturing route and a technical description of the product. Along with quantified environmental information, it covers specific aspects of the product life cycle, from raw material extraction, manufacture, and fabrication through to use and end-of-life.

Environment

Environmental Policy

The Group is committed to minimising the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance.

Year in Focus

Public concern and interventions by public health bodies, environmental regulators and lawyers representing members of the public continue in relation to the Group's activities at IJmuiden. In March 2023, the Dutch National Institute for Public Health and the Environment (RIVM) published a report on the deposition (precipitation) of substances in the immediate surrounding of the steelmaking site at IJmuiden, concluding that, compared to its first report two years earlier, a significant decrease in iron deposition could be demonstrated. In its study, RIVM did not investigate the origin of deposited dust. Another RIVM report published in September 2023 sought to link Tata Steel's emissions to observed nuisance and illness for residents in the IJmond region. The report confirmed that TSN complies with its legal emission limits. However, the report also estimated that emissions of particulate matter and nitrogen dioxides reduce the average natural life expectancy of people living in Wijk aan Zee by 2.5 months, with the detrimental effects diminishing further away from the IJmuiden site. This raised the question of whether Tata Steel should be subject to stricter standards than those currently in place, to achieve greater health benefits. In response to these findings, and also considering the community's calls for additional measures, TSN is already taking proactive steps, for example by implementing its Roadmap Plus programme.

In February 2024, the Expert Group Health IJmond presented its initial advisory report to the State Secretary of Infrastructure and Water Management, Mrs. Heijnen. The expert group was established by the State Secretary following the publication of the earlier RIVM report in September 2023 (see above). The work done and advice provided by the expert group are considered crucial by TSN as it plans its transition to clean and green steel.

In April 2023, the Dutch Safety Board (OVV) published its report following thorough research into the adverse impact to human health on living near industrial complexes in general, and what can be done to protect communities from exposure to those emissions. The research, findings and recommendations were again valuable insights about the effectiveness of recent actions and the opportunities for targeting of future actions.

Environmental Improvements

In recent years, TSN has achieved measurable reductions in its environmental impact with numerous new improvements under its Roadmap Plus programme. Further improvements are underway. It continues to engage with local residents, authorities, companies and other organisations to ensure that we are focusing on the right areas to minimise our impact on others in the community. To secure its position in the Netherlands and Europe, it must produce steel in a future-proof, cleaner manner. It aims not only to meet European and Dutch laws and regulations but also to exceed these wherever feasible. In June 2019, TSN launched Roadmap Plus, with a wide range of measures to reduce our environmental footprint in the surrounding area as much and as quickly as possible. This capital-intensive improvement programme builds on previous improvements to achieve intended objectives.

In the UK, Tata Steel continued in 2023/24 to pursue targeted investment in environmental control technology to achieve reductions in its impact but, following the decision to close iron and steelmaking activities at Port Talbot, focus has shifted to ensuring excellent control of its those activities in their current configurations up to the cessation of operations in FY25, followed by the responsible and safe decommissioning of the facilities. Concurrently, TSUK is designing its proposed new electric arc furnace and ancillary assets to ensure full adoption of best available techniques. The transition is expected to yield a very profound reduction in emissions to air of substances such as particulate matter (PM), small particulates (e.g. PM10), nitrogen oxides, sulphur dioxide and carbon monoxide, in addition to carbon dioxide.

Energy and carbon emissions reporting

SECR

In April 2019, the UK Government introduced legislation called Streamlined Energy and Carbon Reporting (SECR), which mandates that defined companies include energy and carbon emissions in their annual reports. In addition, a narrative on the principal measures taken for the purpose of increasing the business's energy efficiency is required. Both parts of the required information are provided below. No equivalent information to that required for SECR compliance in the UK has been provided for the integrated steelworks at IJmuiden in The Netherlands.

Energy Efficiency of Tata Steel's Activities

Most of the carbon emissions associated with TSUK's activities occur at Port Talbot integrated steelworks, where iron ore and coal are brought together in the blast furnace process. Once TSUK closes its blast furnace assets there will be a step change in emissions and energy efficiency with the future EAF planned to be one of the most efficient steelworks in Europe.

A key process optimisation tool involved using a so-called energy efficiency 'wave' approach which systematically targeted energy efficiency opportunities at the Group's main operations around Europe and beyond. The Group has also developed MONICA, a state-of-the-art monitoring and benchmarking tool for energy and CO_2 emissions from its processes.

TSUK is part of the UK's Energy Saving Opportunities Scheme (ESOS) and has fulfilled its obligations under this regime by delivering a rolling programme of audit and assessment.

In November 2023, TSUK completed a £5 million project to install electric induction furnaces at its Corby site. This has reduced emissions by at least 2,000 tonnes of CO_2 a year. The line produces the premium branded Celsius® sections, and the emissions saving comes from the new furnaces' much improved efficiency replacing a combination of old induction and inefficient natural gas fired sections of the furnace.

TSUK also commissioned an innovative system in the reheating furnaces at the Port Talbot hot rolling mill during the year, which uses lasers to measure the efficiency of fuel combustion, to enable optimisation of fuel rates and therefore emissions.

As part of a UK-wide approach on comprehensive energy management, Catnic & Corby sites attained ISO5001 certification during 2023/24, joining others such as Shotton and Hartlepool that had already secured this third party assurance for their energy management systems.

GHG emissions and energy use 2023/24	Scope	Units	UK[1]
Gaseous fuel for combustion[3]	1	kWh	8,358,895,468
Fuel for transport and business travel[2]	1	kWh	17,214,344
Purchased electricity[3]	2	kWh	720,868,774
Fuel for transport and business travel[2]	3	kWh	21,261,414
Energy consumption based on above		**kWh**	**9,118,240,000**
Emissions from gaseous fuel[3]	1	tCO_2e	4,934,709
Emissions from fuel for transport and business travel[2]	1	tCO_2e	4,126
Emissions from purchased electricity[3]	2	tCO_2e	140,088
Emissions from fuel for transport and business travel[2]	3	tCO_2e	5,190
Total gross emissions		**tCO_2e**	**5,084,113**
Total gross emission per tonne of liquid steel		**tCO_2e/tls**	**1.701**

GHG emissions and energy use 2022/23	Scope	Units	UK[1]
Gaseous fuel for combustion[3]	1	kWh	8,499,295,663
Fuel for transport and business travel[2]	1	kWh	22,097,922
Purchased electricity[3]	2	kWh	694,455,490
Fuel for transport and business travel[2]	3	kWh	19,648,221
Energy consumption based on above		**kWh**	**9,235,497,296**
Emissions from gaseous fuel[3]	1	tCO_2e	5,025,848
Emissions from fuel for transport and business travel[2]	1	tCO_2e	5,829
Emissions from purchased electricity[3]	2	tCO_2e	125,435
Emissions from fuel for transport and business travel[2]	3	tCO_2e	5,190
Total gross emissions		**tCO_2e**	**5,162,302**
Total gross emission per tonne of liquid steel		**tCO_2e/tls**	**1.708**

Notes

1. The data for UK assets is based on the scope of the organisation as covered in the Annual Accounts 23/24; the derogation to exclude legal subsidiaries that did not meet the definition of "large" was applied. The reporting methodology was based on the Green House Gas Protocol Corporate Reporting Standard and the UK Emission Trading System (UK ETS). Where available, site specific conversion factors were used and where not, national government factors were used. The financial control approach (as opposed to equity split) was used to define the organisational boundaries; deductions were made for onward third party supplies. Greenhouse gas emissions are reported as CO2e except for the combustion of works arising gases (WAGs), these only include CO2 emissions.
2. Scope 1 was defined to include on-site vehicular re-fuelling and mileage/ fuel claims relating to fuel used in company-owned or leased (capitalised on balance sheet as per IFRS 16) vehicles, both on and off-site. Scope 3 was defined to include fuel consumption of time-chartered vessels plus mileage claims and fuel claims relating to fuel used in employee-owned vehicles off-site. Where clarity on the lease status was unavailable, the fuel was divided evenly between scopes
3. Only imported electricity was reported, that is, electricity generated on-site was not included; the associated emissions were included in the gaseous fuel emissions. The grid emission factor taken for the UK was 0.207 kg CO2e/kWh.
4. Part of the data was subject to third party verification conforming to UK ETS rules and regulations. This covered the period April-December 2023 only and included 83.5% of the UK natural gas consumption and 100% of the consumption of WAGs at Port Talbot.

Research & development

Research & Technology programme

The Group's research and development activities are managed by the UK and MLE businesses.

In the MLE business, approximately 80% of the technology programme was developed under the governance of the Research Portfolio Committees ('RPCs') of TSN. The RPCs cover process and product market sector developments. The remaining capacity was primarily allocated to the Strategic Thrust programme for various projects including:

- HIsarna technology: environmentally friendly, low CO2 and economic ironmaking will aim to achieve at least 20% CO2 reduction without Carbon Capture and Storage (CCS), up to 80% with CCS or potentially negative with renewable carbon sources. Engineering for upscaling (1mt per year demo plant) commenced in 2021/22 and has continued throughout, in close collaboration with a dedicated team in Jamshedpur, India. During 2023/24, three plant trials were held in the pilot plant, including the Reclamet project (using HIsarna for recycling Zinc-coated steel scrap).
- Heat recovery: looking at various ways to recover and re-use heat that is currently lost during the production processes, working closely with the environmental department at IJmuiden. During the financial year, a winning bid was secured for a large European programme on ceramics, also related to the use of ceramics in hydrogen environments.
- Various developments on the blast furnace process, including modelling and experimental testing of ceramic materials, to prolong the operating times for blast furnaces beyond current limits.
- Extensive work on dust characterisation, including collecting regular dust samples to determine dust generated by TSN and dust generated from other sources. This work helps to understand the impact of dust on the local area, will continue into the next financial year and will be expanded with advanced flow field calculations including local weather data.
- Market development: looking to new developments like Hyperloop, Einstein telescope, battery cases and new steel concepts with higher strength and formability.

The "Data Driven Steel" programme is incorporated in the Thrust portfolio. This programme links the Advanced Analytics expertise in the Technical and Data Insights departments and develops data-intense through-process solutions.

In addition, a special programme on decarbonisation is now in operation and embedded in the RPC structure, in line with TSN's goal to implement a green Hydrogen route in the near future. This programme especially addresses the aspect of the new DRI based production route and will be there to support the shorter term preparations for the potential investments as well as for the longer term optimisation of the use of these installations.

In the UK, R&D has worked on products and product solutions targeting the market facing sectors – automotive, construction and packaging. Two themes – Sustainability and Digitalisation – lie at the core of all the developments. Achievements in each of these areas include:

- Collaboration with Aberystwyth University, developing a process to manufacture high value sugar substitutes from preprocessing of various biomasses which yields high quality biochars, suitable for use in steelmaking processes.
- Continuous engagement with automotive customers (Nissan and JLR) through VAVE and EVI programs, helping TSUK to strengthen the position of new grades of its steel products in comparison to competitive products e.g. Aluminium. In particular, the following models – JLR's next generation EMA (Electrified Modular Architecture) platform and its first model Range Rover Velar, as well as Nissan's Qashqai, Juke and Leaf range of models have been analysed for steel competitive light weighting solutions.
- Development and further population of the material database, Aurora Online UK – a software tool that offers OEM automotive customers instant access to accurate, production based material data for engineers to use in computer simulations and thus reduce tool try-outs and avoid surprises in forming parts and/or crash testing.
- Development of new paint and curing technologies that will allow for a reduction in carbon emissions. Curing technologies such as ultra-violet and electron beam curing are being explored as an alternative to gas fired curing of paints, with parallel developments in paint technology being explored in partnership with paint developers.

- Looking into new bio-based or inorganic insulation materials as well as recycling options for existing PIR (Polyisocyanurate) based composite panels.
- Developing new structural concepts for Offshore Wind Mills potentially offering light weighting as well as lower embedded carbon benefits.
- Collaboration with the University of Warwick, to produce a full set of tools to manufacture easy open end (EOE) and sanitary can lids with a view to support the UK packaging business.
- Using data analytics and process simulation technologies to improve plant processes, such as analysing product specific bottlenecks of the Cold Mill line, speed optimisation of Hot Mill pacing system and control of the heating section of the Zodiac galv-annealing line.

Process development

The process technology programme in 2023/24 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports the Group's manufacturing and differentiated product strategy. Key achievements during 2023/24 were:

- New sustainable nickel-plating technology that does not form toxic by-products and can be scaled up easily.
- Using Artificial Intelligence to optimise ladle logistics; minimising the heat loss during the transfer of hot metal to reduce the direct C02 emissions; and allowing for additional scrap intake.
- Adaptation of in-house control system for the new reheating furnace that achieves better product quality and reduces fuel consumption and emissions.
- Development of galvanising process without submerged stabiliser rolls to improve yield and quality.
- Implementation of new control model for coating weight resulting in a better product quality and a reduction of zinc consumption.
- Installation of a new sensing system in the run-out-table of our hot strip mill that provides real-time data. This technique can be used to fine tune the cooling process for the optimisation of quality and yield across the whole product portfolio, but also accelerates line trials and hence reduces the time to market for new products.

Product market sector developments

A key element of the Group's strategy is the development of new steel products. Structured programmes are initiated for all market segments identified by strategic marketing with particular emphasis on the automotive, engineering, construction and packaging sectors.

During 2023/24 a total of 12 new products were introduced into the MLE business' product portfolio. These included:

- AR400 Valast product, which is the widest strip product on the market with superior surface quality.
- DP800-GA product which offers weight saving opportunities on galvanised products for the automotive sector.
- Commercialisation of Non Grain Orientated (NGO) steel for electric motors to facilitate the transaition towards full electrification by 2030.

In TUSK, 8 new products were launched during the year. These launches cover a wide range of high value products and end applications for automotive, manufactured goods, infrastructure and construction markets focussing on UK and export opportunities. During the year under review, the UK business launched new ComFlor™ & RoofDek products containing the MagiZinc™ substrate for construction applications. These products provide increased durability and improved in-service performance due to the superior corrosion resistance offered by the novel Zinc – Aluminium – Magnesium coating. In the packaging sector, the Company launched new specialist steel grades for aerosol and welded food can applications, helping customers to meet sustainability targets either through improved container performance or lightweighting. Additionally, the Company continued to develop the MagiZinc product offering and successfully launched a range of highly formable grades for automotive end applications. Initially targeting Jaguar Land Rover leading to supply chain efficiency gains by localising supply to the UK, whilst opening future opportunities with other UK Automotive OEMs.

£m	2023/24	2022/23
Liquid steel production (mt)	7.8	9.3
Steel deliveries (mt)	7.7	8.2
Revenue	**7,521**	**9,293**
EBITDA	**(749)**	**464**
Depreciation and amortisation (net of grants)	(258)	(236)
Operating (loss) / profit before restructuring, impairment and disposals	**(1,007)**	**228**
Restructuring, impairment and disposals	(647)	15
Operating (loss) / profit	**(1,654)**	**243**
Net finance costs	(208)	(119)
Share of post-tax results of joint ventures and associates	4	2
(Loss) / profit before taxation	**(1,858)**	**126**
Taxation charge	(33)	(470)
Loss after taxation	**(1,891)**	**(344)**

Profit and loss

Group revenue of £7,521m in 2023/24 was 19% lower than the previous year due to a 14% decrease in average revenue per tonne and a 6% decrease in deliveries. The reduction in average revenue per tonne was due to a weaker European steel market and the prior year also benefitting from the spike in market prices seen in response to the commencement of the Ukraine war. The decrease in deliveries during the year was driven by lower market demand and operational issues including the delays to the reline of Blast Furnace 6 in IJmuiden.

The operating result before restructuring, impairment and disposals in 2023/24 was a loss of £1,007m compared to a profit of £228m in 2022/23. The decrease in profitability is due to reducing spread levels as the European steel market has been weakening since reaching a high point at the start of the 2022 calendar year. Operational issues in the UK Business related to the aged heavy end assets in Port Talbot have contributed to lower production and higher costs of production (e.g. higher coke usage and less internally generated energy) which has also reduced profitability. In the MLE Business, the reline of Blast Furnace 6 has also contributed to the decline in profitability due to lower production.

Restructuring, impairment and disposals was a charge of £647m in 2023/24, compared to a gain of £15m in 2022/23. The charge in the current year was due to a PPE impairment of £252m on the steelmaking assets in Port Talbot which will be closed in 2024/25, a £241m restructuring provision, including redundancy costs, for the proposal to close the Blast Furnaces in Port Talbot in 2024/25, and a £115m past service cost on the BSPS due to changes to the Scheme rules which mean that members are entitled to any surplus on the Scheme following the completion of the purchase of certain insurance policies in the current year (see note 3).

Net finance cost in 2023/24 was £208m, £89m higher than 2022/23. This is primarily due to higher interest rates and an increase in debt levels in the UK Business across the year.

Taxation was a net charge of £33m in 2023/24 compared to £470m charge in 2022/23. The current year includes a charge of £145m due to a decrease in tax credits recognised for deferred tax purposes required to offset the deferred tax effects of actuarial movements on the UK defined benefit pension scheme (BSPS), a credit of £27m due to an increase in tax credits recognised for deferred tax purposes following cash flow hedge reserve movements in the UK, and a deferred tax credit of £85m in the Dutch fiscal unity following the recognition of additional tax losses and other tax credits.

The prior year primarily comprised of a £352m charge to offset a net deferred tax credit in other comprehensive income relating to BSPS actuarial losses, a charge of £38m due to a decrease in UK tax losses recognised for deferred tax purposes following cash flow hedge reserve movements, and a deferred tax charge of £55m in the Dutch fiscal unity following the utilisation of tax losses and other tax.

Financing

The Group has external borrowings under a Senior Facilities Agreement ('SFA') which was successfully refinanced in October 2022. The SFA is secured against the assets and shares of Tata Steel UK Limited and the shares of Tata Steel Netherlands Holdings B.V. ('TSNH'). The SFA contains

covenants for cash flow to debt service and debt to tangible net worth calculated at the level of Tata Steel Limited in India. At 31 March 2024, The SFA comprises of a €302m bullet term loan repayable in February 2026.

In September 2023, TSUK entered into a new £100m three year committed facility with an external bank. As of 31 March 2024, the facility is fully drawn.

In October 2023, TSUK increased its revolving credit facility with a syndicate of lenders with a new limit of £350m, previously £200m. As of 31 March 2024, the facility is fully drawn.

In January 2024, TSUK increased an uncommitted working capital facility with an external bank to £75m. As at 31 March 2024, the facility was undrawn.

In January 2024, TSUK entered into a new £80m revolving credit facility with an external bank. As at 31 March 2024, the facility is fully drawn.

As at 31 March 2024, the UK Business had access to debt facilities totalling £1,005m of which £100m was undrawn. This £100m was drawn in April 2024 subsequent to the balance sheet date. Furthermore, on 13 May 2024, TSUK successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility.

As at 31 March 2024, TSN had access to an RCF of €200m of which €125m was undrawn. On 22 May 2024, subsequent to the balance sheet date, TSN increased the total commitments under the RCF to €400m.

Tata Steel IJmuiden B.V. ('TSIJ') and certain other subsidiaries of TSN continue to have access to a trade receivables securitisation arrangement. Under the uncommitted arrangement, an external bank has agreed to purchase all eligible receivables from these entities up to a programme maximum amount of €600m on a non-recourse basis.

TSUK continues to have access to a trade receivables securitisation arrangement. Under the uncommitted arrangement, an external bank has agreed to purchase all eligible receivables from TSUK up to a programme maximum amount of £400m on a non-recourse basis.

Acquisitions and Disposals

On 20 December 2023 Tata Steel Nederland BV (TSN), a wholly owned indirect subsidiary of the Company completed the acquisition of Grijze Poort B.V. (GP) from Monument Immo Management NV (MIM) through a share purchase agreement. The assets acquired through this transaction, which mainly included land and buildings, were mostly leased to subsidiaries within the Group. Through the acquisition of GP, the Group also acquired the remaining stake in another of the Group's existing subsidiaries, C.V. Benine, for which GP had previously held a minority stake. Following this transaction the Group's shareholding in this subsidiary is now 100%.

Across the wider Tata Steel Group there is a continuing focus on simplifying the corporate structure by reducing the number of separate legal entities. This is intended to reduce costs, reduce complexity, aid in transparency and improve corporate governance. During the current year 6 subsidiaries were placed into liquidation (all in UK and Ireland) via members voluntary liquidation (MVL) and the Group completed dissolution of 13 subsidiaries, (including 7 subsidiaries which entered into MVL in prior years). As at 31 March 2024 there were 3 non-trading subsidiaries in voluntary liquidation (all in UK and Ireland) and it is anticipated these will enter into dissolution within 2024/25.

Full details of TSE's subsidiary companies can be found in note 37 of the accounts.

Cash flow

Net cash flow from operating activities in 2023/24 was an outflow of £707m (2022/23: £465m inflow). This was primarily due to EBITDA loss of £749m (2022/23: £464m gain), a net cash outflow of £120m (2022/23: £67m) in relation to interest and £7m (2022/23 £32m) in relation to taxation, partially offset by inflows in relation to working capital.

The working capital to turnover ratio (excluding the impact of securitisation arrangements) increased slightly to 15.2% in 2023/24 from 14.4% in 2022/23 despite a decrease in working capital.

Net cash flow used in investing activities was an outflow of £593m (2022/23: £395m) mainly on account of property, plant and equipment capital expenditure of £624m (2022/23: £429m).

There was a net cash inflow of £611m from financing activities (2022/23: inflow of £91m) mainly due to proceeds from new

loans and issue of equity shares in order to provide funding to the UK Business. The net decrease in cash and cash equivalents in 2023/24 was £689m (2022/23: £161m increase).

Capital expenditure

Capital expenditure on property, plant and equipment in 2023/24 at £624m (2022/23: £429m) included spend on a number of major capital projects in both the Netherlands and the UK.

In the Netherlands this included, within the IJmuiden site, significant capital expenditure on the Blast Furnace 6 rebuild programme. Alongside this, a number of investments to support the Roadmap plus programme are ongoing. This programme aims to achieve a better living environment for its local community through extra measures and investments. Some examples in the year are the development of a DeNOx plant to filter pellet fumes, reducing pellet factory emissions by 80% and wind screens made of perforated steel to reduce dust emissions from the raw material yards.

The main projects within the UK in 2023/24 include investments at Corby on the transformation programme to consolidate the operation onto a smaller site, which includes the investment in a new cold form mill. The new mill will roll steel into tubes which can be used in construction and various engineering applications from farm machinery to bridges and heavy goods vehicles. The work is expected to be completed in 2024. Corby has also benefited from an investment to convert the gas furnaces on the SR2 mill to electric as the first part of plans to make the site CO2 neutral. At Hartlepool work continued on an investment in a new slitter with the line expected to open in April 2024. The new slitting line will enable the tubes site to process coils of steel delivered from both Port Talbot and external sources.

Balance sheet

TSE's consolidated net assets at 31 March 2024 were £909m (31 March 2023: £3,089m).

The decrease of £2,180m was due to the loss after taxation of £1,891m (2022/23: loss of £344m) caused mainly by an operating loss of £1,007m due to a weak European steel market and various operational issues including a delay to the Blast furnace 6 reline and restructuring costs of £647m mainly relating to the decision to close certain assets at TSUK's Port Talbot site. In addition there was an other comprehensive loss of £387m (2022/23: loss of £1,152m) caused mainly by actuarial losses on the BSPS retirement benefit asset (further details on pensions and post-retirement benefits can be found in Note 21); and an increase in equity due to a share issue of £100m to support liquidity in TSUK.

Net debt at 31 March 2024 amounted to £2,603m (31 March 2023: £1,379m). Of the net debt, approximately 51% (31 March 2023: 94%) was owed to Tata Steel group companies. Cash and short term deposits at 31 March 2024 amounted to £133m (31 March 2023: £828m). Further details on borrowings can be found in Note 19.

Financial risk management

TSE's financial risk management is based upon sound economic objectives and good corporate practice. The Group's main financial risks are related to the availability of funds to meet its business needs, movements in exchange rates, and commodity costs. Derivative and other financial instruments are used to manage any exposures where considered appropriate. Further details of its financial risks, and the way the Group mitigates them, are set out in Note 24.

A6. Non-Financial Sustainability Information Statement

Effective for periods commencing after 6 April 2022, The Climate-related Financial Disclosure Regulations 2022 ("the Regulations") have been introduced in the UK to report on material climate-related matters and its impact on TSE. The regulations comprise eight climate-related financial disclosure ('CFD') requirements (A-H) based around the four pillar framework (Governance, Risk Management, Strategy, Metrics & Targets) developed by the Taskforce on Climate-related Financial Disclosures ('TCFD'). For the year ended 31 March 2024, TSE meets the relevant threshold of having 500 employees and turnover of more than £500m.

TSE's strategy, along with the wider TSL group is to become a Net Zero Organisation by 2045 with an interim target of reducing direct emissions by 10 million tonnes by 2030. Implementing carbon reduction across TSE's activities requires the development of various governance processes as the climate challenge permeates across TSE's strategic decision-making channels.

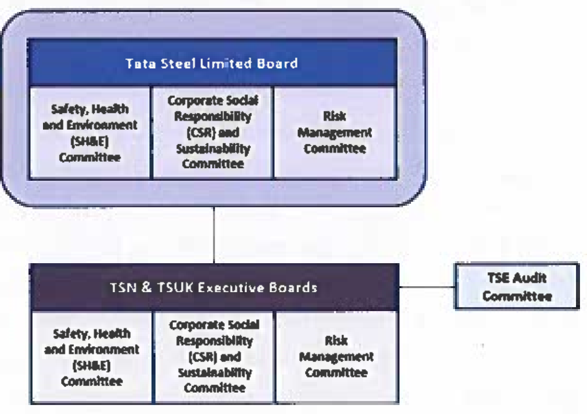
TSE recognises that climate change poses several physical (e.g. severe environmental shifts) and transition-related (e.g. demonstrably moving toward a greener economy) risks and opportunities for its business and wider industry.

The following sections set out climate-related financial disclosures covering how climate change is addressed in corporate governance; how climate-related risks and opportunities are managed; what impacts these have on strategy; and the performance metrics and targets applied in managing these issues.

Section 1: Governance

This section addresses CFD requirement (A) and outlines: (1) the climate risk governance structure, and; (2) board and management responsibilities.

1.1 Board and Committee responsibilities



The Board of Tata Steel Limited ('TSL'), the ultimate parent company of TSE, leads the climate risk assessment and identification of mitigations for the whole Tata Steel Group. TSN and TSUK adopt a similar Board and committee governance structure to TSL in relation to addressing climate-related matters. While the Boards of the respective TSN and TSUK groups are responsible for their own environment and sustainability matters, this is done within a common framework aligned to achieve Tata Steel's Net Zero ambition of 2045.

The following Board committees are responsible for and have a specific remit on climate change risk assessment and strategy on behalf of the Board:

Board Committee	Key Governance and Oversight Functions in Relation to Climate-related Risks and Opportunities
Corporate Social Responsibility (CSR) and Sustainability Committee	• Providing overall governance and oversight of CSR activities of the company including recommendation of the Annual Business Plan for CSR to the Board for its approval. • Overseeing the response by Tata Steel entities to sustainability-related risks and opportunities, including those presented by climate change.
Safety, Health and Environment Committee (SH&E Committee)	• Providing oversight of the policies relating to Safety, Health and Environment and their implementation across Tata Steel Group. A number of Climate-related risks and opportunities fall within the scope of the oversight this committee provides including, but not limited to, compliance with and costs of carbon trading policies.
Risk Management Committee	• Overseeing key risks, including strategic, financial, operational and compliance risks • Assisting the Board in framing, implementing and monitoring the Risk Management Plan for the Company and reviewing and guiding the Risk Policy • Developing risk management policy and risk management system framework for the Company

1.2 Individual responsibilities

Tata Steel Group's Global Chief Executive Officer & Managing Director (CEO & MD) and the Executive Director & Chief Financial Officer (ED & CFO) are members of the Company's Board in an executive capacity and are also members of the CSR & Sustainability Committee and Risk Management Committee. The CEO & MD is also on the SH&E Committee.

Under the Board governance arrangements, Tata Steel's CEO & MD periodically review the status of the action plan for long term strategy including climate change mitigation plans. While the CEO & MD set leadership direction, the team under that role evaluate various options, engage with relevant internal & external stakeholders, pursues responsible advocacy to inform policy in a proactive manner and develops & implements strategy. The CEO & MD also sit on the Boards of TSN and TSUK.

Section 2: Risk Management

This section addresses CFD requirements B and C and explains: (1) TSE's approach to climate risk management, and; (2) how this approach is integrated into the overall risk management process.

2.1 Identifying and assessing climate risk

Enterprise Risk Management

Tata Steel uses its Enterprise Risk Management (ERM) process for managing climate change risks across the company and its subsidiaries, including TSN and TSUK, in an integrated and uniform manner. The process identifies and assesses business risks using a two-pronged approach, i.e., bottom-up and top-down, to ensure comprehensive risk identification and to minimise 'blind spots'.

Climate change related risks are assigned likelihood and impact values to arrive at the risk score. Likelihood & impact scores are assigned from a 5-point scales, as tabulated below which aides management to prioritise risks and opportunities. Scores for these parameters are assigned after a rigorous due-diligence process including scenario-analysis to stress test the assumptions and assess various pathways in which the risk may play out. The impact assessment is based on five metrices – financial, market /customer, brand / reputation, environment and business continuity and the worst-case risk scenario is considered for assigning the risk impact.

Likelihood Score			Impact Score	
Score	Category	Probability	Score	Category
5	Almost Certain	81-99%	5	Critical
4	Likely	61-80%	4	Major
3	Possible	41-60%	3	Moderate
2	Unlikely	21-40%	2	Minor
1	Rare	1-20%	1	Low

Materiality assessment

In 2023, Tata Steel undertook a detailed and systematic assessment of Physical and Transition risks in a Climate Risk assessment focusing on its key steel making sites in India, the Netherlands and the UK. The assessment was conducted by an independent third party advisor. As part of the review, scenario analysis was conducted to evaluate the company in a base case and a low carbon range.

The risk assessment exercise complemented the pre-existing ERM process operated within Tata Steel and material risks identified were incorporated into the ERM process so that they could be managed and subject to Board oversight in accordance with the existing risk management processes in place across Tata Steel.

Further detail of the impact of these scenarios on the TSE group is set out in Section 4.

2.2 Managing climate risks

Appropriate early warning indicators and mitigation strategies are identified for review by the Risk Management Committees for TSN and TSUK.

TSN's Risk Committee meets quarterly and comprises of the TSN Board of Directors and risk officers. Its principal purpose is to assess and identify TSN's most significant and emerging risks which are aligned to TSN's strategy and the delivery of its objectives. In addition, risk sub-committees have been installed within the Business Unit Tata Steel Downstream Europe and Business Unit IJmuiden, composed of cross-functional senior leaders who assess emerging risks on a quarterly basis.

TSUK's Risk Committee meets quarterly and comprises of the TSUK Chairman and its Chair and the UK Management team which is composed of cross functional senior leaders. The Risk Committee also has representation from the ultimate parent company, TSL. Its principal purpose is to assess and identify TSUK's most significant and emerging risks which are aligned to TSUK's strategy and the delivery of its objectives. In addition, monthly risk management sub-committees are held by each of TSUK's Chief Operations Officer, Chief Financial Officer and the Chief Commercial Officer.

2.3 Integration processes for identifying, assessing and managing climate-related risks into the overall risk management process

The integration of climate risk into the overall risk management process has been enabled through:

i) Raising awareness amongst risk owners and the operators of the ERM process of climate-related risks and opportunities through regular internal communications.
ii) Integrating climate into the risk appetite reporting (Principal risk & uncertainties / significant risk on Risk register).
iii) Embedding climate-related reporting into Boards and key Committees.
iv) Integrating climate risks in scenario analysis / appraisals (incorporating climate considerations on all assessments).

Section 3: Strategy

This section addresses CFD requirements D, E and F and explores the principal climate-related risks (actual and potential) and opportunities, and their impacts on the TSE Group's business, strategy and financial planning. It also describes methods used to understand and measure these climate-related risks, and TSE's resilience under different climate-related scenarios.

3.1 Climate-related risks and opportunities

The table below outlines the principal climate-related risks and opportunities that arise in connection with TSE's operations, alongside: (1) affected business areas; (2) time horizons, and; (3) current and future mitigating actions. A short term (S) horizon is considered to be between 0 to 5 years, Medium term (M) 5 to 20 years and long term (L) greater than 20 years.

Risks

a) Transition risks

Climate factor	Risk	Area	Term	Impact	Like-lihood score	Impact score	Mitigating actions
Policy and Legal	Carbon pricing and Carbon Border Adjustment Mechanism (CBAM). TSN and TSUK are subject to a wide range of government policy measures to incentivise the reduction of greenhouse gas emissions. The most important are the European Union Emissions Trading System (EU ETS) and the UK ETS, Under the respective ETS, industrial installations considered to be at significant risk of CO_2 leakage are allocated free allowances based on benchmark levels of performance to safeguard competitiveness. These free allowances decrease every year, and hence the cost of ETS compliance increases.	NLUK	S	Opex	4 4	4 3	Structural transformation of steelmaking assets at NL and UK to significantly reduce CO_2 emissions. (See opportunities section below for further detail). Systematic targeting of incremental improvements in carbon emissions and energy efficiency in downstream processing assets across the NL and UK operational portfolios. Key measures include electrification of steel re-heating), evaluation of options to fuel switch, use of renewables (either through construction of on-site renewable projects, private wire arrangements to 3rd party developments or procurement of certificates of renewable origin).
Markets	Procurement of low-carbon energy net of ability to pass on the higher costs to its customers.	NL UK	S / M	Opex	4 4	5 4	Systematic targeting of incremental improvements in energy efficiency in downstream processing assets across the TSN and TSUK operational portfolios (see above). Providing innovative commercial offerings to the market that increase the willingness of customers to pay a price premium for lower-CO_2 products.
		NL UK	S	Market share / revenue	4 4	4 4	Decarbonising production activities with a particular focus on the transformation of steelmaking activities. Providing innovative commercial offerings to the market ahead of the transformation Providing Excellent Information to Customers on Environmental Footprint of Products

Technology	Cost of transitioning to low carbon steel making technologies. The ability to realise transformational decarbonisation of steelmaking assets is critically dependent on adequate and timely support from governments in terms of (i) financial support, (ii) granting of permits, (iii) provision of enabling infrastructure (e.g. abundant and affordable green hydrogen and green electricity), (iv) maintaining a level playing field for EU and UK steelmakers, (v) creating demand and markets for 'green' steel.	UK NL	S M	Cash flow / Capex	2 3	5 4	**GHG reduction commitments** The NL business and Dutch Government have signed an Expression of Principles to transition to low-CO_2 steel making, with an ambition to reduce CO_2 emission by 5 million tonnes by 2030. Discussion are currently ongoing with the Dutch Government and Tata Steel Limited about financial support to help fund this transition. The NL business is committed to transition out of blast furnace operations (closing both blast furnaces and coke ovens) to steel making using DRI technology and electric smelting or other viable and scalable technology, with an eventual transition to Green Hydrogen depending on availability and economics. On 15th September 2023, the UK business announced that it had reached an agreement in principle with the UK Government on proposals that would see the two blast furnaces at Port Talbot replaced with an electric arc furnace (EAF). The proposed EAF and associated investments are expected to cost £1.25 billion. Under the agreement, the UK Government would contribute £500 million and Tata Steel would fund £750 million. The project will bolster UK's steel security and would be the first major step towards decarbonisation of the UK steel industry, potentially reducing direct emissions by 50 million tonnes over 10 years.
Acute & chronic	Water stress and drought. TSN's operations are not currently water-constrained in material terms but pressures on fresh-water resources are projected to increase with a changing climate.	NL	M / L	Opex/ Capex	3	1	Implement water conservation measures in accordance with recognised global best practice.
Acute & chronic	Storms and high winds	UK	M / L	Opex / Capex	3	1	Implementation of robust asset condition management process across TSUK sites. Consideration of changing climate taken into account in all new construction design.

b) Opportunities

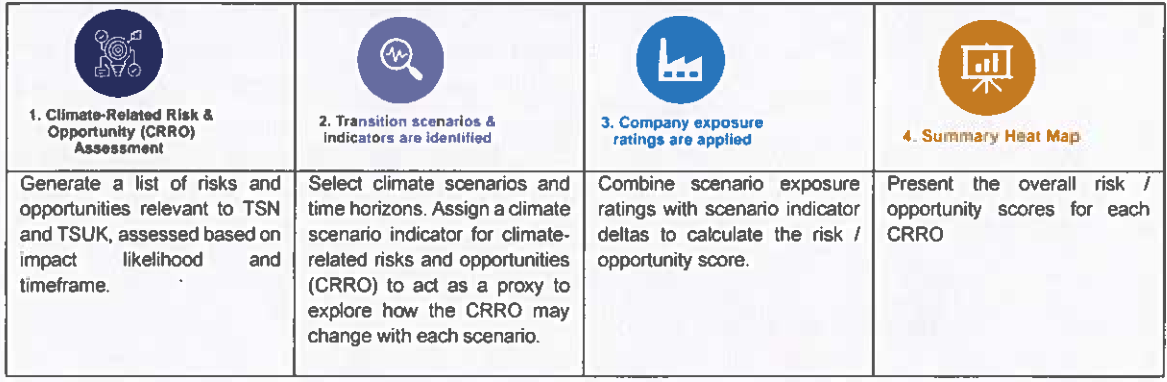
Climate factor	Opportunity	Area	Term	Impact	Likelihood score	Impact score
Technology / Resource efficiency	Transition to lower CO_2 technology (e.g Electric Arc Furnace (EAF)) steel making process will significantly reduce carbon emissions. Steelmaking by EAF uses scrap as the main raw material instead of iron ore. The UK is currently a net exporter of scrap iron so there is a readily available source of scrap in the UK. Transition to EAF will significantly reduce TSUK's input cost base, its exposure to carbon compliance costs and reduce exposure to exchange rate effects (when a bigger proportion of raw material comes from domestic sources).	UK	S / M / L	Revenue/ operating costs/ Capex	5	4
Technology / Resource efficiency	Transition to lower-CO_2 steel making e.g. EAF technology in conjunction with hydrogen-based direct reduction of iron (DRI) will reduce TSN's exposure to carbon compliance costs.	NL	M / L	Revenue/ operating costs/ Capex	5	4

Products & services	Enhanced demand for low carbon steel products enabling revenue uplift for 'Green-steel' premiums. Failure to respond to increased market demand for low-CO_2 steel products (A growing number of customers across all the market sectors supplied by TSE are making procurement decisions based upon the comparative carbon and wider-ESG credentials of prospective suppliers. Inter-material competition is also increasing in some market sub-sectors. These developments present both a risk and an opportunity to TSE. They are a downside risk if TSE cannot decarbonise its operations at the pace of its key competitors but they are an opportunity if TSE can decarbonise quicker than its competitors and if it can demonstrate to the market that its commercial proposition is more attractive than that of its competitors.	UK NL	S / M / L M / L	Revenue	4	4
Products & services	Increased demand for high strength steels (which can be used to lightweight end-user products such as cars, thereby making them more carbon efficient during their operational life).	UK - NL	S / M	Revenue	4	3
Products & services	TSE has launched commercial propositions that allow customers to take a stake in its decarbonisation journey, whilst demonstrating their own contribution to societal CO_2 emission reductions. Under the brand names Zeremis Carbon Lite and Optemis Carbon Lite for TSN and TSUK respectively, the propositions are based on an approach described as carbon 'insetting,' in which actual emissions reductions are third-party verified, banked and then offered to customers as a way of off-setting their own Scope 3 CO_2 emissions. The CO_2 savings are real, part of the customer's value chain, and are subject to verification by leading assurance organisation DNV. Revenues from the sale of certificates are used to fund projects generating further CO_2 savings to be verified by DNV, speeding up the Group's decarbonisation.	NL&UK	S / M / L	Revenue	3	3
Markets	Increased access to capital markets – Banks may be more willing to lend to 'Greener' companies to meet their own sustainability targets and to enhance their own green credentials. Funding may also be provided on more favourable terms	UK / NL	S / M	Cash flow	3	2

3.2 Resilience of the business model and strategy, considering difference climate-related scenarios

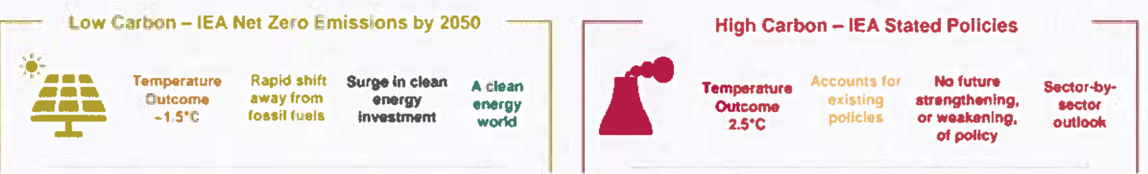
Scenario analysis has been carried out for the NL and UK businesses as part of a TSL Group wide materiality assessment. The objectives of the analysis were to assess materiality, prioritise key risks and opportunities and provide insight to the resilience of the business models and strategy under different climate scenarios.

The assessment was performed using a four-stage process as follows:



1. Climate-Related Risk & Opportunity (CRRO) Assessment	2. Transition scenarios & indicators are identified	3. Company exposure ratings are applied	4. Summary Heat Map
Generate a list of risks and opportunities relevant to TSN and TSUK, assessed based on impact likelihood and timeframe.	Select climate scenarios and time horizons. Assign a climate scenario indicator for climate-related risks and opportunities (CRRO) to act as a proxy to explore how the CRRO may change with each scenario.	Combine scenario exposure ratings with scenario indicator deltas to calculate the risk / opportunity score.	Present the overall risk / opportunity scores for each CRRO

A low carbon and high carbon scenario were selected for the scenario analysis.

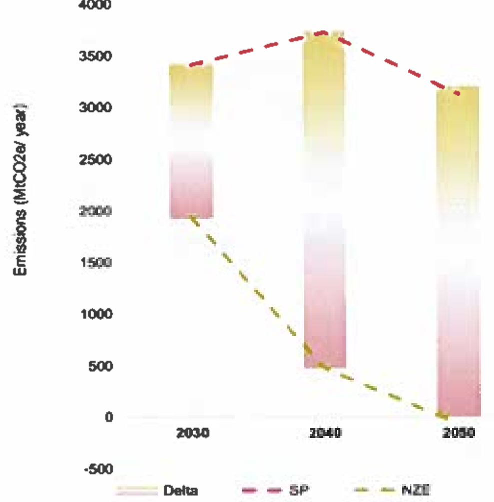


Time periods were also selected for the analysis to align with the TSE Group's decarbonisation targets.

Scenarios were used to evaluate NL and UK businesses in a base case and a low carbon range. Accordingly, two forward-looking climate scenarios were used to do this:

- **Stated Policies** – This scenario is most aligned with stated and announced policies (including those aligned with Nationally Determined Contributions (NDCs)), with an expected temperature outcome of ~2.5°C by 2100.
- **Net Zero Emissions by 2050 (NZE)** – This is an ambitious scenario that limits global warming to around 1.5 °C through stringent climate policies and innovation, reaching Net Zero CO_2 emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately. The global temperature rise peaks below 1.6 °C around 2040, before dropping to ~1.4 °C in 2100.

Scenario deltas were multiplied by exposure ratings to give a risk/opportunity score. The graph below shows indicative data for a scenario indicator under the Stated policies (SP) and Net Zero Emissions by 2050 (NZE) scenarios. The difference between the two scenarios at each time point was used to represent the inherent risk posed by a given climate-related risk or opportunity. Where there is a greater difference between the higher and lower carbon scenario, it is assumed there is a higher inherent risk or opportunity. The key risks and opportunities identified from the assessment are set out in section 3.1.



Section 4: Targets and Metrics

This section addresses CFD requirements G and H and how TSE has set climate-related targets and KPI measures to assess progress in managing climate-related risks and opportunities.

4.1 GHG emissions

TSE, along with the wider TSL group has a target to become a Net Zero Organisation by 2045. The NL business, as part of its long-term sustainability strategy, has built upon this Group-wide target through its public commitment to reduce its CO2 emissions by 5 million tonnes per year by 2030 and to be fully climate-neutral by 2045 via an accelerated transition process. The UK business established in 2020 a target to reduce its direct emissions by 30% by 2030, compared to 2018, and has since announced its plans to transition to electric arc furnace steelmaking at its UK steel plant in Port Talbot – a plan that will achieve a reduction in annual direct emissions from the site of over 5 million tonnes.

Methodology

TSE calculates and reports emission intensity based on the guidelines provided by the World Steel Association (worldsteel). These were originally derived from the GHG Protocol methodology and are designed specifically for and been widely adopted by the steel sector. TSE was a founder participant in worldsteel's Climate Action programme and has been recognised as an accredited Climate Action member ever since.

The GHG Protocol is sector agnostic and enables investors in their capital allocation decision making across sectors. It has been prepared by World Resources Institute and World Business Council for Sustainable Development and is the world's most widely used greenhouse gas accounting standards for companies. The use of GHG Protocol has also been recommended for use by the draft standards issued by the International Sustainability Standards Boards (ISSB) under the IFRS Foundation, the Science Based Target initiative (SBTi) and CDP (formerly Carbon Disclosure Protocol).

The guidelines provide for site-wise emission reporting by steel companies based on common definitions and agreed boundaries. The data collection programme enables individual steel plants to compare themselves against both average and best performance in the sector and identify the scope for improvement.

Over time, the emission reporting landscape has evolved, and investors and global reporting standards have been coalescing behind emission reporting based on the original Greenhouse Gas Protocol (GHG Protocol) methodology. Recognising the likely changes in reporting methodologies in future, TSE is beginning to make a transition towards reporting its emission as per the GHG Protocol. However, in order to ensure continued comparability against peer sites, TSE will continue to report its emission intensity as per the worldsteel methodology.

Historic trends

The table below shows CO2 emissions of the NL (Tata Steel Nederland BV) business and UK business (Tata Steel UK Limited) over the past five years which forms the baseline against which future performance is the be measured.

Tata Steel Nederland BV	UOM	FY20	FY21	FY22	FY23	FY24
Scope 1	Million tonnes	11.8	10.9	11.6	10.9	8.6
Scope 2	Million tonnes	(0.1)	(0.1)	(0.1)	(0.3)	0.1
Scope 3	Million tonnes	0.2	0.2	0.3	0.3	-0.2
Scope 1 +2 + 3	Million tonnes	11.9	11	11.8	10.9	8.5
CO2 emissions intensity	tCO2/tcs	1.76	1.78	1.78	1.78	1.8

Tata Steel UK Limited	UOM	FY20	FY21	FY22	FY23	FY24
Scope 1	Million tonnes	6.6	6.2	6.4	5.7	5.5
Scope 2	Million tonnes	0.2	0.2	0.2	0.2	0.2
Scope 3	Million tonnes	0.3	0.2	0.2	0.1	0.2
Scope 1 +2 + 3	Million tonnes	7.1	6.6	6.8	6.0	5.9
CO2 emissions intensity	tCO2/tcs	2.09	2.00	2.02	2.05	2.02

A7. Section 172, Companies Act 2006

Section 172, Companies Act 2006

This report sets out how the directors have had regard to the matters set out section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the interests of the Company's employees;

c) the need to foster the Company's business relationships with suppliers, customers and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the Company.

Since 1 October 2021, the principal management and decision-making of the Group has been devolved to the separate boards and management teams of the UK and MLE Businesses. With effect from that date, the Board has concentrated on oversight and assurance of the consolidated financial result of its Group. Responsibility for the direction and control of each of the UK and MLE Businesses, including primary responsibility for setting strategic priorities, supporting stakeholder engagement and communication with the Company's ultimate parent company in India, has been assumed by TSUK and TSN and their respective management teams. The Company continues to maintain processes and controls in place to assure itself of the performance and results of its Group companies.

Governance responsibilities in relation to audit matters are delegated to a Board committee which supports the Board in carrying out its duties. This committee comprises non-executive directors to provide appropriate external perspective and challenge. The Audit Committee provides governance and oversight for financial and other key assurance matters.

The Board and Audit Committee promote high standards of corporate governance throughout the organisation and hold regular scheduled meetings to consider matters relevant to the Group. Five Board meetings were held during the year ended 31 March 2024, with additional Committee meetings held as required. In 2023/24 the Board and Audit Committee continued to meet electronically via Microsoft Teams and further decisions were made by circulation where appropriate. Any new directors inducted into the Company are made aware of their directors' duties, including section 172(1) of the Companies Act, 2006. Induction materials are regularly refreshed and made available to all TSE directors via a Board Portal. One new director was appointed during the financial year.

A framework of policies are separately deployed in the constituent businesses of the Group. These include delegated authority levels applicable to senior management roles across the organisation. These delegated authority levels also identified certain financial and commercial decisions reserved to the TSL Boards. The Board typically reviews in advance any matter reserved from the constituent businesses for the attention of the TSL Board. The Board is conscious of the impact business decisions have on stakeholders as well as the wider impact on society. The Board recognises that given the complexity of the Group's operations not all decisions taken in its businesses will align with all stakeholder interests. Accordingly, in its role of assuring financial reporting and management of its constituent businesses, the Board has supported decisions in the year that it believes best support the strategic objectives of its businesses.

(a) the likely consequences of any decision in the long term

The Board approved the 2023/24 Annual Plan for the Group and monitored its implementation throughout the year through regular reports of financial performance. The Board also took note of external factors, including the steel industry outlook and global and economic market conditions. The Board is mindful of the Group's decarbonisation objectives and provides guidance and direction to its constituent businesses where relevant. In the year ended 31 March 2024, the Board has considered the progress of major decarbonisation initiatives and capital expenditure projects essential to the long-term future of its businesses.

Consistent with its role as a holding company for separate businesses, members of the Board also monitor the progress and development of key operational and sustainability issues in its constituent businesses and provide guidance in relation to the factors necessary to support long-term financial stability and sustainable value growth.

To optimise and maintain financing available to the Group, the Board approved equity restructuring and recapitalisation to support the funding requirements of its subsidiaries for Q4 of 2023/24.

(b) the interests of the Company's employees

Disclosures in relation to the Group's employees are set out in this Strategic Report and in the Corporate Governance statement on page 41 of the TSE Annual Report. Primary responsibility for considering the interests of employees rests with the constituent businesses in their operating geographies. The Board has nevertheless had regard to the interests of the Group's employees during the period and supported engagement with employees and employee representatives as appropriate. The Board recognises the importance of attracting, retaining and motivating employees to deliver each Value Chain's strategic objectives.

The Board expects its businesses to prioritise the health, safety and wellbeing of their workforces and has reviewed key metrics relating to the safety of Group operations and the well-being of Group employees. The Board also supports the escalation of important matters to the Safety, Health and Environment Committee of the Tata Steel Group.

The Board also has particular regard to the impact on employees and local communities when considering developments relating to the reorganisation, divestment or closure of any part of the business or Group including the restructuring proposals of the UK Business which were announced during the year and will have a significant impact on a large proportion of the Group's employees.

(c) the need to foster the Company's business relationships with suppliers, customers and others

The boards of the principal operating companies in the Group have oversight over many stakeholder relationships and have regard to these relationships in their decision making. In reviewing the performance of its operating subsidiaries, the Board has sought to understand and engage with matters affecting the interests of stakeholders, whether in relation to the management of spend with suppliers, the hedging of financial risks with strategic supplier contracts or in relation to the future sustainable operations of its plants. The Board has taken regular updates on matters of political relevance to the Group in its principal geographies and sought to provide a forum for engagement between the Group's shareholder and senior members of operational management.

Further information can be found in the Strategic Report and in the Corporate Governance statement under Principle 6 on page 43 of the TSE Annual Report.

(d) the impact of the Company's operations on the community and the environment

The Board is aware of the impact of steel manufacturing on the environment and its local communities and the Board has taken reports on environmental performance. More broadly, the Board has supported the Group's efforts to decarbonise its carbon intensive businesses, including through proposals announced by TSUK during 2023/24. The Board has acknowledged the impacts that such measures will have on communities in which the Group operates.

A key ambition is that the Group should be carbon neutral by 2045 and the Company's UK and MLE Businesses continue to explore different strategic technological solutions to achieve their objectives in their respective geographies. More details of TSE's decarbonisation objective can be found in the Strategic Report on page 17 of the TSE Annual Report.

As a major employer, companies in the Group act as a cornerstone customer for local businesses. In addition, the Group contains a business which supports the economic regeneration of communities affected by changes in the steel industry in the UK. Companies in the Group also support a number of popular community events including Kids of Steel, which is one of the world's longest running triathlon series for kids and the Tata Steel Chess Tournament in the Netherlands. Companies in the Group have also continue to support diversity and equity with training and employee interactions centred on events such as International Women's Day.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to maintaining the reputation of the Company and high standards of business conduct in all its business dealings. The five Tata values are set out in the Corporate Governance statement on page 41. In addition, the Tata Code of Conduct, which is a series of principles supporting the Tata values and ethical conduct, applies to all Tata branded companies.

The Group expects honesty, integrity, and transparency in all aspects of its business dealings from employees, contractors and other partners. The Board and Audit Committee reviews control measures and frameworks to uphold ethical principles

and high standards of corporate and personal conduct. Companies in the Group have adopted a number of compliance policies including competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery and human trafficking and data privacy. The Group also requires senior management and relevant employees to undertake mandatory compliance training and assessments.

Businesses in the Group have considered how they can continue to support customers and other stakeholders, whether by incorporating new technologies such as artificial intelligence or by making resources available to support customers through the decarbonisation transition in the UK.

(f) the need to act fairly between members of the Company

Following its acquisition by Tata Steel in 2007, Corus Group Plc reregistered as a private company and in 2010 rebranded as Tata Steel Europe. The Company is indirectly wholly owned by TSL, a listed company in India. Further details of ownership are set out on pages 54 and 94 of TSE's Annual Report.

Further details of group companies are also set out on page 94 of TSE' Annual Report.

The Board includes directors holding senior positions at TSL who are therefore able to communicate the views of the shareholder. The Group also has mechanisms in place for reporting to the TSL board and its committees.

A8. Approval of Strategic Report

Section A of this Annual Report comprises a strategic report for the Group which has been prepared in accordance with, and in reliance upon, applicable English and Welsh company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by the law. It should be noted the strategic report has been prepared for the Group as a whole, and therefore gives greater emphasis to those matters which are significant to the Company and its subsidiaries when viewed as a whole.

Approved by the Board of Directors and signed on behalf of the Board by:

K Chatterjee
Director
22 June 2024

Directors' report for the year ended 31 March 2024

The directors present their report and the audited consolidated financial statements of the Group and Company for the year ended 31 March 2024.

The Board

The directors of the Company who served throughout the year from 1 April 2023 to the date of this report (unless otherwise stated) were as follows:

T V Narendran (Chairman)
H Adam
O P Bhatt (non-executive) (resigned 9 June 2023)
D Kapoor (appointed 31 July 2023)
K Chatterjee

There is an established Board committee for audit matters. Health, safety and environment matters are reported to the Board and considered by the SHE committee established for the TSL Group.

Directors' indemnity

The Company's articles of association provide, subject to the provisions of UK legislation, that the Company may indemnify any director or former director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Group (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors & Officers liability insurance.

Dividends

The directors do not recommend that a dividend be paid, and no dividends were paid or proposed during the year (2022/23: nil).

Political donations

The Company does not make any donations to political parties and none were made during the year.

Statement as to disclosure of information to the Company's auditors

Each director in office at the date of this Directors' report confirms that:

a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

b) the directors have taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed as auditors to the Company for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an AGM. Price Waterhouse & Co Chartered Accountants LLP in India is the auditors of the ultimate parent company, TSL.

Going concern

The directors have assessed the future funding requirements of the Group and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities.

The TSE Group is made up of two businesses one centred on the UK but also including manufacturing assets in Sweden and Norway as well as certain international sales offices (together 'the UK Business') and the other centred in the Netherlands but including manufacturing assets elsewhere in mainland Europe ('MLE') and the United States, along with other international sales offices (together 'the MLE Business').

The directors have considered a number of possible scenarios for the financial position of both the UK Business and the MLE Business, with reference to the Group's Annual Plan ("the base case") and the mitigating actions the Group could take to limit any adverse consequences to liquidity. The steel industry is cyclical with market conditions during the 12 months to March 2024 proving challenging. Alongside the challenging trading conditions, the MLE Business relined one of its two blast furnaces during the year and this contributed to negative EBITDA and operating cash flows during 2023/24. Nevertheless, the MLE Business ended the March 2024 quarter with a positive cash balance and unutilised financing facilities of €130m. Given that the reline of the blast furnace has been completed and specific actions to improve business performance are being undertaken, the liquidity position of the MLE Business is expected to improve in the 2024/25 financial year. In order to help manage any short term fluctuations in liquidity

requirements, on 22 May 2024 the MLE business increased the total amount of its committed financing facilities by €200m to a total of €400m. Following the refinancing, under all scenarios considered by the directors, including a severe but plausible downside scenario, the MLE Business has access to adequate liquidity over the next 12 months.

In previous years, as part of the wider TSL group, the Group's UK Business has benefited from significant financial support from its parent companies in order to settle historic financial indebtedness and to invest in working capital. This support included equity proceeds of £1,366m in 2021/22 and support in arranging bank finance facilities which the UK Business either has direct access to or indirect access via other TSL group companies. In March 2024, additional equity support of £100m was provided to the UK Business with a further £100m in April 2024.

On 15 September 2023, Tata Steel UK Limited ('TSUK') which forms the main part of the UK Business, announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund £750m of the capital cost not covered by the government grant and £250m to cover certain restructuring costs including interim cash losses which TSUK would be expected to incur as part of its proposal to close the heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government which intends to capture all the key points contained in the term sheet is currently being finalised and is expected to be signed in the early part of 2024/25. The GFA is expected to be conditional upon TSUK and TSL making the Final Investment Decision on the EAF project which is expected in summer 2024. Once the Final Investment Decision has been made, TSUK will have access to £1,500m of funding - £1,000m from TSL (of which £200m has already been provided during March and April 2024) and £500m from the UK Government in order to fund the EAF and make the transition from its current operating model.

As well as the funding mentioned above, TSUK will continue to have access to its own financing facilities to support its day to day liquidity requirements. However £255m of these facilities are uncommitted and one committed facility amounting to £150m is due to expire in the next 18 months. As such, under the base case scenario, the UK Business will, as a minimum, require additional forms of financial support to refinance or repay these facilities. As the Company is an integral part of the TSL Group, a non-binding letter of support has been provided by T S Global Holdings Pte Limited ('TSGH'), a subsidiary of TSL, which confirms that TSGH will support the refinancing, or the repayment, of any committed facilities falling due within the next 18 months as well as any uncommitted bank facilities which TSUK has access to.

Under the base case scenario and a severe but plausible downside scenario, the directors of the Company and the directors of TSUK believe that the UK Business has access to adequate liquidity given the support undertakings provided by TSGH as described above and a reasonable prospect of securing the support of the UK Government and TSL in order to enable the execution of its decarbonisation strategy. However, the currently non-binding nature of the proposed EAF investment means that the financial projections of the UK Business, and the effect on the liquidity of the UK Business, are difficult to predict with a high level of certainty.

For these reasons, while the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty with respect to the UK Business in relation to the possibility that the proposed EAF investment may not proceed as it is currently non-binding on both the UK Government and TSL, and the non-binding nature of the support letter provided by TSGH. Whilst there is no indication that the EAF investment along with the associated UK Government and parental support will not proceed, these factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's and the UK Business', and therefore the Group's, ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company, UK Business or the Group were unable to continue as a going concern..

Corporate Governance Statement

For the year ended 31 March 2024, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (Wates Principles) as the appropriate framework for its corporate governance arrangements. These have been applied taking account of the fact that the Company no longer sets the strategic direction of its subsidiaries but concentrates on oversight and assurance of the consolidated financial result of its Group.

Principle 1 – Purpose and Leadership

Since October 2021, the Company has operated its UK and MLE Businesses as two separate 'Value Chains' with their own governance structures to allow each business to pursue different strategic paths and give them greater agility and management focus. Primary management and decision-making responsibility for each of the Value Chains is therefore positioned with the boards and management teams of TSUK and TSN respectively. The annual reports of Tata Steel UK Limited and Tata Steel Netherlands each contain further details with respect to their respective governance and policies. The role of the TSE Board is now one of financial governance and oversight and providing assurance in relation to the Group's consolidated financial statements.

The TSL Group's vision has been to strive to be the global steel industry benchmark for value creation and corporate citizenship with a mission to build the leading European steel business that is sustainable and (i) delivers value to its shareholder; (ii) partners with customers and suppliers to innovate, produce and deliver steel products and services in a responsible way; and (iii) empowers its people and engages with its communities.

Tata Steel has adopted five values which are shared by all Tata companies worldwide and inform expected behaviours and practices throughout the Group:

- Pioneering - be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.
- Responsibility - be responsible and responsive to the countries, communities and environments in which the company works, always ensuring that what comes from the people goes back to the people many times over.
- Excellence - constantly strive to achieve the highest possible standards in day-to-day work and in the quality of the goods and services the company provides.
- Unity - work cohesively with colleagues across the Group and with customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation.
- Integrity: conduct business fairly, with honesty and transparency. Everything the Company does must stand the test of public scrutiny.

Each of the UK and MLE Value Chains communicates messages which reflect their purpose, values, vision, mission, strategy. Key messages are communicated by the Value Chains through their senior leadership via internal communications, senior manager updates and briefings.

During 2023/24, with the support of the Company and the Group, both of TSE' principal businesses have continued to develop their purposes and leadership directions.

In 2023/24, TSUK announced its intention to consult with employee representatives as part of its plan to transform and restructure its UK business. In April 2024, and following an extended period of formal and informal national level discussions with trade unions, TSUK confirmed its intention to proceed with the transition from legacy blast furnace operations to a more sustainable, green steel business based on electric arc furnace (EAF) steelmaking. The transformation would secure most of TSUK's existing product capability and maintain the UK's self-sufficiency in steelmaking, while also reducing TSUK's CO2 emissions by 5 million tonnes per year and overall UK country emissions by about 1.5%. Under the transformation plan, Tata Steel will embark on a £1.25 billion investment in Electric Arc Furnace technology in Port Talbot and asset upgrades to secure long-term, high-quality production at the UK's largest steelmaker. The proposed investment has been supported by the UK Government, which has committed up to £500 million to enable the transformation. The Tata Steel Group plans to invest £750 million in the project, alongside £250m funding for a comprehensive support package for affected employees, business restructuring and transition costs as part of its long-term commitment to UK production.

In the Netherlands, TSN has continued to engage with the Dutch Government on the transition to low carbon dioxide steelmaking. TSN is committed to transition out of blast furnace operations to steelmaking using DRI technology and electric smelting or any other viable and scalable technology. As the technology selection, the project economics and discussions with the Government of Netherlands are finalised, the Final Investment Decision proposal along with the financing framework will be developed in a time bound manner.

Further information relating to the Group's strategy and values may be accessed on the TSE website.

Principle 2 – Board Composition

The TSE Board comprises four directors. The balance of skills, backgrounds, experience and knowledge for the sectors in which the TSE Group operates, remains appropriate in the context of the reshaped organisation and its governance arrangements. The TSE Board has a Chairman but there is not a Chief Executive Officer responsible for a single business. None of the four directors hold executive management positions in the UK or MLE Businesses but bring experience in audit and industry matters as well as independent challenge. Three of the directors are members of the board of the ultimate parent company, TSL, two directors are also senior executive managers in TSL and one of those directors (the Chief Executive Officer of TSL) is also Chairperson of the Supervisory Board of TSN. Three are also directors of TSE's main operating company in the UK, TSUK, including the TSUK Chairperson. The size and structure of the Board is appropriate for the Company.

A biography of each TSE Board director can be found on the TSE website.

As a wholly owned subsidiary of TSL, TSE does not have its own Nominations Committee. TSE Board director appointments are usually recommended to the Board for consideration and approval by its ultimate parent company, TSL.

The Securities and Exchange Board of India (SEBI) monitors and regulates the corporate governance of TSL, which is a listed company in India.

Principle 3 – Directors responsibilities

The Board schedules its meetings to be aligned with the meetings held by its ultimate parent company, TSL, with additional meetings convened if required. Directors' interests are reported and declared at each Board meeting.

To support the TSE Board in carrying out its duties, there is an established Audit Committee with a terms of reference.

Safety, Health and Environment (SHE) matters are reviewed at the TSL group level by a SHE Committee chaired by a non-executive director of TSL. The TSUK and TSN boards continue to have primary responsibility for SHE matters which relate to their businesses and the TSE Board continues to review SHE matters which materially affect the Company.

During the year, the Board and Audit Committee received regular information on material aspects of the business including health and safety statistics, operational and financial performance, strategic matters, compliance and risk matters, stakeholder engagement, commercial and technical updates and market conditions. In addition, the internal audit and assurance function provides additional assurance on specific key risks to ensure systems and controls are operating effectively.

The separate Value Chains each apply a policy framework which set out expected behaviours, accountability and delegated management authority levels applicable to each business. The work of the audit and assurance function in each business includes reporting to the Audit Committee on matters concerning compliance with these policies.

Principle 4 – Opportunity and Risk

Since October 2021, the business improvement programmes of TSE's main operating subsidiaries in the UK and the Netherlands have been under the supervision of the TSUK and TSN boards respectively. Decarbonisation, including the significant developments during 2023/24, have continued to be a key risk and opportunity for businesses within the TSE Group and those developments are kept under review by the Board and those of the UK and MLE Businesses. The TSE Board has also considered other risks and opportunities for Group businesses during the year, including the impacts on the business of cost increases and market developments and the de-risking of pension commitments in the UK.

The principal risks and uncertainties affecting the TSE Group and mitigating actions taken in respect of them are set out in the Strategic Report on page 4. Since 1 October 2021, the principal activity of the Company has been that of a holding

company for the TSE Group of companies and to provide financial governance and oversight for the Group.

Enterprise Risk Management (ERM) frameworks have been deployed by the respective subsidiary boards for the Value Chains, in alignment with TSL's ERM framework.

TSUK's Risk Committee meets quarterly and comprises of the TSUK Chairman as its Chair and the UK Management team which is composed of cross functional senior leaders. The Risk Committee also has representation from the ultimate parent company, TSL. Its principal purpose is to assess and identify TSUK's most significant and emerging risks which are aligned to TSUK's strategy and the delivery of its objectives. In addition, monthly risk management sub-committees are held by each of TSUK's Chief Operations Officer, Chief Financial Officer and the Chief Commercial Officer.

The TSN Risk Committee meets quarterly and comprises of the TSN Board of Management and risk officers. Its principal purpose is to assess and identify TSN's most significant and emerging risks which are aligned to TSN's strategy and the delivery of its objectives. In addition, risk sub-committees have been installed within the Business Unit Tata Steel Downstream Europe and Business Unit IJmuiden, composed of cross functional senior leaders who assess emerging risks on a monthly basis and act if needed.

On a quarterly basis, the risk management teams within the Value Chains discuss approach and deployment of risk management principles and share their learnings.

Each of the UK and MLE Businesses operate processes within which they review legal compliance and asset protection matters on a quarterly basis. Reports are submitted as required to the respective boards and provided to the TSE Audit Committee on a six-monthly basis.

Principle 5 – Remuneration

The separate businesses within the Group have a reward philosophy that would enable them each to attract, retain and motivate the people they need to deliver their objectives, are competitive in relevant markets, linked to the achievement of corporate objectives and follow the principles of being simple, objective and fair. Following Separation, supervision of these matters is carried on within each business.

The remuneration of directors of the Company, including the independent non-executive member of the Board, is a matter for the TSE Chairman and for the parent company, TSL.

The Company's principal operating subsidiary in the UK (TSUK) has published its Gender Pay Gap Report for 2024, which is available on the TSE Website. Further information in relation to the Gender Pay Gap is available on page 14 of the Annual Report.

Principle 6 – Stakeholder Relationships and Engagement

The Board recognises the importance of effective communication with the stakeholders of its UK and MLE Businesses in order to deliver the purpose, values, vision, mission and strategy of those businesses and ensure protection of Tata Steel's relationships, reputation and brand. Board and Audit Committee meetings are regularly attended by senior members of each of the UK and MLE Businesses to consider and report on these matters. The Group's stakeholders include its shareholders and the customers, suppliers, employees and employee representatives, pensioners, banks, Government bodies, and the local communities in which its businesses operate.

The Board continues to regularly monitor the health, safety and wellbeing of employees, contractors and other partners of the Group, although primary management and responsibility for these matters sits with the TSUK and TSN Boards in relation to their businesses. Each business continues to adopt a health & safety framework which includes zero harm campaigns, leadership safety tours, and the deployment of five key personal health and safety commitments. Through the PeopleLink system, the businesses continue to offer online learning and development courses accessible by employees, including mental health modules as well as other health, safety and wellbeing training.

During the year, businesses in the Group deployed a number of strategies for employee engagement, including enabling employees to receive performance updates and ask questions directly to their senior leaders. Communications and Human Resources teams in each of the UK and MLE Businesses review their strategies, as appropriate, to ensure employees and senior managers remain informed as to the Value Chain performance, health and safety matters and any other matter requiring employee engagement.

The Board includes directors of the parent company, TSL. The Company and each of the businesses in the Group is required to report to its ultimate shareholder on a number of matters in order to support the Tata Steel Limited Group's overall corporate governance requirements.

B. Directors' Report

During the year, Board directors and senior managers with the relevant areas of expertise have liaised with Government bodies, including regulators, as appropriate.

The Group encourages its suppliers to work with it to create value to its end customers, society and shareholders. The Group has expects all suppliers to adhere to responsible procurement policies which underpin its commitment to ensuring supply chain transparency.

Delivering an excellent customer experience is a key strategic priority for the Group's business model and is centred around direct engagement with customers aligned to market sectors and allows for continuous feedback. The Group's businesses review and evaluate performance through Voice of the Customer listening activities which includes regular Customer Satisfaction surveys and feedback.

The Group is committed to its businesses working in partnership with their local communities to support their social and economic wellbeing. The constituent businesses of the Group invest in a range of sustainable initiatives that bring benefits to large groups within local communities.

The Group uses a confidential reporting line service which allows employees, contractors and others to report potential concerns while remaining anonymous.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The Company's engagement with suppliers, customers and others with whom it is in a business relationship is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 43 of the Annual Report.

Statement of engagement with employees

The Company's engagement with employees and the workforce is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 43 of the Annual Report.

Post balance sheet events

On 10 April 2024 the Group disposed its 25% stake held in Fabsec Limited, an indirect associate of the Company. The financial impact of this transaction is not material.

Since the year end, TSE has received £180m equity injection from T S Global Holdings Pte Limited.

Subsequent to the balance sheet date, the UK business has drawn £100m of external debt from its existing facilities and successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility. Furthermore, Tata Steel Nederland increased its revolving credit facility with an additional €200 million, to a total facility of € 400 million.

Information provided in the Strategic report

In accordance with section 414C of the Companies Act 2006 the directors have chosen to disclose the following information in the Group's strategic report:

- Principal risks and uncertainties (see page 4);
- Business review (see page 10);
- Factors likely to affect the Group's future development, performance and position (see page 11);
- Policies on employment of disabled persons, employee involvement, communication, consultation, recruitment and training (see page 13);
- Details on how the Group engages with its employees (see page 43);
- Streamlined Energy & Carbon Reporting emissions information (see page 20);
- Research & development activities (see page 22); and
- An indication of exposure to price, credit, liquidity and cash flow risk (see page 26)

Approved by the Board of Directors and signed on behalf by:

K Chatterjee
Director
22 June 2024

C. Directors Responsibilities Statement

The directors are responsible for preparing the Report & Accounts 2024 in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf by:

K Chatterjee
Director
22 June 2024

Report on the audit of the financial statements

Opinion

In our opinion:

- Tata Steel Europe Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report & Accounts 2024 (the "Annual Report"), which comprise: the consolidated and parent company balance sheets as at 31 March 2024; the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company statements of changes in equity and consolidated statement of cash flows for the year then ended; the presentation of accounts and accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Basis of preparation section of E6 "Presentation of accounts and accounting policies" to the financial statements concerning the group's and the company's ability to continue as a going concern. On 15 September 2023, Tata Steel UK Limited announced a joint agreement with the UK Government on a proposal to invest in an Electric Arc Furnace in Tata Steel UK Limited. As part of this agreement the UK company will receive a government grant of up to £500m along with a commitment from Tata Steel Limited to inject equity of at least £1,000m. Whilst both Tata Steel Limited and the UK Government have signed a term sheet setting out the details, the proposal is currently non-binding until the time that the Grant Funding Agreement ('GFA') between Tata Steel UK Limited, Tata Steel Limited and the UK Government, which captures all the key points contained in the term sheet, is signed and the Final Investment Decision ('FIA') is made. The UK business has also received a letter of support from T S Global Holdings Pte Ltd to either refinance or repay its uncommitted facilities and term loans due to expire in the next 18 months. This letter states that it represents present policy, is given by way of comfort only and is not to be construed as constituting a promise as to the future conduct of the entities or Tata Steel Limited. Accordingly, there can be no certainty that the funds required by Tata Steel Europe Limited will be made available. These conditions, along with the other matters explained in the Basis of preparation section of E6 "Presentation of accounts and accounting policies" to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the integrity and mathematical accuracy of management's model as well as agreeing underlying cash flow projections to management approved forecasts.
- Assessing management's historic forecasting accuracy by performing lookback tests on actual performance.
- Evaluating and challenging the reasonableness of the key assumptions in management's model, and agreeing the data and assumptions to supporting third party information, where available.
- Evaluating and assessing the severe but plausible downside scenarios modelled.
- Reviewing and challenging the basis of preparation disclosure presented by the directors in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment legislation, and climate-related regulations such as the Environmental Protection Act 1990 and the Pollution Prevent and Control Act 1999, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation, the Companies Act 2006 in the United Kingdom and the Industry Carbon Tax Act (Wst Co2-hefing industrie) in the Netherlands. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and potential management bias in significant accounting estimates in order to manipulate financial results and overstate profits. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal representatives, including consideration of known or suspected non-compliance with laws, regulations and fraud, and confirming such matters with external legal counsel where applicable;

- Reviewing Board minutes and reports that set out the Group's compliance and monitoring of legal and internal control matters;
- Inquiring with relevant personnel to understand management's processes for identifying and reporting risks and threats within the Group;
- Identifying and testing journals, in particular those that have unusual account combinations involving credits to revenue and other income statement items; and
- Challenging assumptions made by management in its significant accounting estimates; in particular in relation to asset impairment assessments and restructuring provisions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
22 June 2024

E1. Consolidated income statement

For the financial year ended 31 March	Note	2024 £m	2023 £m
Revenue	1	**7,521**	9,293
Operating costs	2	**(9,175)**	(9,050)
Operating (loss)/profit		**(1,654)**	243
Finance costs	5	**(226)**	(133)
Finance income	5	**18**	14
Share of post-tax results of joint ventures and associates	10 (iv)	**4**	2
(Loss)/profit before taxation		**(1,858)**	126
Taxation	6	**(33)**	(470)
Loss after taxation		**(1,891)**	(344)
Attributable to:			
Owners of the Company		**(1,891)**	(344)
Non-controlling interests		**-**	-

All references to 2024 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 37 refer to the financial year ended 31 March 2024 or as at 31 March 2024 as appropriate (2023: the financial year ended 31 March 2023 or as at 31 March 2023).

Notes and related statements forming part of these accounts appear on pages 65 to 101.

E2. Consolidated statement of comprehensive income

For the financial year ended 31 March

	Note	2024 £m	2023 £m
Loss after taxation		**(1,891)**	(344)
Items that will not be reclassified to the income statement:			
Actuarial losses on defined benefit pension and other post-retirement plans	21	**(577)**	(1,396)
Income tax relating to items that will not be reclassified	6	**144**	349
Items that may be reclassified to the income statement:			
Gains/(losses) arising on cash flow hedges	24	**131**	(228)
Income tax relating to items that may be reclassified	6	**(33)**	54
Exchange differences on translation of foreign operations		**(52)**	69
Other comprehensive loss for the year net of tax		**(387)**	(1,152)
Total comprehensive loss for the year		**(2,278)**	(1,496)
Attributable to:			
Owners of the Company		**(2,278)**	(1,496)
Non-controlling interests		**-**	-

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 allowing it not to present its own statement of comprehensive income.

Notes and related statements forming part of these accounts appear on pages 65 to 101.

E3. Consolidated and Parent Company balance sheets

As at 31 March	Note	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Non-current assets					
Goodwill	7	**405**	405	**-**	-
Other intangible assets	8	**75**	85	**-**	-
Property, plant and equipment	9	**2,895**	2,974	**-**	-
Equity accounted investments	10	**41**	38	**-**	-
Investments in subsidiary undertakings	10	**-**	-	**5,578**	5,374
Other investments	11	**13**	13	**-**	-
Long term receivables	12	**2**	2	**-**	-
Retirement benefit assets	21	**2**	687	**-**	-
Deferred tax assets	13	**309**	222	**-**	-
		3,742	4,426	**5,578**	5,374
Current assets					
Inventories	14	**1,967**	2,481	**-**	-
Trade and other receivables	15	**458**	608	**6**	37
Current tax assets	16	**6**	11	**-**	-
Cash and short-term deposits	17	**133**	828	**-**	-
		2,564	3,928	**6**	37
Assets held for sale	18	**4**	-	**-**	-
TOTAL ASSETS		**6,310**	8,354	**5,584**	5,411
Current liabilities					
External borrowings	19	**(698)**	(402)	**(100)**	(149)
Trade and other payables	20	**(2,021)**	(2,501)	**(10)**	(40)
Current tax liabilities	16	**(11)**	(10)	**-**	-
Retirement benefit obligations	21	**(1)**	(1)	**-**	-
Provisions and other liabilities	22	**(228)**	(180)	**-**	-
		(2,959)	(3,094)	**(110)**	(189)
Non-current liabilities					
Inter-group borrowings	19	**(1,323)**	(1,301)	**(1)**	(1)
External borrowings	19	**(716)**	(504)	**(225)**	-
Retirement benefit obligations	21	**(62)**	(70)	**-**	-
Provisions and other liabilities	22	**(248)**	(185)	**-**	-
Other non-current liabilities	23	**(41)**	(58)	**-**	-
Deferred income	25	**(4)**	(3)	**-**	-
Deferred tax liability	13	**(48)**	(50)	**-**	-
		(2,442)	(2,171)	**(226)**	(1)
Liabilities held for sale	18	**-**	-	**-**	-
TOTAL LIABILITIES		**(5,401)**	(5,265)	**(336)**	(190)
NET ASSETS		**909**	3,089	**5,248**	5,221
Equity					
Called up share capital	26	**10,322**	10,222	**10,322**	10,222
Accumulated deficit		**(9,650)**	(7,326)	**(5,074)**	(5,001)
Other components of equity		**237**	192	**-**	-
Equity attributable to owners of the Company		**909**	3,088	**5,248**	5,221
Non-controlling interests		**-**	1	**-**	-
TOTAL EQUITY		**909**	3,089	**5,248**	5,221

The Company recorded a loss of £73m (2023: loss of £2m) and has taken advantage of the exemption under section 408 of the Companies Act 2006 allowing it not to present its own income statement.

The financial statements on pages 49 to 101 were approved and authorised for issue by the Board and signed on its behalf by:

K Chatterjee
Director
22 June 2024
Tata Steel Europe Limited
Registered No: 05957565

E4. Consolidated and Parent Company statements of changes in equity

Group:

	Share capital £m	Accumulated deficit £m	Hedging reserve £m	Translation reserve £m	Other reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 1 April 2022	10,222	(5,935)	69	226	2	4,584	1	4,585
Loss for the financial year	-	(344)	-	-	-	**(344)**	-	**(344)**
Other comprehensive loss for the financial year	-	(1,047)	(174)	69	-	**(1,152)**	-	**(1,152)**
Total comprehensive loss for the financial year	-	(1,391)	(174)	69	-	**(1,496)**	-	**(1,496)**
Balance as at 31 March 2023	**10,222**	**(7,326)**	**(105)**	**295**	**2**	**3,088**	**1**	**3,089**
Loss for the financial year	-	(1,891)	-	-	-	**(1,891)**	-	**(1,891)**
Other comprehensive loss for the financial year	-	(433)	97	(52)	-	**(388)**	-	**(388)**
Total comprehensive loss for the financial year	-	**(2,324)**	**97**	**(52)**	-	**(2,279)**	-	**(2,279)**
Issue of ordinary shares	100	-	-	-	-	**100**	-	**100**
Other movements	-	-	-	-	-	-	(1)	**(1)**
Balance as at 31 March 2024	**10,322**	**(9,650)**	**(8)**	**243**	**2**	**909**	**-**	**909**

Company:

	Share capital £m	Accumulated deficit £m	Total equity £m
Balance as at 1 April 2022	10,222	(4,999)	5,223
Loss for the financial year	-	(2)	(2)
Balance as at 31 March 2023	10,222	(5,001)	5,221
Loss for the financial year	-	(73)	(73)
Issue of ordinary shares (Note 26)	100	-	100
Balance as at 31 March 2024	**10,322**	**(5,074)**	**5,248**

Notes and related statements forming part of these accounts appear on pages 65 to 101.

E5. Consolidated statement of cash flows

For the financial year ended 31 March	Note	2024 £m	2023 £m
Operating activities			
Cash (used in)/generated from operations	30	**(580)**	566
Interest paid		**(107)**	(52)
Interest element of lease rental payments		**(13)**	(15)
UK corporation tax		**(3)**	(2)
Overseas taxation		**(4)**	(32)
Net cash flow (used in)/generated from operating activities		**(707)**	465
Investing activities			
Purchase of property, plant and equipment		**(624)**	(429)
Sale of property, plant and equipment		**7**	8
Purchase of other intangible assets		**(7)**	(8)
Sale of other investments		**1**	-
Proceeds from sale of group subsidiaries	33	**-**	12
Deferred proceeds on prior sale of subsidiary		**12**	5
Dividends from joint ventures and associates	10	**1**	11
Dividends received from investments		**1**	1
Interest received		**16**	5
Net cash flow used in investing activities		**(593)**	(395)
Financing activities			
Proceeds from issue of equity shares		**100**	-
New loans (including drawdowns of revolving credit facility)		**714**	346
Repayment of borrowings (including repayments of revolving credit facility)		**(146)**	(200)
Capital element of lease rental payments		**(56)**	(55)
Purchase of additional stake in subsidiaries		**(1)**	-
Net cash flow generated from financing activities		**611**	91
(Decrease)/Increase in cash and cash equivalents	32	**(689)**	161
Cash and cash equivalents at beginning of year	32	**828**	643
Effect of foreign exchange rate changes	32	**(14)**	24
Cash and cash equivalents at end of year	**32**	**125**	828
Cash and cash equivalents consist of:			
Cash and short-term deposits	17	**133**	828
Bank overdrafts	19	**(8)**	-
		125	828

Notes and related statements forming part of these accounts appear on pages 65 to 101.

E6. Presentation of accounts and accounting policies

I Basis of preparation

TSE is a private limited company incorporated, registered and domiciled in the United Kingdom under the Companies Act 2006. The consolidated financial statements of the Group for the year ended 31 March 2024 comprise the Company and its subsidiaries and the Group's interest in its joint ventures and associated undertakings.

The functional and presentational currency of the Company and the presentational currency of the Group is sterling.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. TSE transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 April 2021.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

TSE meets the definition of a qualifying entity under FRS 100 *'Application of Financial Reporting Requirements'* issued by the Financial Reporting Council. As such the Company's financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 *'Reduced Disclosure Framework'* ('FRS 101').

The financial statements apply the recognition, measurement and presentation requirements of UK-adopted international accounting standards, but make amendments where necessary in order to comply with the Act and take advantage of the FRS 101 disclosure exemptions.

The following exemptions from the requirements of IFRS have been applied in the preparation of the Company's financial statements, in accordance with FRS 101: IFRS 7, 'Financial instruments: Disclosures'; IFRS 13, 'Fair value measurement' - paragraphs 91 to 99; IAS 1, 'Presentation of financial statements' – paragraphs 10(d), 38A, 38B-D, 111 and 134-136; IAS 7, 'Statement of cash flows'; IAS 36, 'Impairment of assets' – paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e); IAS 8, 'Accounting policies, changes in accounting estimates and errors' – paragraphs 30 and 31; and requirements in IAS 24 to disclose related party transactions.

The financial statements for the Company and Group have been prepared under the historical cost convention, unless otherwise stated.

The directors have assessed the future funding requirements of the Group and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities.

The TSE Group is made up of two businesses one centred on the UK but also including manufacturing assets in Sweden and Norway as well as certain international sales offices (together 'the UK Business') and the other centred in the Netherlands but including manufacturing assets elsewhere in mainland Europe ('MLE') and the United States, along with other international sales offices (together 'the MLE Business').

The directors have considered a number of possible scenarios for the financial position of both the UK Business and the MLE Business, with reference to the Group's Annual Plan ("the base case") and the mitigating actions the Group could take to limit any adverse consequences to liquidity. The steel industry is cyclical with market conditions during the 12 months to March 2024 proving challenging. Alongside the challenging trading conditions, the MLE Business relined one of its two blast furnaces during the year and this contributed to negative EBITDA and operating cash flows during 2023/24. Nevertheless, the MLE Business ended the March 2024 quarter with a positive cash balance and unutilised financing facilities of €130m. Given that the reline of the blast furnace has been completed and specific actions to improve business performance are being undertaken, the liquidity position of the MLE Business is expected to improve in the 2024/25 financial year. In order to help manage any short term fluctuations in liquidity requirements, on 22 May 2024 the MLE business increased the total amount of its committed financing facilities by €200m to a total of €400m. Following the refinancing, under all scenarios considered by the directors, including a severe but plausible downside scenario, the MLE Business has access to adequate liquidity over the next 12 months.

In previous years, as part of the wider TSL group, the Group's UK Business has benefited from significant financial support from its parent companies in order to settle historic financial indebtedness and to invest in working capital. This support included equity proceeds of £1,366m in 2021/22 and support in arranging bank finance facilities which the UK Business either has direct access to or indirect access via other TSL group companies. In March 2024, additional equity support of £100m was provided to the UK Business with a further £100m in April 2024.

On 15 September 2023, Tata Steel UK Limited ('TSUK') which forms the main part of the UK Business, announced a joint agreement with the UK Government on a proposal to invest in a state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund £750m of the capital cost not covered by the government grant and £250m to cover certain restructuring costs including interim cash losses which TSUK would be expected to incur as part of its proposal to close the heavy end facilities in Port Talbot. The formal Grant

Funding Agreement ('GFA') between TSUK, TSL and the UK Government which intends to capture all the key points contained in the term sheet is currently being finalised and is expected to be signed in the early part of 2024/25. The GFA is expected to be conditional upon TSUK and TSL making the Final Investment Decision on the EAF project which is expected in summer 2024. Once the Final Investment Decision has been made, TSUK will have access to £1,500m of funding - £1,000m from TSL (of which £200m has already been provided during March and April 2024) and £500m from the UK Government in order to fund the EAF and make the transition from its current operating model.

As well as the funding mentioned above, TSUK will continue to have access to its own financing facilities to support its day to day liquidity requirements. However £255m of these facilities are uncommitted and one committed facility amounting to £150m is due to expire in the next 18 months. As such, under the base case scenario, the UK Business will, as a minimum, require additional forms of financial support to refinance or repay these facilities. As the Company is an integral part of the TSL Group, a non-binding letter of support has been provided by T S Global Holdings Pte Limited ('TSGH'), a subsidiary of TSL, which confirms that TSGH will support the refinancing, or the repayment, of any committed facilities falling due within the next 18 months as well as any uncommitted bank facilities which TSUK has access to.

Under the base case scenario and a severe but plausible downside scenario, the directors of the Company and the directors of TSUK believe that the UK Business has access to adequate liquidity given the support undertakings provided by TSGH as described above and a reasonable prospect of securing the support of the UK Government and TSL in order to enable the execution of its decarbonisation strategy. However, the currently non-binding nature of the proposed EAF investment means that the financial projections of the UK Business, and the effect on the liquidity of the UK Business, are difficult to predict with a high level of certainty.

For these reasons, while the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty with respect to the UK Business in relation to the possibility that the proposed EAF investment may not proceed as it is currently non-binding on both the UK Government and TSL, and the non-binding nature of the support letter provided by TSGH. Whilst there is no indication at all that the EAF investment along with the associated UK Government and parental support will not proceed, these factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's and the UK Business', and therefore the Group's, ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company, UK Business or the Group were unable to continue as a going concern.

All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2023.

II New Standards and interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IFRS 17	Insurance Contracts	1 Jan 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
IAS 1 (Amendments)	Disclosure of Accounting Policies	1 Jan 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 Jan 2023

** periods commencing on or after*

None of these amendments had a material impact on the TSE financial statements.

III New Standards and interpretations not applied

The International Accounting Standards Board ('IASB') has issued the following Standards, which are relevant to the Group's reporting but have either not been applied as they have not been adopted for use under UK-adopted international accounting standards in the year ended 31 March 2024, or have an effective date after the date of these financial statements:

		Effective Date*
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 Jan 2024
IAS 1 (Amendments)	Presentation of financial statements on Non-current liabilities with covenants	1 Jan 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 Jan 2024
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements	1 Jan 2024

** periods commencing on or after*

Management have performed a review of the expected impact from other standards and interpretations not applied as shown above. Management do not expect a material impact as a result of other new standards and interpretations not applied.

IV Use of estimates and critical accounting judgments

In the application of the Group's material accounting policies, which are described in section V, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are presented below.

1) Definition of cash generating units ('CGU')

A significant part of the Group's capital is invested in property, plant and equipment and intangible assets (including goodwill). Determining whether these assets are impaired requires an estimation of fair value less costs to sell of the CGU to which the asset relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the Group these are usually taken to be individual hubs/businesses or legal entities, although these are combined or split into base entities where deemed appropriate to reflect the specific economic risks or operational inter-dependence of particular locations and operations based on the governance structure and lines of reporting. This process of defining CGU's requires the exercise of significant judgement.

Following the formal separation of TSE into a UK and MLE value chain on 1 October 2021, the definition of some specific CGUs in TSE used for the impairment testing of PPE and goodwill was updated. The definition of the Groups CGU's in the current year is consistent with those used in the prior year following changes made in light of the formal separation.

Following TSUK's announcement to close its blast furnaces and associated assets during 2024, the Group assessed the carrying value of the assets which will be closed and concluded that those specific assets should be separated from the CGU as their value in use and fair value was nil as they would remain loss making until the time that they will be taken out of service. For details see disclosure on page 72.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting year end that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1) Impairment of non-current assets

Value in use and fair value less costs to sell calculations require an estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The present value is sensitive to changes in the discount rate used in the models, the forecast profitability in the Group's Annual Plan, and the expected impact of decarbonisation on the Group. Further details on the Group's impairment review, key assumptions, and sensitivity analyses are set out in notes 8, 9 and 10. In respect of impairment of investments in the Company accounts, judgement is required around the relevant investment carrying value of the TSE Group. The key assumptions in assessing the carrying value of the TSE group are outlined in note 10, with the key estimates associated with the investment in the TSNH group being the (i) level of government support towards the long term capital expenditure investments needed for decarbonisation in the MLE Business, (ii) the levels of government support for electricity network costs in the MLE Business and (iii) the forecast steel selling prices. The investment in the Company's equity investment in its subsidiary was impaired by £946m during the year and any reduction to the fair value less costs to sell calculations used in the impairment test would increase the impairment further. For full details see the sensitivities disclosed on page 75.

2) Recognition of deferred tax assets

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur, based on the Group's annual plans and future forecasts. Further information can be found in note 13.

3) Post-retirement benefits

The Group's retirement benefit obligations are assessed by selecting key assumptions. The selection of inflation and mortality rates are key sources of estimation uncertainty which could lead to a material adjustment in the defined benefit obligations within the next financial year. The Group sets these judgements with close reference to market conditions and third party actuarial advice.

The Group's defined benefit obligations are discounted at a rate set by reference to market yields at the end of the

reporting year on high quality corporate bonds. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

The Group's main defined benefit scheme, being BSPS in the UK, is in a net surplus position at the balance sheet date on an IAS 19 basis. An 'asset ceiling' has been applied to reflect the fact that TSUK no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to nil on the Group's balance sheet. Further details on the Group's retirement benefit obligations, including a sensitivity analysis of key judgements are included within note 21.

4) Recognition of provision

A provision is recognised when the Group has a present obligation, legal or constructive, as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. They include provisions on restructuring and rationalisation, decommissioning and environmental provisions etc. which may change where changes in facts and circumstances affect expectations about the timing or cost of underlying activities. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Further information can be found in note 22.

The detailed material accounting policies for each of these areas are outlined in section V below.

V Material accounting policies

(a) Property, plant and equipment

Property, plant and equipment is recorded at fair value on acquisition less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Group, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. From 1 April 2009 this includes borrowing costs capitalised in respect of qualifying assets in accordance with the Group's policy. Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Group refers to as 'commissioning costs' and which include expenses such as initial operating losses incurred while technical deficiencies on new plant are rectified and incremental operating costs that are incurred while the new plant is operating at less than full capacity) are written off to profit and loss as incurred. Assets in the course of construction are depreciated from the date on which they are ready for their intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit and loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.

Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and renewals are charged to profit and loss as incurred.

(b) Depreciation, amortisation and impairment of property, plant and equipment and other intangible assets (including goodwill)

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and other intangible assets, including those held under leases, to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

		Life Years
Freehold and long leasehold buildings that house plant and other works buildings		25
Other freehold and long leasehold buildings		50
Plant and machinery:		
Iron and steelmaking	(maximum)	25
IT hardware and software	(maximum)	8
Office equipment and furniture		10
Motor vehicles		4
Other	(maximum)	15
Patents and trademarks		4
Product and process development costs		5

At each reporting year end, the Group reviews the carrying amounts of its property, plant and equipment and other intangible assets (including goodwill) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use and fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate for value in use and a post-tax discount for fair value less costs to sell, based upon the Group's long-term weighted average cost of capital ('WACC'), which also recognises the comparative WACCs of its European peers, with appropriate adjustments for the risks associated with the relevant units. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, although impairments of goodwill are not subject to subsequent reversal.

(c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and they are in the same taxable entity, or a group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

(d) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting year end. The Group applies IAS 19 *'Employee Benefits'* to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting year as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs. Past service cost is recognised immediately.

The retirement benefit asset or liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation, plus the present value of available refunds and reductions in future contributions to the plan.

(e) Provisions

Provisions for rationalisation and related measures, environmental remediation and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. This involves a series of management judgements and estimates that are based on past experience of similar events and third party advice where applicable. Where appropriate and relevant those provisions are discounted to take into consideration the time value of money.

In particular, redundancy provisions are made where the plans are sufficiently detailed and well advanced, and where

appropriate communication to those affected has been made at the end of the reporting year. These provisions also include charges for any termination costs arising from enhancement of retirement or other post-employment benefits for those employees affected by these plans.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Provisions are also created for long-term employee benefits that depend on the length of service, such as long service and sabbatical awards, disability benefits and long-term compensated absences such as sick leave. The amount recognised as a liability is the present value of benefit obligations at the end of the reporting year, and all movements in the provision (including actuarial gains and losses or past service costs) are recognised immediately within profit and loss.

TSE participates in the EU ETS and UK ETS, initially measuring any rights received or purchased at cost, and recognises a provision in relation to carbon dioxide quotas if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in a given year. Any surplus is only recognised once it is realised in the form of an external sale.

VI Other accounting policies

(a) Basis of consolidation

The consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows include the Company and its subsidiaries. They also include the Group's share of the profits, net assets and retained post-acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation. The profits or losses of subsidiaries, joint ventures and associates acquired or sold during the year are included from the date of acquisition or up to the date of their disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation, including unrealised profits on such transactions.

(b) Business combinations

On the acquisition of a subsidiary, joint venture or associate, fair values are attributed to the net assets acquired. Any excess of the fair value of consideration given (including the fair value of any contingent consideration) over the fair values of the Group's share of the identifiable net assets acquired is treated as goodwill. The costs of acquisition are charged to profit and loss in the period in which they are incurred. If the fair value of the net assets acquired exceeds the fair value of consideration then these fair values are reassessed before taking the remainder as a credit to profit and loss in the year of acquisition.

Goodwill is recognised as an asset. Although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator. Any impairment is recognised immediately in profit and loss and cannot subsequently be reversed. On disposal of a subsidiary, joint venture or associate any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Where an acquisition is achieved in stages, upon obtaining control the previously held equity interest is reassessed at fair value and any resulting gain or loss is recognised in profit and loss.

The Group has applied IFRS 3 (Revised) 'Business Combinations' to business combinations after 1 April 2010. The accounting for business combinations transacted prior to this date has not been restated.

(c) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Group must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. An impairment loss is recognised for any initial or subsequent write-down of a disposal group to fair value less costs to sell.

Where a disposal group represents a separate major line of business or geographical area of operation, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, then it is treated as a discontinued operation. The post-tax profit or loss of this discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount on the face of the income statement, with all prior periods being presented on this basis.

Where intercompany transactions have occurred between continuing and discontinued operations, these have been eliminated against discontinued operations except for interest costs on intercompany financing arrangements that will not continue after disposal which have been eliminated against continuing operations.

(d) Revenue

The Group's revenue is primarily derived from the single performance obligation to transfer steel products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods.

The Group manufactures and sells a range of steel products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The steel is sometimes sold with volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting year. No element of financing is deemed present as the sales are normally made with a credit term of 60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(e) Government grants

Grants related to expenditure on property, plant and equipment are credited to the income statement over the useful lives of qualifying assets. Grants related to revenue are credited to the income statement in line with the timing of when costs associated with the grants are incurred. Total grants received less the amounts credited to income statement at the end of the reporting period are included in the balance sheet as deferred income.

(f) Insurance

Insurance premiums in respect of insurance placed with third parties and reinsurance premiums in respect of risks not retained by the Group's captive insurance company are charged to profit and loss in the year to which they relate.

(g) Financing items

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment is expensed as incurred. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding balance of the related security. Premiums payable on early redemptions of debt securities, in lieu of future interest costs, are written off as interest expense when paid.

(h) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the end of each reporting year. Income statement items and cash flows are translated into sterling at the average rates for the financial year. In order to hedge its exposure to certain foreign exchange transaction risks, the Group enters into forward contracts and options (see (i) below for details of the Group's accounting policies in respect of such derivative financial instruments). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences on the retranslation of the opening net investment in foreign enterprises and the retranslation of profit and loss items from average to closing rate are recorded as movements on reserves. Such cumulative exchange differences are transferred to profit and loss on subsequent disposal of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period. Under IAS 21, cumulative translation differences on the consolidation of subsidiaries are only being accumulated for each individual subsidiary from the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where the Group transfers substantially all the risks and rewards of ownership of a financial asset, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities. This includes arrangements where the Group securitises trade receivables on a non-recourse basis.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(ii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other financial instruments and in the case of the company intercompany receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Even when credit losses are recognised, amounts are only fully written off once all possibility of recoverability has been extinguished.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(iv) Derivative financial instruments and hedge accounting

In the ordinary course of business the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange, base metal prices, carbon emission rights and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, interest rate swaps and London Metal Exchange (LME) contracts. The

instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain interest rate swaps and commodity contracts.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Group seeks to adopt hedge accounting for these currency, interest rate, carbon emission right and commodity contracts. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is reclassified to net profit or loss for the period.

(v) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

(j) Other intangible assets

Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long-term economic benefits for the Group. In this case they are measured initially at fair value on acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

(i) completion of the development is technically feasible;

(ii) it is the intention to complete the intangible asset and use or sell it;

(iii) it is clear that the intangible asset will generate probable future economic benefits;

(iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Costs are no longer recognised as an asset when the project is complete and available for its intended use, or if these criteria no longer apply. The approach to amortisation and impairment of other intangible assets is described in section V (b) above.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

Where the Group purchases emission rights from an emission trading scheme, it recognises these as a current asset, where these are intended to settle a current liability, and values the asset at cost. No amortisation is recognised, provided that the Group intends to utilise the asset to settle emission rights liabilities.

(k) Leases

As a lessee, the Group assesses if a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is low value, which are expensed in the consolidated income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. The incremental borrowing rate is calculated with reference to the businesses cost of funding, length of the lease and the suitability of the assets to leasing.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date and extension options, if the Group is reasonable certain to exercise the option. Lease liabilities are classified as part of borrowings.

The associated right-of-use asset is capitalised equal to the lease liability and disclosed together with property, plant and equipment. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment.

Variable lease payments not included in the measurement of the lease liabilities are expensed in the consolidated income statement in the period in which the events or conditions which trigger those payments occur.

As a lessor, the Group recognises leases at cost which are then amortised over the life of the leases with interest recognised as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. These leases relate to property and vessels that are sublet in relation to the head lease. The risk associated with any rights retained in the underlying asset is managed via safeguards within the sub lease contract and vetting and monitoring of lessees.

(l) Joint ventures, joint operations and associates

The results and assets and liabilities of joint ventures and associates are incorporated in the accounts using the equity method of accounting, except where classified as held for sale.

Investments in joint ventures and associates are initially measured at cost. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired, being goodwill, is included within the carrying value of the joint venture or associate and is subsequently tested for impairment on an annual basis. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition. The Group's share of post-acquisition profits and losses is recognised in profit and loss, and its share of post-acquisition movement in reserves are recognised directly in reserves. Losses of associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with joint ventures or associates are eliminated to the extent of the Group's interest in those entities and, where material, the results of joint ventures and associates are modified to conform to the Group's policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by recognising the share of assets, liabilities, expenses and income relating to the joint operation.

(m) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is generally determined using the weighted average cost method. Inventories of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the

inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(o) Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into sterling using average exchange rates, approximating the foreign exchange rate at transaction date. Exchange rate differences on cash items are shown separately in the cash flow statement.

For the financial year ended 31 March

1. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time in the following major geographic regions. Substantially all revenue is derived from the sale of goods. This disaggregation is consistent with the information regularly reviewed by the Board of Directors in order to evaluate the financial performance of the Group.

	2024 £m	2023 £m
Revenue by destination:		
UK	**1,610**	1,949
The Netherlands	**686**	850
Europe excluding UK and The Netherlands	**4,052**	5,056
North America	**862**	1,097
Rest of the world	**311**	341
	7,521	9,293

2. Operating costs

	2024 £m	2023 £m
Costs by type:		
Raw materials and consumables	**3,798**	4,753
Maintenance costs (excluding own labour)	**784**	761
Other external charges (including fuels & utilities, hire charges and carriage costs)	**1,533**	1,503
Employment costs (Note 4)	**1,759**	1,385
Depreciation, amortisation and impairments (Notes 8 and 9)	**535**	237
Grants relating to property, plant and equipment released (Note 25)	**(1)**	(1)
Other operating items (including rents, rates, insurance and general expenses)	**495**	623
Changes in inventory of finished goods and work in progress	**354**	(140)
Own work capitalised	**(74)**	(52)
Profit on disposal of property, plant and equipment	**(6)**	(2)
Profit on disposal of group undertakings (Note 33)	**(2)**	(17)
	9,175	9,050

	Operating items before restructuring, impairment and disposals £m	Restructuring, impairment and disposals (i) £m	Total £m
The above cost in 2024 include:			
Raw materials and consumables	3,798	-	**3,798**
Maintenance costs (excluding own labour)	784	-	**784**
Other external charges (including fuels & utilities, hire charges and carriage costs)	1,533	-	**1,533**
Employment costs (Note 4)	1,473	286	**1,759**
Depreciation, amortisation and impairments (Notes 8 and 9)	259	276	**535**
Grants relating to property, plant and equipment released (Note 25)	(1)	-	**(1)**
Other operating items (including rents, rates, insurance and general expenses)	402	93	**495**
Changes in inventory of finished goods and work in progress	354	-	**354**
Own work capitalised	(74)	-	**(74)**
Profit on disposal of property, plant and equipment	-	(6)	**(6)**
Profit on disposal of group undertakings (Note 33)	-	(2)	**(2)**
	8,528	647	9,175

(i) Further analysis of restructuring and impairment costs is presented in Note 3.

	2024 £m	2023 £m
The above costs are stated after including:		
Amortisation of other intangible assets (Note 8)	**12**	10
Depreciation of owned assets (Note 9)	**207**	183
Depreciation of assets held under leases	**40**	44
Impairment losses relate to other intangible assets (Note 8)	**3**	-
Impairment losses related to property, plant and equipment (Note 9)	**205**	9
Impairment losses related to right of use assets (Note 9)	**54**	-
Impairment losses related to spares (Note 9)	**14**	-
Reversal of impairment losses related to property, plant and equipment (Note 9)	**-**	(9)
Net exchange rate losses/(gains)	**7**	(14)
Expenses relating to low value leases	**3**	3
Expenses relating to variable lease payments not included in lease liabilities	**17**	100
Costs of research and development (gross)	**65**	65
Credit on research and development	**(34)**	(18)
Profit on release of grants (Note 25)	**(1)**	(1)
Change on provision for emissions rights deficit	**(46)**	132
Impairments against trade receivables (Note 15 (ii))	**1**	-

The analysis of the Group auditors' remuneration is as follows:

	2024 £m	2023 £m
Fees payable to the Group's auditors and their associates for the audit of the Group	**2.8**	2.0
Audit-related assurance services	**0.5**	0.5
Total non-audit fees	**0.5**	0.5
Total Group auditors' remuneration	**3.3**	2.5

Fees payable in respect of the audit of the Company were £10,000 (2023: £10,000). Fees payable for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees payable in respect of audit-related assurance services of £0.5m (2023: £0.5m) primarily relate to quarterly reviews undertaken by the Group's auditors.

3. Net restructuring and impairment costs

	2024 £m	2023 £m
Provision for restructuring and related measures:		
Redundancy and related costs	**171**	4
Pension restructuring costs (Note 21)	**115**	-
Impairment losses related to property, plant and equipment (Note 9)	**259**	9
Impairment losses related to spares (Note 9)	**14**	-
Impairment losses related to intangible fixed assets (Note 8)	**3**	-
Other rationalisation costs	**93**	2
	655	15
Credits for restructuring and related measures:		
Other rationalisation costs	**-**	(1)
Reversal of impairment losses related to property, plant and equipment (Note 9)	**-**	(9)
Redundancy and related costs	**-**	(1)
	-	(11)
Total net restructuring and impairment costs	**655**	4

During the year the Group announced its intent to restructure its UK Business by closing heavy end assets relating to its Blast Furnace steel making facilities at Port Talbot with the loss of 2,500 roles by September 2025. Included in the above are £252m of impairment losses related to property, plant and equipment, £148m redundancy and related costs, and £93m of rationalisation costs related to this announcement.

Pension restructuring costs of £115m represents past service cost arising from the amendment of British Steel Pension Scheme (BSPS) wherein the Group no longer has an unconditional right to refund of any surplus of the scheme with any such surplus now to be used to fund additional benefits to members of the Scheme.

Provision for other net redundancy and related costs of £23m (2023: £4m) is related to restructuring measures across a number of units within the Group.

4. Employees

	2024 £m	2023 £m
The total employment costs of all employees (including directors) in the Group were:		
Wages and salaries	1,168	1,131
Social security costs	167	157
Pension costs (Note 21)	138	94
Pension restructuring costs (Note 3)	115	-
Redundancy and related costs (Note 3)	171	3
	1,759	1,385

Pension restructuring costs represents past service costs on account of additional benefits granted to the members of the British Steel Pension Scheme (See Note 21)

(i) The average number of employees during the year for continuing operations was 20,600 (2023: 20,300). This total includes UK Business staff of 8,200 (2023: 8,200) and MLE Business staff of 12,400 (2023: 12,100).

(ii) Directors' remuneration

The total employment costs of the directors in the Group were:	2024 £m	2023 £m
Short term employee benefits	1.4	1.6
Other long term benefits	-	0.2

There are no retirement benefits accruing to any directors under defined benefit schemes (2023: nil).

The emoluments of Mr T V Narendran and Mr K Chatterjee are paid by TSL which makes no recharge to TSE. Mr T V Narendran and Mr K Chatterjee are directors of TSL, TSE and a number of fellow subsidiaries of TSL and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments for the aforementioned, whose emoluments are disclosed in the financial statements of TSL with whom they have their primary employment contract.

(iii) Highest paid director

Total amount of emoluments:	2024 £m	2023 £m
Short term employee benefits	1.3	1.6
Other long term benefits	-	0.2

There is no accrued lump sum falling due under a defined benefit pension scheme (2023: nil).

(iv) The Company has no employees. No director received any remuneration during the year in respect of their services to the Company (2023: nil).

5. Financing items

	2024 £m	2023 £m
Interest expense:		
Bank and other borrowings	84	44
Accelerated amortisation of interest costs due to prepayment of SFA (i)	-	7
Interest on leases	13	15
Interest on loans from immediate parent company (Note 34)	80	40
Discount on disposal of trade receivables within purchase agreement with external companies	49	27
Finance costs	226	133
Interest income relating to:		
financial assets measured at amortised cost	(16)	(5)
financial assets carried at fair value through profit and loss	(1)	(1)
Gain from investments	(1)	(1)
Gain on debt modification (i)	-	(7)
Finance income	(18)	(14)
	208	119

(i) During the prior year TSE made an early repayment against the Senior Facilities Agreement ('SFA') of €168m in October 2022. As a result of this prepayment TSE has recognised an accelerated interest cost of £7m. Following this prepayment also in October 2022 TSE refinanced the Group's SFA and as a result of this debt modification has recognised a gain of £7m. For full details see Note 19.

6. Taxation

	2024 £m	2023 £m
UK current year charge	3	2
Overseas current year charge	8	17
UK prior year charge	4	1
Overseas prior year (credit)/charge	(1)	2
Current tax charge	14	22
UK deferred tax	108	393
Overseas deferred tax	(89)	55
Total tax charge	33	470

The total income statement charge for the year can be reconciled to the accounting (loss)/profit as follows:

	2024 £m	2023 £m
(Loss)/profit before taxation	(1,858)	126
(Loss)/profit multiplied by the applicable corporation tax rate of 25.33% (2023: 37.91%)	(471)	48
Effects of:		
Re-measurement of deferred tax balances arising from changes in tax rates	-	91
Adjustments to current tax in respect of prior years	3	3
Adjustments to deferred tax in respect of prior years	(4)	(3)
Utilisation of tax losses and other tax credits not previously recognised	-	(12)
Previously unrecognised tax losses and other tax credits that are expected to be used in the future	-	(9)
De-recognition of previously recognised losses and other tax credits	3	305
Current year temporary differences (including losses) not expected to be utilised	497	53
Other permanent differences	5	(6)
	33	470

The applicable corporation tax rate is the average tax rate weighted in proportion to the accounting profits earned in each geographical area. The decrease in the rate is caused by a change in the relative profitability weightings in the various geographical areas.

The prior year remeasurement of deferred tax balances arising from changes in tax rates of £91m represents the remeasurement of UK deferred tax assets following the enactment on 24 May 2021 of an increase in the UK corporate income tax rates, effective from 1 April 2023.

In addition to the total taxation charge recognised in the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2024 £m	2023 £m
Relating to components of other comprehensive income:		
Actuarial movements on defined benefit pension plans and other post-retirement plans	**144**	349
Revaluation of financial instruments treated as cash flow hedges	**(33)**	54
Total tax credit recognised in other comprehensive income	**111**	403

Pillar Two legislation has been substantively enacted in certain jurisdictions in which the TSE Group operates. The legislation will be effective for the Group for the year ending 31 March 2025. The Group is in scope of the substantively enacted legislation and has performed an assessment of the potential exposure to Pillar Two income taxes under the OECD model rules. The assessment of the potential exposure is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment of the transitional safe harbours, the Pillar Two simplified effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour may not apply. The Group does not expect a material accounting profits exposure in those jurisdictions.

7. Goodwill

As at 31 March	2024 £m	2023 £m
Cost and net book value	**405**	405

The total net book value predominantly relates to the goodwill that arose on the acquisition of Corus Group PLC ('Corus') and has been tested against the recoverable amount of the Business Unit IJmuiden CGU. Business Unit IJmuiden is the CGU that contains the steelmaking facilities at IJmuiden and forms the major part of the TSN business. This goodwill related to expected synergies from combining Corus' activities with those of TSL and assets which could not be recognised as separately identifiable intangible assets. Goodwill acquired through this and other acquisitions is tested annually for impairment or more frequently if there are any indications that goodwill may be impaired.

As in the prior year, the recoverable amount of Business Ijmuiden CGU has been determined from a fair value less costs of disposal (FV) model. The annual test for impairment of goodwill is consistent with the annual test for impairment of property, plant and equipment as at 31 March 2024 (Note 9). The FV calculation involves estimating future cash flows that TSN expects to derive from the CGU using the three-year Annual Plan for the period FY25-FY27 and, for the period FY28 onwards, assumptions on cashflows during, and after, the transition to the DRI route of production. TSN is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual transition to Green Hydrogen depending on availability and economics. Updated plans for phase 1, replacing one of the blast furnaces and one of the coke and gas plants with the first DRI plant and Electric Arc Furnace (EAF), and which is to be completed by 2030, were submitted to the Netherlands government in November 2023 and are part of the so called "Maatwerk" discussions. The FV calculation includes assumptions with respect to capital expenditure regarding the amounts necessary to pursue decarbonisation, as well as an assumption of government grants for Phase 1. The cash flows are further adjusted for business improvement initiatives and for the future expected benefits on account of the capital expenditure. For the FV calculation, a set of inflation assumptions is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets up until the terminal year at which point a 2.0% (2023: 2.0%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 8.2% (2023: 7.9%) is derived from the Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the Group's PPE impairment test as at 31 March 2024 for BU IJmuiden CGU resulted in no impairment of property, plant and equipment (2023: Nil).

Key assumptions for the FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs including network costs, the timing and availability of permits required, the ability to successfully deliver the business improvement initiatives identified in the Annual Plan, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low carbon steel, levels of government support for decarbonisation, the commissioning of new carbon free production facilities and a post-tax discount rate of 8.2%. In particular, whilst TSN has submitted its green steel plan to the Dutch government, there is not yet any commitment or guarantee that support from the Dutch government would be forthcoming. However, a significant step was taken as part of the tailored (Maatwerk) trajectory for accelerated sustainability based on the Green Steel Plan of TSN.

The Group has conducted several sensitivity analysis on the impairment test of the carrying value of the BU IJmuiden CGU. Sensitivity analysis are performed related to (i) an increase in discount rate of 100 basis points, (ii) a decrease in profitability, (iii) early closure of plants affected by the decarbonisation strategy (e.g. coke and gas plants), (iv) negative impact of a non-level playing field in the EU steel industry regarding climate measures and network costs, and (v) lower government support for

long-term investments required to enable the transition to carbon neutral. The Board believes that none of the above sensitivities, individually, would cause the carrying value of property, plant and equipment to materially exceed its fair value less costs of disposal.

The outcome of the Group's goodwill impairment test as at 31 March 2024 resulted in no impairment of goodwill (2023: no impairment).

8. Other intangible assets

Group:

2024	Computer software £m	Development costs £m	Patents and Trademark £m	Intangibles under development £m	Total £m
Cost as at 1 April 2023	307	31	1	37	**376**
Additions	-	-	-	7	**7**
Exchange rate movements	(2)	(1)	-	(1)	**(4)**
Transfers	2	-	-	(2)	**-**
Cost as at 31 March 2024	307	30	1	41	**379**
Amortisation and Impairment as at 1 April 2023	259	31	1	-	**291**
Amortisation charge for the year	12	-	-	-	**12**
Impairment losses recognised during the year	3	-	-	-	**3**
Exchange rate movements	(1)	(1)	-	-	**(2)**
Amortisation and Impairment as at 31 March 2024	273	30	1	-	**304**
Net book value as at 31 March 2024	34	-	-	41	**75**

2023	Computer software £m	Development costs £m	Patents and Trademark £m	Intangibles under development £m	Total £m
Cost as at 1 April 2022	293	30	1	44	**368**
Additions	-	-	-	8	**8**
Disposals	(5)	-	-	-	**(5)**
Exchange rate movements	3	1	-	1	**5**
Transfers	16	-	-	(16)	**-**
Cost as at 31 March 2023	307	31	1	37	**376**
Amortisation and Impairment as at 1 April 2022	252	30	1	-	**283**
Amortisation charge for the year	10	-	-	-	**10**
Disposal	(4)	-	-	-	**(4)**
Exchange rate movements	1	1	-	-	**2**
Amortisation and Impairment as at 31 March 2023	259	31	1	-	**291**
Net book value as at 31 March 2023	48	-	-	37	**85**

The remaining amortisation period for computer software is approximately 3 years (2023: 4 years).

9. Property, plant and equipment

2024	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost or valuation as at 1 April 2023	950	4,717	264	827	**6,758**
Additions	13	68	40	448	**569**
Disposals	(3)	(96)	(23)	-	**(122)**
Exchange rate movements	(23)	(106)	(4)	(15)	**(148)**
Adjustment relating to remeasurement of lease liability	(10)	(66)	-	-	**(76)**
Reclassifications	-	37	2	(1)	**38**
Classified as held for sale	(5)	(16)	-	-	**(21)**
Transfers	9	625	-	(634)	**-**
Cost or valuation as at 31 March 2024	931	5,163	279	625	**6,998**
Depreciation and impairment as at 1 April 2023	415	3,367	122	38	**3,942**
Charge for the year	32	186	29	-	**247**
Impairment losses recognised during the year (Note 2)	43	103	25	88	**259**
Disposals	(2)	(95)	(22)	-	**(119)**
Exchange rate movements	(12)	(69)	(2)	-	**(83)**
Reclassifications	-	34	4	-	**38**
Classified as held for sale	(4)	(13)	-	-	**(17)**
Depreciation and impairment as at 31 March 2024	472	3,513	156	126	**4,267**
Net book value as at 31 March 2024	459	1,650	123	499	**2,731**
Spares (net book value)					**164**
Net book value as at 31 March 2024					**2,895**

2023	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost or valuation as at 1 April 2022	921	4,410	252	673	**6,256**
Additions	10	58	47	417	**532**
Disposals	(9)	(179)	(39)	-	**(227)**
Disposal of group undertakings	(5)	-	-	-	**(5)**
Exchange rate movements	31	136	4	23	**194**
Reclassifications	(2)	9	-	1	**8**
Transfers	4	283	-	(287)	**-**
Cost or valuation as at 31 March 2023	950	4,717	264	827	**6,758**
Depreciation and impairment as at 1 April 2022	379	3,272	130	38	**3,819**
Charge for the period	30	171	26	-	**227**
Impairment losses recognised during the year (Note 2)	1	5	3	-	**9**
Reversal of impairment losses during the year	(5)	(3)	(1)	-	**(9)**
Disposals	(8)	(177)	(38)	-	**(223)**
Disposal of group undertakings	(3)	-	-	-	**(3)**
Exchange rate movements	16	96	2	-	**114**
Reclassifications	5	3	-	-	**8**
Depreciation and impairment as at 31 March 2023	415	3,367	122	38	**3,942**
Net book value as at 31 March 2023	535	1,350	142	789	**2,816**
Spares (net book value)					**158**
Net book value as at 31 March 2023					**2,974**

(i) During the year, following the announcement on UK decarbonisation strategy, the Group's UK operations reassessed its lease liability position relating to the heavy end operations at Port Talbot site and recognised an amount of remeasurement of lease liability £76m as an adjustment to the corresponding right-of-use assets.

(ii) The additions to the right-of-use assets during the 2024 financial year were £64m (2023: £55m).

(iii) Consistent with the annual test for impairment of goodwill as at 31 March 2024 (Note 7), property, plant and equipment was also tested for impairment at that date where indicators of impairment existed.

In respect of the TSUK CGU a fair value less costs of disposal (FV) model was used to test for impairment in the Property, Plant and Equipment as at 31 March 2024. A value in use calculation is no longer deemed appropriate for this CGU due to TSUK's announcement in the year regarding decarbonisation whereby the existing blast furnace steelmaking assets in Port Talbot will be taken out of use in 2024/25 and be replaced by new EAF assets in the future following a transition period during which the business will continue to supply its customers using purchased slab and coil processed through its downstream facilities.

The FV calculation for TSUK CGU involves estimating future cash flows expected to be derived from the CGU for the period up to 2049/50. The cash flows for this period include EBITDA benefits generated from the EAF assets once they are commissioned and the model assumes capital expenditure of £1.25 billion inclusive of a grant from the UK Government of up to £500 million. For the model, a Nil growth rate (March 31, 2023: Nil) is used to extrapolate the cash flow projections beyond the steady state operations once the EAF is commissioned. Given that the cash flows are prepared on a real basis without any growth rate, the post-tax discount rate of 9.1% (March 31, 2023: 11.7% pre tax) has been adjusted to a post-tax real discount rate of 7.0%. The discount rate is derived from TSE's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors.

Key assumptions for the UK business are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low CO2 steel including the selling price effects of a 'green steel premium', levels of government support for decarbonisation, phasing of decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax real discount rate of 7.0% (post-tax nominal discount rate of 9.1%)

As in the prior year, the recoverable amount of Business Ijmuiden CGU has been determined from a fair value less costs of disposal (FV) model, refer to note 7 for disclosure on impairment test.

Key assumptions for the MLE business FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs including network costs, the timing and availability of permits required, the ability to successfully deliver the business improvement initiatives identified in the Annual Plan, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low carbon steel, levels of government support for decarbonisation, the commissioning of new carbon free production facilities and a post-tax discount rate of 8.2%. In particular, whilst TSN has submitted its green steel plan to the Dutch government, there is not yet any commitment or guarantee that support from the Dutch government would be forthcoming. However, a significant step was taken as part of the tailored (Maatwerk) trajectory for accelerated sustainability based on the Green Steel Plan of TSN.

For all other CGU's, a value in use (VIU) calculation has been prepared to consider the recoverable amount and assess whether this is exceeds the carrying value. This VIU calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out to perpetuity based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, and a pre-tax discount rate of 11.0% (2023: 10.6%) for those entities in the MLE Business and 12.2% (2023: 11.7%) for those entities in the UK Business. Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources.

The outcome of the above test indicated that, using a pre-tax discount rate of 11.0% (2023: 10.6%) for entities in the MLE Business and 12.2% (2023: 11.7%) for entities in the UK Business, none of the CGUs in the TSE group had a recoverable amount which was lower than its carrying value.

Following the announcement on UK decarbonisation strategy and proposal to restructure TSUK by closing heavy end assets relating to its Blast Furnace steel making facilities at Port Talbot, a specific asset impairment of £252m relating to those assets which are to be taken out of service in 2024/25 was recognised. The impairment comprises £184m in respect of owned property, plant and equipment, £14m in respect of stores and spares and £54m in respect of right of use assets . In addition to the impairment recognised as a result of the proposed restructuring, TSUK also recognised an impairment of £8m in relation to other specific assets which were identified as being impaired. Within the Business IJmuiden CGU an impairment of £13m was recognised in respect of specific assets which were identified as impaired.

In the prior year an impairment charge of £8m was recognised in relation to specific assets in BU IJmuiden CGU and £1m was recognised against previously impaired CGU's for which expenditure is impaired as soon as incurred on those specific assets. Also, during the previous year Tata Steel Maubeuge SAS CGU had a VIU significantly greater than its carrying value due to improved business performance and therefore a credit of £9m was recognised to reverse impairments charged against this CGU in earlier financial years.

(iv) Spares are shown at net book value. Due to the substantial number of items involved, and the many variations in their estimated useful lives, it is impracticable to give details of the movements normally disclosed in respect of property, plant and equipment.

(v) There was £nil (2023: £nil) borrowing costs capitalised in the year.

(vi)

As at 31 March	2024 £m	2023 £m
The net book value of land and buildings comprises:		
Freehold	415	404
Long leasehold (over 50 years unexpired)	14	16
Short leasehold	30	115
	459	535
Right of use assets not subject to operating leases		
Cost	180	249
Accumulated depreciation	(136)	(118)
	44	131
Owned assets	415	404
	459	535

Depreciation and impairment charges relating to right-of-use assets were £12m and £31m respectively for the year (2023: £11m depreciation and £1m impairment).

(vii)

As at 31 March	2024 £m	2023 £m
The net book value of plant and machinery comprises:		
Right of use assets not subject to operating leases:		
Cost	190	270
Accumulated depreciation and impairment losses	(102)	(122)
	88	148
Owned assets	1,562	1,202
	1,650	1,350

Depreciation and impairment charges relating right-of-use assets were £28m and £23m respectively for the year (2023: £33m depreciation and £nil impairment).

(viii)

As at 31 March	2024 £m	2023 £m
The net book value of spares comprises:		
Cost	602	585
Accumulated depreciation and impairment losses	(438)	(427)
	164	158

10. Equity accounted investments

Group:

As at 31 March	Interests in joint ventures £m	Investments in associates £m	2024 Total £m	2023 Total £m
Cost				
At beginning of year	10	10	**20**	19
Exchange rate movements	-	-	**-**	1
At end of year	10	10	**20**	20
Post acquisition reserves				
Share at beginning of year	14	4	**18**	26
Share of retained results in the year	2	1	**3**	(10)
Exchange rate movements	-	-	**-**	2
Share at end of year	16	5	**21**	18
Net book value at end of year	26	15	**41**	38
Net book value at beginning of year	24	14	**38**	45

(i) The Group's equity accounted investments are listed in Note 37.

(ii) Summarised information in respect of the Group's joint ventures is presented below:

As at 31 March	2024 £m	2023 £m
Share of the assets and liabilities of the Group's joint ventures:		
Non-current assets	**23**	24
Current assets	**18**	21
Current liabilities	**(6)**	(16)
Non-current liabilities	**(10)**	(5)
Group's share of net assets	**25**	24
Share of the revenue and expenses of the Group's joint ventures:		
Revenue	**54**	64
Expenses	**(51)**	(62)
Group's share of joint ventures' profit for the period after taxation	**3**	2
Dividends received	**(1)**	(5)
Group's share of retained results in the year	**2**	(3)

(iii) Summarised information in respect of the Group's associates is presented below:

As at 31 March	2024 £m	2023 £m
Summarised balance sheet information:		
Total assets	**78**	79
Total liabilities	**(25)**	(33)
Net assets	**53**	46
Group's share of net assets	**16**	14
Summarised income statement information:		
Revenue	**250**	325
Profit for the year	**1**	2
Group's share of associate's profit for the period after taxation	**1**	-
Dividends received	**-**	(7)
Group's share of retained results in the year	**1**	(7)

(iv) The share of post-tax profits of joint ventures and associates as disclosed in the income statement arose as follows:

	2024 £m	2023 £m
Group's share of joint ventures' profit for the year	3	2
Group's share of associates' profit for the year	1	-
Share of post-tax results of joint ventures and associates	4	2

(v) During the year, the Group disposed of its interest in its associate ISSB (Ltd).

Investments of subsidiary undertakings

Company:

	Shares in Subsidiary undertakings £m	Loans to Subsidiary undertakings £m	Total £m
Cost at 1 April 2023	11,432	150	**11,582**
Additions	6,199	175	**6,374**
Dissolved	(11,432)	-	**(11,432)**
Cost at 31 March 2024	6,199	325	**6,524**
Impairment at 1 April 2023	6,208	-	**6,208**
Charge for the year	6,170	-	**6,170**
Dissolved	(11,432)	-	**(11,432)**
Impairment at 31 March 2024	946	-	**946**
Net book value at 31 March 2024	**5,253**	**325**	**5,578**
Net book value at 31 March 2023	5,224	150	5,374

The Company's subsidiaries and investments are listed in Note 37 of the consolidated accounts.

Loans to subsidiary undertakings £325m (2023: £150m) are in relation to external borrowings, on-lent to TSUK and have repayment terms of 3 months with an interest rate between 7.0% - 7.5% per annum.

During the year the Group underwent a series of corporate simplification transactions to simplify its legal structure. As a result, the Group's investment in Tata Steel Netherlands Holdings B.V. was transferred to the Company by its former subsidiary Tata Steel UK Holdings Limited at a value of £6,099m. Upon this transaction, the Company's direct subsidiary Tulip UK Holdings (No.2) Limited, Tulip UK Holdings (No.3) Limited and Tata Steel UK Holdings Limited were placed into members voluntary liquidation (MVL) and subsequently dissolved. The carrying value of investment in Tulip UK Holdings (No.2) Limited £5,224m was impaired during the year.

The carrying values of the Company's investments are tested annually for impairment using an enterprise value ('EV') calculation. The calculation combines the EV for each of the UK Business and the MLE Business which is obtained using a fair value less costs to sell ('FV') method which involves estimating future cash flows that TSE expects to derive from these businesses.

The FV calculation for the UK Business involves estimating future cash flows expected to be derived from for the period up to 2049/50. The cash flows for this period include EBITDA benefits generated from the EAF assets once they are commissioned and the model assumes capital expenditure of £1.25 billion inclusive of a grant from the UK Government of up to £500 million. For the model, a Nil growth rate (March 31, 2023: Nil) is used to extrapolate the cash flow projections beyond the steady state operational position once the EAF is commissioned. Given that the cash flows are prepared on a real basis without any growth rate, the post-tax discount rate of 9.1% (March 31, 2023: 11.7% pre tax) has been adjusted to a post-tax real discount rate of 7.0%. The discount rate is derived from TSE's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors.

Key assumptions for the FV model of the UK Business are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low CO2 steel including the selling price effects of a 'green steel premium', levels of government support for decarbonisation, phasing of decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax real discount rate of 7.0% (post-tax nominal discount rate of 9.1%)

In respect of the MLE Business the recoverable amount has also been determined from a FV model. The FV calculation involves estimating future cash flows from the CGU using the three-year Annual Plan for the period FY25-FY27 and, for the period FY28 onwards, assumptions on cashflows during, and after, the transition to the DRI route of production. The FV calculation includes assumptions with respect to capital expenditure regarding the amounts necessary to pursue decarbonisation, as well as an assumption of government grants for Phase 1. The cash flows are further adjusted for business improvement initiatives and for the future expected benefits on account of the capital expenditure. For the FV calculation, a set of inflation assumptions is used

to extrapolate the cash flow projections beyond the three-year period of the financial budgets up until the terminal year at which point a 2.0% (2023: 2.0%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 8.2% (2023: 7.9%) is derived from the Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors.

Key assumptions for the MLE Business are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low CO2 steel, levels of government support for decarbonisation, phasing of decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax discount rate of 8.2%.

The outcome of the impairment test at 31 March 2024 resulted in a £946m impairment (2023: £nil) to the value of the Company's equity investment in Tata Steel Netherlands Holdings B.V. ('TSNH'). The Company has conducted further sensitivity analysis on the investment held in TSNH, including sensitivity in respect of (i) lower level of government support towards the long term capital expenditure investments needed for decarbonisation in the MLE Business, (ii) lower levels of government support for electricity network costs in the MLE Business and (iii) a 5% decrease in forecast steel selling prices in the UK Business. The recoverable amount of the equity investment in TSNH could decrease by (i) £86m, (ii) £303m and (iii) £738m under each of the three sensitivities listed above which would result in further impairments to the carrying value of the same amount.

11. Other investments

	Loans and receivables £m	Investments £m	2024 Total £m	2023 Total £m
Carrying value as at 1 April	6	7	13	13
Additions	3	1	4	5
Disposals	(2)	(2)	(4)	(5)
Carrying value as at 31 March	7	6	13	13

None of the loans and receivables or investments are either overdue or impaired.

(i) The currency and interest exposure of other investments of the Group is as follows:

	2024			2023		
	Fixed rate long-term financial assets £m	Floating rate long-term financial assets £m	Total £m	Fixed rate long-term financial assets £m	Floating rate long-term financial assets £m	Total £m
Sterling	7	4	11	6	5	11
Euros	2	-	2	2	-	2
	9	4	13	8	5	13
Disclosed as:						
Loans and receivables	7	-	7	6	-	6
Investments	2	4	6	2	5	7

	2024		2023	
	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed Years	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed Years
Sterling	8.6	3.6	7.4	3.7

(ii) Contractual maturities of other investments are as follows:

As at 31 March	2024 £m	2023 £m
Within one year	1	-
Between one and two years	-	1
Between two and five years	5	3
Greater than five years	2	3
No contractual maturity date	5	6
	13	13

12. Long term receivables

	2024 £m	2023 £m
Other debtors	**2**	2
	2	2

13. Deferred tax

	2024 £m	2023 £m
Deferred tax assets	**309**	**222**
Deferred tax liabilities	**(48)**	**(50)**
Net Deferred tax	**261**	**172**

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior reporting year.

2024	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Inventory £m	Provisions £m	Interest £m	Other £m	Total £m
At 1 April 2023	176	55	(162)	10	11	45	37	**172**
(Charged)/credited to income statement	(186)	54	26	(5)	38	53	1	**(19)**
Exchange rate movements	-	(2)	-	-	-	-	(1)	**(3)**
(Charged)/credit to other comprehensive income	-	-	144	-	-	-	(33)	**111**
At 31 March 2024	**(10)**	**107**	**8**	**5**	**49**	**98**	**4**	**261**

2023	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Inventory £m	Provisions £m	Interest £m	Other £m	Total £m
At 1 April 2022	199	423	(497)	2	68	27	(9)	**213**
(Charged)/credited to income statement	(22)	(371)	(14)	7	(58)	18	(8)	**(448)**
Exchange rate movements	(1)	3	-	1	1	-	-	**4**
Credit to other comprehensive income	-	-	349	-	-	-	54	**403**
At 31 March 2023	**176**	**55**	**(162)**	**10**	**11**	**45**	**37**	**172**

Deferred tax assets of £309m (2023: £222m) have been recognised at 31 March 2024. In evaluating whether it is probable that taxable profits will be earned in future accounting years, all available evidence was considered, including TSE Board approved budgets and forecasts. Following this evaluation, it was deemed probable there would be sufficient taxable income generated to realise the benefit of the deferred tax assets.

Deferred tax assets have not been recognised in respect of total tax losses of £5,598m (2023: £4,821m). These losses comprise UK losses of £4,926m (2023: £4,563m) and non-UK losses of £672m (2023: £258m). All unrecognised losses currently do not carry an expiry date.

Deferred tax assets have also not been recognised in respect of deductible temporary differences and unused tax credits of £1,042m (2023: £128m), which do not carry an expiry date.

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, joint ventures and associates for which deferred tax liabilities have not been recognised is £324m (2023: £363m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

14. Inventories

As at 31 March	2024 £m	2023 £m
Raw materials and consumables	**799**	928
Work in progress	**533**	910
Finished goods and goods for resale	**635**	643
	1,967	2,481

The value of inventories above is stated after provisions (net of reversal) of £206m (2023: £111m) for obsolescence and write-downs to net realisable value.

The cost of inventories recognised as an expense (Note 2) includes a charge of £75m (2023: £59m) in respect of write down of inventory to net realisable value.

15. Trade and other receivables

Group:

As at 31 March	2024 £m	2023 £m
Trade receivables	**294**	382
Less provision for impairment of receivables	**(4)**	(3)
	290	379
Amounts owed by ultimate parent company (Note 34)	**5**	5
Amounts owed by other Group companies (Note 34)	**8**	12
Amounts owed by joint ventures (Note 34)	**9**	3
Amounts owed by associates (Note 34)	**13**	12
Derivative financial instruments (Note 24)	**9**	18
Other taxation	**15**	34
External interest receivable	**-**	1
Prepayments and other non-financial assets	**60**	25
Deferred proceeds on sale of business	**3**	13
Other receivables	**46**	106
	458	608

(i) Trade receivables are further analysed as follows:

As at 31 March 2024	Gross credit risk amount £m	Subject to credit insurance cover £m	Impairment provision made £m	Net credit risk amount £m
Amounts not yet due	**248**	**(242)**	**-**	**6**
One month overdue	**31**	**(29)**	**-**	**2**
Two months overdue	**2**	**(2)**	**-**	**-**
Three months overdue	**1**	**(1)**	**-**	**-**
Greater than three months overdue	**12**	**(8)**	**(4)**	**-**
	294	**(282)**	**(4)**	**8**

As at 31 March 2023	Gross credit risk amount £m	Subject to credit insurance cover £m	Impairment provision made £m	Net credit risk amount £m
Amounts not yet due	348	(336)	-	12
One month overdue	18	(18)	-	-
Two months overdue	-	-	-	-
Three months overdue	2	(2)	-	-
Greater than three months overdue	14	(10)	(3)	1
	382	(366)	(3)	13

The Group considers its maximum exposure to credit risk with respect to customers at 31 March 2024 to be £8m (2023: £13m), which is the fair value of trade receivables (after impairment provisions) less those that are subject to credit insurance cover as

shown in the table above. The other classes of financial assets within trade and other receivables do not contain impaired assets. There is no concentration of credit risk with any particular customers.

Credit risk management is discussed further in Note 24.

(ii) Movements in the provision for impairment of receivables are as follows:

As at 31 March	2024 £m	2023 £m
At beginning of year	3	4
Impairments in the year (Note 2)	1	-
Amounts utilised, exchange rate and other movements	-	(1)
At end of year	4	3

Company:

As at 31 March	2024 £m	2023 £m
Trade receivables	-	1
Amounts owed by subsidiary undertakings	1	35
Interest owed by subsidiary undertakings	5	1
	6	37

Details of the Company's credit risk are not disclosed because the financial statements of TSE disclose such details on a consolidated basis.

16. Current tax

	Assets £m	Liabilities £m
2024		
UK corporation tax	-	8
Overseas taxation	6	3
	6	11
2023		
UK corporation tax	-	5
Overseas taxation	11	5
	11	10

17. Cash and short-term deposits

As at 31 March	2024 £m	2023 £m
Cash at bank and in hand	126	471
Short-term deposits	7	357
Cash and short-term deposits	133	828

The currency and interest exposure of cash and short-term deposits of the Group is as follows:

As at 31 March	2024			2023		
	Cash £m	Short-term deposits £m	Total £m	Cash £m	Short-term deposits £m	Total £m
Sterling	26	7	33	33	5	38
Euros	34	-	34	329	352	681
US Dollars	31	-	31	70	-	70
Other	35	-	35	39	-	39
	126	7	133	471	357	828

Short-term deposits are highly liquid investments with original maturities of three months or less. The weighted average interest rate across all deposits held at reporting date was 1.3% (2023: 1.9%), with £5m (2023: £5m) being based on zero rate interest. During each of the years above cash earned interest is based on EURIBOR or other official local rates.

18. Assets held for sale

As at 31 March 2024, the Group has classified certain classes of property, plant and equipment with carrying value of £4m (2023: Nil) as held for sale since it expects to recover the carrying value principally through sale and is in the process of identifying a prospective buyer. The Group expects to complete the sale of such assets within a period of one year from the reporting date.

19. Borrowings

Group:

As at 31 March	2024 £m	2023 £m
Current:		
External:		
Overdraft	8	-
Bank loans	650	350
Floating rate guaranteed Loan Notes	1	1
Obligations under leases	39	51
	698	402
Non-current:		
Inter-group:		
Amounts owed to immediate parent company (Note 34)	1,323	1,301
	1,323	1,301
External:		
Bank loans	576	275
Obligations under leases	140	229
	716	504
	2,039	1,805
Total borrowings	2,737	2,207

Interest payable on the above borrowings is included within trade and other payables (Note 20).

(i) The currency and interest exposure of gross borrowings of the Group at the end of the year is as follows:

As at 31 March	2024			2023		
	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m
Sterling	84	905	989	189	400	589
Euros	113	1,642	1,755	86	1,548	1,634
US Dollars	1	-	1	1	-	1
Other	8	-	8	7	-	7
Capitalisation of transaction costs	-	(16)	(16)	-	(24)	(24)
	206	2,531	2,737	283	1,924	2,207

	2024		2023	
	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed Years	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed Years
Sterling	5.4	4.3	6.1	4.7
Euros	3.6	3.9	4.1	4.2

The floating rate borrowings include amounts owed to immediate parent company and bank borrowings bearing interest rates based on EURIBOR or official local rates.

The weighted average interest rate on current borrowings was 6.53% (2023: 5.51%) and on non-current borrowings was 6.10% (2023: 4.02%).

(ii) The maturity of borrowings is as follows:

As at 31 March	2024 £m	2023 £m
In one year or less or on demand	710	417
Between one and two years	704	117
Between two and three years	1,300	469
Between three and four years	19	1,203
Between four and five years	17	39
More than five years	69	48
	2,819	2,293
Less: future finance charges on leases	(54)	(44)
Less: capitalisation of transaction costs	(16)	(24)
Less: future release of debt modification credit	(12)	(18)
	2,737	2,207
Analysed as:		
Current liabilities	698	402
Non-current liabilities	2,039	1,805

Amounts payable under leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2024 £m	2023 £m	2024 £m	2023 £m
Not later than one year	50	65	40	51
Later than one year but not more than five years	122	212	96	182
More than five years	63	47	44	47
	235	324	180	280
Less: future finance charges on leases	(55)	(44)	-	-
Present value of lease obligations	180	280	180	280

The lease portfolio of the Group consists of leases of land, buildings, machinery and vehicles.

(iii) The maturity of undrawn committed borrowing facilities of the Group is as follows:

As at 31 March	2024 £m	2023 £m
Not later than one year	-	-
Between one and two years	132	-
Between two and three years	-	276
Total	132	276

The Group's senior facility contains no limits on the amount of other uncommitted, unsecured credit facilities

Tata Steel UK Limited ('TSUK') entered into a RCF in June 2021 with a maximum availability of £350m and into a three year £50m committed loan facility in November 2021. As of 31 March 2024, both of these facilities were fully utilised. On 13 May 2024 both of these facilities were refinanced into a new three year committed RCF.

Tata Steel Europe Limited entered into a long term working capital facility agreement in May 2022 with a maximum availability of £150m. As of 31 March 2024, this facility was fully utilised and lent to TSUK.

Tata Steel Nederland B.V. ('TSN') refinanced its Revolving Credit Facility ('RCF') during October 2022 with the maximum limit of €200m. As of 31 March 2024, €125m remains undrawn. On 22 May 2024, the maximum limit on this facility was increased to €400m.

Tata Steel Europe Limited entered into a RCF in January 2023 with a maximum availability of £100m. As of 31 March 2024, £25m was undrawn and £75m lent to TSUK.

TSUK entered into a three year £100m committed loan facility in September 2023. As of 31 March 2024, this facility was fully utilised.

During the year, TSN acquired Grijze Poort B.V. As part of the acquisition, TSN acquired loans relating to assets held by Grijze Poort B.V. which are subsequently leased to group entities. As of 31 March 24, €27m was outstanding.

(iv) The Group's borrowings included an SFA which was successfully refinanced in October 2022. The transaction costs of £2m arising from the refinancing have been capitalised and are amortised over the term of the loan. In addition, during 2023/24 there has been a further €16m of amortised loan expenses. The SFA is secured against the assets and shares of Tata Steel UK Limited and the shares of Tata Steel Netherlands Holdings B.V. (TSNH). The SFA contains covenants for cash flow to debt service and debt to tangible net worth calculated at the level of Tata Steel Limited in India. The SFA at 31 March 2024 comprises of a €302m bullet term loan repayable in February 2026.

Company:

As at 31 March	**2024** **£m**	2023 £m
Current:		
External [(i)]	**100**	149
	100	149
Non-current:		
External [(ii)(iii)]	**225**	-
Inter-group:		
Amounts owed to other Group companies	**1**	1
	226	1
Total borrowings	**326**	150

(i) During the previous year the company entered a 3 month £100m uncommitted loan facility with interest charged on a floating basis with reference to SONIA.

(ii) In the prior year, the company entered a 3 year committed £150m working capital facility with interest charged on a floating basis with reference to SONIA. This facility was fully drawn as at 31 March 2024.

(iii) In the prior year the company entered a 3 year committed facility with interest charged on a floating basis with reference to SONIA. £75m of this facility was drawn as at 31 March 2024.

20. Trade and other payables

Group:

As at 31 March	**2024** **£m**	2023 £m
Trade payables	**931**	1,144
Amounts owed to other Group companies (Note 34)	**410**	424
Amounts owed to joint operations (Note 34)	**1**	2
Amounts owed to associates (Note 34)	**3**	3
Other taxation and social security	**63**	76
Interest payable to immediate parent Company (Note 34)	**49**	29
Interest payable	**17**	6
Capital expenditure creditors	**132**	237
Derivative financial instruments (Note 24)	**16**	153
Advances from customers	**6**	3
Other payables	**393**	424
	2,021	2,501

Other payables include amounts provided in respect of insurances, holiday pay, other employment costs and sundry other items.

Company:

As at 31 March	2024 £m	2023 £m
Trade creditors	-	35
Amounts owed to subsidiary undertakings	6	4
Interest payable	4	1
	10	**40**

21. Pensions and post-retirement benefits

Defined contribution schemes

The Group participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the year by the Group at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting year. The total cost charged to the income statement in 2024 amounted to £143m (2023: £138m). Of the total cost of £143m, £90m (2023: £86m) related to payments to the Stichting Pensioenfonds Hoogovens ('SPH') Pension Scheme which is the main scheme for historic and present employees in the Netherlands.

Defined benefit schemes

The Group operates a number of defined benefit pension and post-retirement schemes. Benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of certain unfunded arrangements, the assets of these schemes are held in administered funds that are legally separated from the Group. For those pension schemes set up under a trust, the trustees are required by law to act in the best interests of the schemes beneficiaries in accordance with the scheme rules and relevant pension legislation. The trustees are generally responsible for the investment policy with regard to the assets of the fund, after consulting with the sponsoring employer.

The Group accounts for all pension and post-retirement defined benefit arrangements using IAS 19 *'Employee Benefits'*, with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long-term pension liabilities, are governed by the individual scheme documentation and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding arrangements.

The principal defined benefit pension scheme of the Group at 31 March 2024 is the British Steel Pension Scheme ('BSPS'), which is the main scheme for previous and present employees based in the UK. Benefits offered by this scheme are based on final earnings and years of service at retirement. The assets of this scheme are held in a separately administered fund.

BSPS

The BSPS is the legacy defined benefit pension scheme in the UK and is closed to future accrual. The current Scheme is the successor to the old BSPS which entered a PPF assessment period in March 2018 following a Regulated Apportionment Arrangement ('RAA') which separated the old BSPS from TSUK. The current Scheme was created on 28 March 2018 when 69% of the members of the old Scheme transferred into the current Scheme. The Scheme is sponsored by TSUK and currently has around 65,000 members of which c.80% are pensioners with benefits in payment. Although TSUK has a legal obligation to fund any future deficit, a key condition of the new BSPS going forward was that it was sufficiently well funded to meet the Scheme's modified liabilities on a self-sufficiency basis with a buffer to cover residual risks.

Since the Scheme came into existence, the BSPS Trustee and TSUK established a framework for dynamic de-risking as and when conditions were appropriate. The framework provided for the parties to agree to partial buy-in transactions with one or more insurers over a period of time. In relation to this, the scheme completed its first buy-in transaction in respect to a small portion of the overall liabilities during the year ended 31 March 2022. It has also completed two further buy-in transactions during the year ended 31 March 2023 involving the purchase of annuities with an external insurer of the order of £2.2bn and £2.1bn in May 2022 and December 2022 respectively. On 17 May 2023 the BSPS completed a final buy-in transaction with an external insurer with a value of the order of £2.7bn which ensures that the all liabilities of the Scheme are now fully insured. The funding levels secured as part of these arrangements will enable the Trustee to award a payment of 3% in order to restore an element of member benefits which were foregone as part of the RAA. The final buy-in also included the purchase of an insurance policy on an "all risks" basis whereby any risks for data cleanse items (e.g. impact of Guaranteed Minimum Pension and Barber equalisation) and residual risks (e.g. whether any members claim that their benefit calculations are incorrect) were passed on to the insurer.

On 29 September 2023, TSUK and the Scheme Trustee signed a Deed of Amendment that stipulated that the Trustee shall apply any surplus assets at the time of winding up of the Scheme to augment member benefits to the fullest extent possible after allowing for any expenses necessary to wind up the Scheme. The Deed set out both parties' intentions that the winding up of the Scheme will take place as soon as all the tasks necessary to achieve this are completed. This is expected to take around three years. TSUK retains the sole power to decide whether to proceed to wind-up the Scheme and buy-out liabilities. At the date the Deed was signed TSUK performed an exercise that estimated the expected surplus of the Scheme at the earliest date a wind up was possible was likely to be around £115m. As a result of the Deed, a past service cost equal to £115m was recorded in the income statement in the current year.

The Deed of Amendment means that there is no longer an ability for TSUK to access any of the surplus of the Scheme. In accordance with IAS 19 an 'asset ceiling' has been applied to reflect the fact that TSUK no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to nil on the Group's balance sheet from 29 September 2023.

The BSPS previously held an anti-embarrassment interest in TSUK agreed as part of the Regulated Apportionment Arrangement ("RAA") entered into in 2017. The anti-embarrassment interest was initially 33.33% at the time of the RAA but was diluted to less than 1% due to successive equity issuances by TSUK to its parent company Corus Group Limited. On 14 March 2024, BSPS transferred its anti-embarrassment interest to TSUK's parent company Corus Group Limited though the Scheme retains an economic interest in the value of those shares. No value has been included in the BSPS's assets at 31 March 2024 (2023: £nil) for its interest in TSUK.

At 31 March 2024 the Scheme had an IAS 19 surplus of £nil (2023: £685m). The surplus at 31 March 2024 includes an asset ceiling of £69m in order to restrict the surplus to £nil as TSUK no longer has an unconditional right to a refund of the surplus from the Scheme.

The 31 March 2021 valuation was agreed between TSUK and the BSPS Trustee on 21 January 2022. This was a surplus of £492m on a Technical Provisions (more prudent) basis equating to a funding ratio of 105%. The agreed Schedule of Contributions confirmed that neither ordinary nor deficit recovery contributions are due from the Company. The next triennial valuation of the Scheme, which will take place as at 31 March 2024, is expected to show that the Scheme is fully funded on a solvency/buy-out basis and that no contributions are due from TSUK.

The weighted average duration of the scheme's liabilities at 31 March 2024 was 11.0 years (2023: 11.0 years).

Actuarial assumptions

A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions. Furthermore the actuarial assumptions used may vary according to the country in which the plans are situated.

The key assumptions applied at the end of the reporting year for the purposes of the actuarial valuations were as follows:

2024	BSPS %	Other %
Salary growth[1]	n/a	1.50 to 3.00
Pension increases[2]	2.86	0.00 to 2.50
Discount rate	4.90	1.60 to 5.20
Inflation	2.86	1.20 to 3.00

1 The BSPS is closed to future accrual.
2 Where applicable a CPI assumption of 2.86% was applied within the BSPS.

2023	BSPS %	Other %
Salary growth [3]	n/a	1.50 to 3.00
Pension increases[4]	2.91	0.00 to 2.75
Discount rate	4.87	2.20 to 5.00
Inflation	2.91	2.00 to 3.00

3 The BSPS is closed to future accrual.
4 Where applicable a CPI assumption of 2.91% was applied within the BSPS.

The discount rate is set with reference to the current rate of return on AA rated corporate bonds (excluding government backed bonds) of equivalent currency and term to the scheme liabilities. Projected inflation rate and pension increases are long-term predictions based mainly on the yield gap between long-term fixed interest and index-linked gilts.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans. For the BSPS the liability calculations as at 31 March 2024 use the Self-Administered Pension Schemes 3 (SAPS 3) base tables, S3PMA_M/S3PFA/S3DFA with the 2020 CMI projections with a 1.25% p.a. (2022-23: 1.25% p.a.) long-term trend applied from 2013 to 2021 (adjusted by a multiplier of 1.03 p.a. (2022-23: 1.03 p.a.) for males, 1.03 p.a. (2022-23: 1.03 p.a.) for females and 1.04 p.a. for female dependents (2022-23: 1.04 p.a)). In addition, future mortality improvements are allowed for in line with the 2022 CMI Projections with a long-term improvement trend of 1% (2023: 1%) per annum, a smoothing parameter of 7.0 (2023: 7.0), an initial addition parameter of 0% (2023: 0%) and a 25% weight on mortality experience allowance (2023 :10%), for adopting w2020 and w2021 parameters for excess deaths in the UK in the COVID-19 affected years . This indicates that today's 65 year old male member is expected to live on average to approximately 86 years (2022-23: 86 years) of age and a male member reaching age 65 in 15 years' time is then expected to live on average to 86 years (2022-23: 86) of age.

Sensitivities

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, salary growth and mortality. The sensitivity analysis below for the BSPS has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting year:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 50bps (2023: 50bps)	Decrease by 5.4% / increase by 5.4%
Inflation	Increase/decrease by 50bps (2023: 50bps)	Increase by 2.3% / decrease by 2.3%
Mortality	1 year increase/decrease in life expectancy	Increase/decrease by 2.4%

Sensitivities for the BSPS have been provided as it is a material scheme. Please note that the sensitivities shown are in respect of the total liabilities which include the portion of the liabilities covered by an insured annuity contract. Changes in the value of the insured liabilities are fully offset by equivalent change in the insured asset value.
The above sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit at the end of the reporting year, which is the same as that applied in calculating the defined benefit liability recognised in the balance sheet.

Income statement costs

Under IAS 19, costs in relation to pension and post-retirement plans mainly arise as follows:

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current year. No charge or credit is reflected here for any surplus or deficit in the scheme and so the cost is unrelated to whether, or how, the scheme is funded.
- The past service cost is the change in a defined benefit obligation for employee service in prior years, arising as a result of changes to plan arrangements in the current year.
- The net interest cost/(income) on the liability or asset recognised in the balance sheet.

These items are treated as a net operating cost in the income statement within employment costs.

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of other comprehensive income. Examples of such variations are differences between the discount rate used for calculating the return on scheme assets (credited to the income statement) and the actual return, the re-measurement of scheme liabilities to reflect changes in discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast.

Income statement pension costs arose as follows:

2024	BSPS £m	SPH £m	UK £m	Other £m	Total £m
Current service cost	8	-	-	1	**9**
Past service cost	115	-	-	-	**115**
Net interest income	(33)	-	-	2	**(31)**
Interest cost on irrecoverable surplus	17	-	-	-	**17**
Defined benefit schemes	107	-	-	3	**110**
Defined contribution schemes	-	90	46	7	**143**
Total charge for the year	107	90	46	10	**253**

2023	BSPS £m	SPH £m	UK £m	Other £m	Total £m
Current service cost	8	-	-	1	**9**
Net interest (income)/cost	(55)	-	-	2	**(53)**
Defined benefit schemes	(47)	-	-	3	**(44)**
Defined contribution schemes	-	86	46	6	**138**
Total (credit)/charge for the year	(47)	86	46	9	**94**

Total pension costs disclosed above and included in the income statement are as follows:

	2024 £m	2023 £m
Pension costs (Note 4)	**138**	94
Pension restructuring items (Note 4)	**115**	-
Total charge for the year	**253**	94

The asset classes include national and international stocks, fixed income government and non-government securities, real estate and annuities with external insurers . The majority of the reported plan assets are located in UK and EU. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment was as follows:

2024	BSPS %	Other %
Quoted:		
Equities – UK Entities	0.0	7.5
Equities – Non-UK Entities	0.0	15.9
Bonds – Fixed Rate	1.4	64.9
Bonds – Index Linked	0.0	0.0
Other	0.0	0.0
	1.4	**88.3**
Unquoted:		
Real estate	1.2	5.4
Derivatives	0.0	0.0
Cash and cash equivalents	0.4	2.6
Insurance	97.0	0.0
Other	0.0	3.7
	98.6	**11.7**
Total	**100.0**	**100.0**

2023	BSPS %	Other %
Quoted:		
Equities – Non-UK Entities	0.0	34.7
Bonds – Fixed Rate	28.8	53.1
Bonds – Index Linked	4.8	0.0
Other	0.0	0.0
	33.6	**87.8**
Unquoted:		
Real estate	7.0	5.3
Derivatives	0.1	0.0
Cash and cash equivalents	3.5	3.8
Insurance	54.9	0.0
Other	0.9	3.1
	66.4	**12.2**
Total	**100.0**	**100.0**

Balance sheet measurement

In determining the amounts to be recognised in the balance sheet the following approach has been adopted:

- Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).
- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.
- Asset ceiling restrictions are applied where the provisions of the scheme do not allow for refund of any residual surplus to the Company in the event of wind-up of the Scheme.

Amounts recognised in the balance sheet arose as follows:

2024	BSPS £m	Other £m	Total £m
Fair value of plan assets	5,987	95	**6,082**
Present value of obligation	(5,918)	(156)	**(6,074)**
Irrecoverable surplus (effect of asset ceiling)	(69)	-	**(69)**
Defined benefit liability at end of year	-	(61)	**(61)**
Disclosed as:			
Defined benefit asset	-	2	**2**
Defined benefit liability – current	-	(1)	**(1)**
Defined benefit liability – non-current	-	(62)	**(62)**

Arising from:			
Funded schemes	-	1	**1**
Unfunded schemes	-	(62)	**(62)**

2023	BSPS £m	Other £m	Total £m
Fair value of plan assets	6,681	98	**6,779**
Present value of obligation	(5,996)	(167)	**(6,163)**
Defined benefit asset/(liability) at end of year	685	(69)	**616**
Disclosed as:			
Defined benefit asset	685	2	**687**
Defined benefit liability – current	-	(1)	**(1)**
Defined benefit liability – non-current	-	(70)	**(70)**
Arising from:			
Funded schemes	685	(5)	**680**
Unfunded schemes	-	(64)	**(64)**

The movements in the present value of plan assets and defined benefit obligations in 2024 and 2023 were as follows:

2024	**BSPS £m**	**Other £m**	**Total £m**
Plan assets:			
As at 1 April 2023	6,681	98	**6,779**
Interest income on plan assets	314	4	**318**
Interest cost on irrecoverable surplus	(17)	-	**(17)**
Return on plan assets less than the discount rate	(547)	(1)	**(548)**
Change in effect of asset ceiling	(52)	2	**(50)**
Contributions from the employer	-	6	**6**
Settlements	-	(5)	**(5)**
Exchange rate movements	-	(3)	**(3)**
Benefits paid	(461)	(6)	**(467)**
As at 31 March 2024	5,918	95	**6,013**
Defined benefit obligations:			
As at 1 April 2023	5,996	167	**6,163**
Current service cost	8	1	**9**
Past service credit	115	-	**115**
Interest cost on the defined benefit obligation	281	6	**287**
Settlements	-	(5)	**(5)**
Actuarial (gain)/loss due to financial assumption changes	(35)	1	**(34)**
Actuarial gain due to demographic assumption changes	(12)	-	**(12)**
Actuarial loss/(gain) due to actuarial experience	26	(1)	**25**
Exchange rate movements	-	(4)	**(4)**
Benefits paid	(461)	(9)	**(470)**
As at 31 March 2024	5,918	156	**6,074**

Included within other schemes above are post-retirement medical and similar net obligations of £3m (2023: £4m).

2023	BSPS £m	Other £m	Total £m
Plan assets:			
As at 1 April 2022	9,874	99	**9,973**
Interest income on plan assets	262	4	**266**
Return on plan assets less than the discount rate	(2,928)	(8)	**(2,936)**
Change in effect of asset ceiling	-	(2)	**(2)**
Contributions from the employer	-	9	**9**
Exchange rate movements	-	6	**6**
Benefits paid	(527)	(10)	**(537)**
As at 31 March 2023	6,681	98	**6,779**

2023	BSPS £m	Other £m	Total £m
Defined benefit obligations:			
As at 1 April 2022	7,825	188	**8,013**
Current service cost	8	1	**9**
Interest cost on the defined benefit obligation	207	6	**213**
Actuarial gain due to financial assumption changes	(1,498)	(26)	**(1,524)**
Actuarial gain due to demographic assumption changes	(41)	-	**(41)**
Actuarial loss due to actuarial experience	22	1	**23**
Exchange rate movements	-	9	**9**
Benefits paid	(527)	(12)	**(539)**
As at 31 March 2023	5,996	167	**6,163**

Actuarial losses recorded in the statement of comprehensive income for the year were £(577)m (2023: Loss of £(1,396)m).

22. Provisions and other liabilities

	Rationalisation costs (i) £m	Environmental provision (ii) £m	Insurance (iii) £m	Employee benefits (iv) £m	Other (v) £m	**Total 2024 £m**	Total 2023 £m
As at 1 April	16	206	30	55	58	**365**	355
Charged to income statement	267	22	-	5	17	**311**	173
Released to income statement	(2)	(95)	-	(1)	(4)	**(102)**	(35)
Utilised in year	(8)	(79)	(2)	-	(4)	**(93)**	(140)
Exchange rate movements	(1)	(2)	-	(1)	(1)	**(5)**	12
At end of year	272	52	28	58	66	**476**	365
Analysed as:							
Current liabilities	188	26	-	2	12	**228**	180
Non-current liabilities	84	26	28	56	54	**248**	185

(i) Rationalisation costs include redundancy provisions as follows:

	2024 £m	2023 £m
At beginning of year	**3**	10
Charged to income statement	**171**	4
Released to income statement	**-**	(1)
Utilised during the year	**(7)**	(10)
Exchange rate movements	**(1)**	-
At end of year	**166**	3

	2024 £m	2023 £m
Other rationalisation provisions arise as follows:		
Onerous contracts and termination costs	41	4
Decommissioning, environmental and other remediation costs at sites subject to re-structuring/closure	65	9
	106	13

Although the precise timing in respect of utilising the redundancy provisions is not known, the majority is expected to be incurred within one year.

(ii) The environmental provisions consist of provisions for CO2 emission rights, together with remediation and clean-up activities that are likely to be undertaken in the foreseeable future and of which the costs can reasonably be estimated. The majority of the provision is expected to be incurred within one year. The provision for CO2 emission rights is sensitive to movements in the market price for these rights.

(iii) The insurance provisions currently held by the Group cover its historical liability risks. The provisions include a suitable amount in respect of its known outstanding claims and an appropriate amount in respect of liabilities that have been incurred but not yet reported. The provisions are subject to regular review and are adjusted as appropriate. The value of the final insurance settlements is uncertain and so is the timing of the expenditure.

(iv) Provisions for employee benefits include long-term benefits such as long service and sabbatical leave, disability benefits and sick leave. All items are subject to independent actuarial assessments.

(v) Other provisions include early retirement provisions of £29m (2023: £22m), product warranty claims of £6m (2023: £8m), dilapidation provisions of £7m (2023: £3m) and other miscellaneous provisions of £24m (2023: £25m). The timing in respect of utilising these provisions is uncertain.

23. Other non-current liabilities

As at 31 March	2024 £m	2023 £m
Other taxation and social security	40	56
Other creditors	1	2
	41	58

As at 31 March	2024 £m	2023 £m
An analysis of other creditors by currency is set out below:		
Sterling	-	1
Euros	41	57
	41	58

Other taxation and social security relates to deferred payroll taxes which are due for repayment within four years. These payroll tax deferrals were granted in response to the COVID-19 pandemic.

24. Financial instruments and risk management

(i) Capital risk management
The Group's two main businesses manages their capital with the aim of ensuring that the entities in the Group are able to continue as a going concern. Further details are included in the basis of preparation on page 54. The Group's overall risk strategy remains unchanged from 2023. The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 19, after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Net debt has increased in the year to £2,603m at 31 March 2024 from £1,379m at 31 March 2023 (note 32) mainly due to an increase of £621m in borrowings and a decrease of £695m in cash and cash equivalents partially offset by an decrease of £100m in obligations under leases.

(ii) The carrying amounts of the Group's financial assets and financial liabilities (excluding derivative assets and liabilities) are:

As at 31 March	2024 £m	2023 (restated) £m
Financial assets:		
Loans and receivables:		
Other investments (Note 11)	**7**	6
Long term receivables (Note 12)	**2**	2
Trade receivables (Note 15)	**290**	379
Other receivables [1] (Note 15)	**84**	152
Cash and short-term deposits (Note 17)	**133**	828
	516	1,367
Financial liabilities:		
Financial liabilities held at amortised cost:		
Trade and other payables [2] (Note 20)	**(1,936)**	(2,269)
Current borrowings (Note 19)	**(698)**	(402)
Non-current borrowings (Note 19)	**(2,039)**	(1,805)
Other non-current liabilities (Note 23)	**(1)**	(2)
	(4,674)	(4,478)
	(4,158)	(3,111)

[1] Excludes derivatives, other taxation and prepayments
[2] Excludes other taxation and social security, derivatives and advances from customers

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values except for current and non-current borrowings. The fair values of these are £626m (2023: £393m) and £2,002m (2023: £1,741m) respectively. The fair value of borrowings would be classified as Level 3 within the fair value hierarchy. The fair value is based on discounted cash flows and reflects the credit risk of counterparties.

(iii) Fair value measurements recognised in the balance sheet
The following table categorises the Group's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1 and this includes the Group's holdings of listed investments). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Group's forward currency and commodity contracts). The Group's derivative financial assets and liabilities are also categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

As at 31 March	2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Derivative financial assets (Note 15)	-	9	-	9
Financial assets held at fair value through profit and loss (Note 11)	-	-	6	6
	-	9	6	15
Financial liabilities				
Derivative financial liabilities (Note 20)	-	(16)	-	(16)
	-	(16)	-	(16)

As at 31 March	2023			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through other comprehensive income:				
Derivative financial assets (Note 15)	-	18	-	18
Investments (Note 11)	-	-	6	6
	-	18	6	24
Financial liabilities at fair value through other comprehensive income:				
Derivative financial liabilities (Note 20)	-	(153)	-	(153)
	-	(153)	-	(153)

There were no transfers between any of the levels during the years presented above.

(iv) Financial risk management
The Group uses a variety of financial instruments, including derivatives, to finance its operations and to manage risks arising from those operations. The principal financial risks to which the Group is exposed are those of foreign exchange, commodity, and liquidity which are largely managed by the treasury functions within the UK and MLE Business whose activities are governed by policies and procedures approved by the TSUK and TSN Boards. The Businesses treasury committees meet at least quarterly to review activities and to monitor treasury performance against policies.

(a) Market risk: foreign exchange risk and management
At 31 March 2024, the Group had £2,737m (2023: £2,207m) in borrowings, of which £1,740m (2023: £1,611m) net of capitalised transaction costs of £15m (2023: £23m) is denominated in euros, £988m (2023: £588m) net of capitalised transaction costs of £1m (2023: £1m) is denominated in sterling, £1m (2023: £1m) is denominated in US dollars, and £8m (2023: £7m) is denominated in other currencies. As described in note 19, the Group's SFA is held by TSE's euro-denominated subsidiary company Tata Steel Netherlands Holdings B.V. ('TSNH'). As at 31 March 2024, the SFA comprises of a €302m euro denominated bullet term loan (for full details see Borrowings note 19).

It is the Group policy that substantially all the net currency transaction exposure arising from contracted sales and purchases over an approximate 6-month time horizon is covered by selling or purchasing foreign currency forwards. At 31 March 2024, the Group held forward currency sales of principally Euros and US Dollars amounting to £183m (2023: £361m) and purchases of principally Euros and US dollars amounting to £1,014m (2023: £1,341m).

A 10% appreciation of sterling at 31 March 2024 would increase the Group's net assets by approximately £152m (2023: £78m), increase equity by approximately £152m (2023: £78m) and increase operating profit by approximately £nil (2023: £nil). This sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at 31 March, excluding trade payables, trade receivables and other non-derivative financial instruments not in net debt which do not present a material exposure.

(b) Market risk: commodity risk and management
The Group make use of commodity futures contracts and options to manage its purchase price risk for certain commodities. Across the Group, forward purchases are also made of zinc, tin and nickel to cover sales contracts with fixed metal prices, carbon emission rights based on predicted future emissions deficit, and of natural gas and electricity to manage its purchase price risk.

At 31 March 2024, a 10% appreciation of market prices would increase the Group's equity by approximately £12m (2023: £25m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement would depend on the point at which the underlying hedged transactions were also recognised.

(c) Market risk: interest risk and management
The objective of the Group's interest risk management is to reduce its exposure to the impact of changes in interest rates in the currencies in which debt is borrowed.
Based on the composition of net debt at 31 March 2024, a 100 basis points increase in interest rates over the 12-month period would increase the Group's net finance expense by approximately £20m (2023: £10m) and decrease equity by approximately £20m (2023: £10m).

(d) Credit risk
Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Group arising from the amounts and obligations due from counterparties. The credit risk on short-term deposits is managed by limiting the aggregate amounts and duration of exposure to any one counter party, depending on its credit rating and other credit information, and by regular reviews of these ratings. The possibility of material loss arising in the event of non-performance is considered unlikely.

Individual operating units are responsible for controlling their own credit risk arising from the Group's normal commercial operations, although they must act within a series of centrally agreed guidelines. Trade receivables are, where appropriate, subject to a credit insurance programme, and regular reviews are undertaken of exposure to key customers and those where known risks have arisen or persist. Any impairment to the recoverability of debtors is reflected in the income statement.

Credit risk also arises from the possible failure of counter-parties to meet their obligations under currency and commodity hedging instruments. However, counter parties are established banks and financial institutions with high credit ratings and the Group continually monitors each institution's credit quality and limits as a matter of policy the amount of credit exposure to any one of them. The Group's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Group believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk
The management of liquidity risk is co-ordinated and controlled centrally by the treasury operations of the UK and MLE businesses. Liquidity risk is managed by maintaining access to a level of committed and uncommitted borrowing facilities to ensure liquidity is appropriate to forecasted cash flows to satisfy general corporate or working capital requirements. As shown in Note 19(iii), the total undrawn committed borrowing facilities at 31 March 2024 is £132m (2023: £276m).

The management of TSE's UK and MLE Businesses review liquidity and any associated risk monthly, which includes a review of the Businesses funding position and cash flow forecasts.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Group's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting year. Cash flows in foreign currencies are translated using the year end spot rates at 31 March 2024.

As at 31 March	2024			
	Contractual cashflows £m	Less than 1 year £m	Between 1 – 5 years £m	More than 5 years £m
Non-derivative financial liabilities:				
Trade and other payables [1]	(1,936)	(1,936)	-	-
Floating rate guaranteed loan notes	(1)	(1)	-	-
Lease obligations	(235)	(50)	(122)	(63)
Bank and other loans	(2,875)	(791)	(2,077)	(7)
Other creditors	(1)	(1)	-	-
	(5,048)	(2,779)	(2,199)	(70)
Derivative financial liabilities:				
Foreign currency contracts:				
Payables	(1,196)	(1,196)	-	-
Receivables	1,197	1,197	-	-
Commodity contracts	(6)	(6)	-	-
Other derivative contracts	(2)	(2)	-	-
	(7)	(7)	-	-
Total financial liabilities	(5,055)	(2,786)	(2,199)	(70)

[1] Excludes other taxation and social security, derivatives and advances from customers

As at 31 March	2023			
	Contractual cashflows £m	Less than 1 year £m	Between 1 – 5 years £m	More than 5 years £m
Non-derivative financial liabilities:				
Trade and other payables [1]	(2,269)	(2,269)	-	-
Floating rate guaranteed loan notes	(1)	(1)	-	-
Lease obligations	(324)	(65)	(212)	(47)
Bank and other loans	(2,197)	(435)	(1,762)	-
Other creditors	(2)	-	(2)	-
	(4,793)	(2,770)	(1,976)	(47)
Derivative financial liabilities:				
Foreign currency contracts:				
Payables	(1,698)	(1,698)	-	-
Receivables	1,665	1,665	-	-
Commodity contracts	(102)	(102)	-	-
	(135)	(135)	-	-
Total financial liabilities	(4,928)	(2,905)	(1,976)	(47)

[1] Excludes other taxation and social security, derivatives and advances from customers

(v) Derivative financial instruments

Derivative financial instruments used by the Group include forward exchange contracts and commodity contracts. These financial instruments are utilised to hedge significant future transactions and cash flows, and, in most cases, these are subject to hedge accounting under IFRS 9. The Group does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.
The following table sets out the fair values of derivatives held by the Group at the end of the reporting year:

	2024		2023	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Current:				
Foreign currency contracts	**6**	**(5)**	5	(38)
Commodity contracts	**3**	**(9)**	13	(115)
Others	**-**	**(2)**	-	-
	9	**(16)**	18	(153)

The fair value of derivative financial instruments that were designated as cash flow hedges at the end of the reporting year were:

	Foreign currency contracts £m	Commodity contracts £m	Taxation £m	2024 £m
Cash flow hedge reserve net of taxation at beginning of year	(39)	(100)	34	**(105)**
Recycled to the profit and loss	25	145	-	**170**
Fair value recognised	13	(53)	-	**(40)**
Deferred tax	-	-	(33)	**(33)**
Cash flow hedge reserve net of taxation at end of year	(1)	(8)	1	**(8)**

	Foreign currency contracts £m	Commodity contracts £m	Taxation £m	2023 (restated) £m
Cash flow hedge reserve net of taxation at beginning of year	17	72	(19)	**70**
Recycled to the profit and loss	(65)	9	-	**(56)**
Fair value recognised	9	(181)	-	**(172)**
Deferred tax	-	-	53	**53**
Cash flow hedge reserve net of taxation at end of year	(39)	(100)	34	**(105)**

At the end of the reporting year the total notional amount of outstanding foreign currency and commodity contracts that the Group has committed to are as follows:

	2024 £m	2023 £m
Foreign currency contracts	1,197	1,664
Commodity futures and options	145	384

There was no ineffectiveness on cash flow hedges recognised in the income statement in 2024 (2023: £nil).

25. Deferred income

	Grants relating to revenue £m	Grants relating to property, plant & equipment £m	2024 £m	2023 £m
At 1 April	1	2	3	4
Additions	-	2	2	-
Released to income statement	-	(1)	(1)	(1)
At 31 March	1	3	4	3

26. Called up share capital

Group and Company:

The share capital of the Company is shown below as at 31 March:

Authorised, allotted and fully paid	2024 £m	2023 £m
10,322,326,338 (2023: 10,222,326,338) ordinary shares of £1 each	10,322	10,222

The Company has one class of ordinary shares which carry no right to fixed income.

On 27 March 2024 TSE allotted and issued 100,000,000 ordinary shares of £1 each to T S Global Holdings Pte Limited.

Company reconciliation of share capital and equity:

	Ordinary share capital £m	Accumulated deficit £m	Total £m
At 1 April 2023	**10,222**	**(5,001)**	**5,221**
Loss for the year	-	(73)	**(73)**
Issue of ordinary shares	100	-	**100**
At 31 March 2024	**10,322**	**(5,074)**	**5,248**

All share issues are ordinary shares of £1 each issued at par.

27. Future capital expenditure

	2024 £m	2023 £m
Contracted but not provided for	112	177
Authorised but contracts not yet placed	230	416

At the end of the reporting year there was £12m (2023: £5m) of future expenditure planned in relation to intangible assets, included above.

28. Exposure for cash outflows relating to leases

	2024 £m	2023 £m
Future exposure for cash outflows by the Group at the end of the year:		
Future cash outflows relating to termination and extension options	-	-
Future cash outflows relating to leases committed but not yet commenced	19	23
	19	23

29. Contingencies

Dependent on future events, other current legal proceedings and recent significant contracts may give rise to contingencies and commitments which are not disclosed as the possibility of any outflow in settlement is remote. There are also contingent liabilities in the ordinary course of business in connection with the completion of contractual arrangements.

The Group is party to a number of environmental obligations where there is a possibility that an obligation may crystallise. No provision has been made in these financial statements where the Group does not consider that there is any probable loss.

The Group is party to a number of claims which may provide the Group with a future inflow of cash. No amount has been recorded in these financial statements on the basis that the Group does not consider it virtually certain that an amount will be received.

30. Reconciliation of cash generated from total operations

	2024 £m	2023 £m
Loss after taxation	**(1,891)**	(344)
Adjustments for:		
Taxation	**33**	470
Depreciation and amortisation including impairment items (net of grants released)	**534**	236
Profit on disposal of property, plant and equipment and Group companies	**(8)**	(19)
Finance income	**(18)**	(14)
Finance expense	**226**	133
Share of post-tax results of joint ventures and associates	**(4)**	(2)
Movement in pensions and post-retirement benefits	**102**	(55)
Movement in provisions for impairments of trade receivables	**1**	(1)
Movement in insurance and other provisions	**(141)**	6
Movement in spares	**(2)**	(7)
Movement in inventories	**467**	(143)
Movement in receivables	**116**	404
Movement in payables	**(251)**	(92)
Net rationalisation costs provided	**265**	5
Utilisation of rationalisation provisions	**(9)**	(11)
Net cash flow (used in)/generated from operations	**(580)**	566

31. Reconciliation of net cash flow to movement in net debt

	2024 £m	2023 £m
Movement in cash and cash equivalents	**(689)**	161
Movement in total debt excluding bank overdrafts	**(512)**	(94)
Change in net debt resulting from cash flows in year	**(1,201)**	67
Exchange rate movements	**32**	(35)
Other non-cash changes	**(55)**	(94)
Movement in net debt in year	**(1,224)**	(62)
Net debt at beginning of year	**(1,379)**	(1,317)
Net debt at end of year	**(2,603)**	(1,379)

32. Analysis of net debt

	1 April 2023 £m	Cash flow £m	Exchange rate movements £m	Other non-cash movements £m	**31 March 2024 £m**
Cash and short-term deposits	828	(681)	(14)	-	**133**
Bank overdrafts	-	(8)	-	-	**(8)**
Cash and cash equivalents	828	(689)	(14)	-	**125**
Non-current borrowings	(1,576)	(273)	43	(92)	**(1,898)**
Current borrowings	(351)	(295)	1	(5)	**(650)**
Obligations under leases	(280)	56	2	42	**(180)**
Total debt excluding bank overdrafts	(2,207)	(512)	46	(55)	**(2,728)**
	(1,379)	(1,201)	32	(55)	**(2,603)**

The other non-cash movements in respect of non-current and current borrowings relate to £59m of rolled interest on debt from immediate parent company, £25m addition on acquisition of a subsidiary and £14m of unwinding of amortised loan transaction costs during the year.

The other non-cash movements in respect of obligations under leases comprises £79m reduction in lease liability as a result of reassessment of lease term, £64m of additions of new lease contracts and derecognition of lease liability £27m.

33. Disposal of group undertakings

During the year, the Group completed the dissolution of the below 13 subsidiaries, having previously entered them into liquidation.

- Swinden Housing Association (deregistered 29 June 2023)
- Tata Steel Denmark Byggesystemer A/S (dissolved 9 August 2023)
- Tata Steel Sweden Byggesystemer AB SE (dissolved 11 October 2023)
- Corus Investments Limited (Dissolved 13 March 2024)
- British Steel Directors (Nominees) Limited (Dissolved 16 March 2024)
- Orb Electrical Steels Limited (Dissolved 16 March 2024)
- London Works Steel Company Limited (Dissolved 16 March 2024)
- Corus Liaison Services (India) Limited (Dissolved 16 March 2024)
- Tata Steel UK Holdings Limited (Dissolved 21 March 2024)
- Tulip UK Holdings (No.2) Limited (Dissolved 21 March 2024)
- Tulip UK Holdings (No.3) Limited (Dissolved 21 March 2024)
- Catnic Limited (Dissolved 22 March 2024)
- Corus Management Limited (Dissolved 22 March 2024)

Details of companies currently still in the process of liquidation can be found on Note 37.

(i) During the year the Group has partially reversed a previously recognised impairment in relation to deferred consideration on previous business divestments for which is now deemed as recoverable. This reversal of £2m (2022-2023: £10m) has been credited to the income statement in the current year and partially reverses previous total net impairments of £6m (2023: £16m) in this respect.

34. Related party transactions

The table below sets out details of transactions which occurred in the normal course of business at market rates and terms, and loans between the Group, its parent and its joint ventures and associates.

	2024 £m	2023 £m
Amounts reported within the consolidated income statement:		
Sales to joint ventures	68	77
Sales to joint operations	1	-
Sales to associates	94	132
Sales to other Group companies	22	17
Other operating income with other Group companies	2	2
Purchases from associates	32	30
Purchases from joint operations	9	-
Purchases from ultimate parent company	26	-
Purchases from other Group companies	2,005	3,171
Interest on loans from immediate parent company (Note 5)	80	40
Amounts reported within the Consolidated balance sheet:		
Amounts owed by joint ventures (Note 15)	9	3
Amounts owed by associates (Note 15)	13	12
Amounts owed by ultimate parent company (Note 15)	5	5
Amounts owed by other Group companies (Note 15)	8	12
Amounts owed to joint operations (Note 20)	1	2
Amounts owed to associates (Note 20)	3	3
Amounts owed to other Group companies (Note 20)	410	424
Interest payable to immediate parent company (Note 20)	49	29
Derivatives payable to ultimate parent company (Note 20)	-	1
Loans owed to immediate parent company (Note 19)	1,323	1,301

Included in the transactions and balances above are arrangements that have been put in place with T S Global Procurement Co Pte Limited ('Proco'), and Tata Sons. These include:

Proco
(a) As at 31 March 2024 £374m (2023: £396m) was owed to Proco and £3m owed by Proco (2023: £10m). Total purchases in the year in relation to this agreement were £1,918m (2023: £3,044m).

Tata Sons
There is also a branding fee payable to Tata Sons under a brand equity and business promotion agreement, based on turnover, with £17m being payable for 2024 (2023: £13m).

Aggregate compensation for key management personnel, being the TSE Board of was as follows:

	2024 £m	2023 £m
Short-term employee benefits	2	2
Other long term benefits	-	-
	2	2

35. Events after the reporting year

On 10 April 2024 the Group disposed its 25% stake held in Fabsec Limited, an indirect associate of the Company. The financial impact of this transaction is not material.

Since the year end, TSE has received £180m equity injection from T S Global Holdings Pte Limited.

Subsequent to the balance sheet date, the UK business has drawn £100m of external debt from its existing facilities and successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility. Furthermore, Tata Steel Nederland increased its revolving credit facility with an additional €200 million, to a total facility of € 400 million.

36. Ultimate and immediate parent company

T S Global Holdings Pte. Limited is the company's immediate parent company, which is incorporated and registered in Singapore.

Tata Steel Limited ('TSL'), a company incorporated in India, is the ultimate parent company and controlling party and the smallest and largest group to consolidate these financial statements.

Copies of the Report & Accounts for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

37. Subsidiaries and investments

The subsidiary undertakings, joint ventures and associates of the Group at 31 March 2024 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation.

Subsidiary undertakings

Steel producing, further processing or related activities:

Belgium	
Société Européenne de Galvanisation (Segal) Sa (ii) (iii)	Chassée de Ramioul 50, Flemalle, Ivoz Ramet, 4400, Belgium
Tata Steel Belgium Packaging Steels N.V. (ii) (iii)	Walemstraat 38, Duffel, 2570, Belgium
Tata Steel Belgium Services N.V. (ii) (iii)	Coremansstraat 34, Berchem, 2600, Belgium
Brazil	
Tata Steel International (South America) Representacoes Limited (ii) (iii)	C/O SIS, Brigadeiro Faria Lima, 1685 Conj. 5J Sao Paulo, SP Brazil
Czech Republic	
Tata Steel International (Czech Republic) S.R.O (ii) (iii)	Praha 2, Mala Stepanska 9, 120 00, Czech Republic
Finland	
Naantali Steel Service Centre OY (ii) (iii)	Rautakatu 5, 21110 Naantali, Finland
France	
Corbeil Les Rives SCI (67.31%) (ii) (iii)	3 Allee des Barbanniers, Gennevilliers, 92632, France
Tata Steel France Holdings SAS (ii) (iii)	3 Allee des Barbanniers, Gennevilliers, 92632, France
Tata Steel International (France) SAS (ii) (iii)	3 Allee des Barbanniers, Gennevilliers, 92632, France
Tata Steel Maubeuge SAS (ii) (iii)	22 Avenue Abbé Jean de Béco, Louvroil, 59720, France
Unitol SAS (ii) (iii)	Za De L'Aeroport De Paris, 1 Rue Fernand Raynaud, 91814, France
Germany	
Catnic GmbH (ii) (iii)	Am Leitzelbach 16, Sinsheim, 74889, Germany
Degels GmbH (ii) (iii)	Am Trippelsberg 48, 40589 Dusseldorf, Germany
Fischer Profil GmbH (ii) (iii)	Waldstrasse 67, Netphen, 57250, Germany
FP Produktions-Und Vertriebs GmbH (ii) (iii)	Waldstrasse, 67, Netphen, 57250, Germany
Hille & Müller GmbH (ii) (iii)	Am Trippelsberg 48, 40589 Dusseldorf, Germany
S.A.B Profil GmbH (ii) (iii)	Industriestrasse 13, Niederaula, 36272, Germany
Service Center Gelsenkirchen GmbH (ii) (iii)	Grimbergstr. 75, 45889 Gelsenkirchen, Germany
Tata Steel Germany GmbH (ii) (iii)	Am Trippelsberg 48, 40589 Düsseldorf, Germany
Tata Steel International (Germany) GmbH (ii) (iii)	Am Trippelsberg 48, 40589, Dusseldorf, Germany
India	
Tata Steel International (India) Limited. (ii) (iii)	412 Raheja Chambers, 213 Backbay Reclamation, Nariman Point, Mumbai 400 021, India
Ireland (Republic of)	
Corus Ireland Limited. (ii) (iii)	Suite 6, Beacon South Quarter, Sandyford Dublin 18, Ireland
Gamble Simms Metals Limited. (ii) (iii)	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Isle of Man	
Crucible Insurance Company Limited. (ii) (iii)	Level 2, Samuel Harris House, 5-11 St. George's Street, Douglas, Isle of Man, IM1 1AJ
Italy	
Tata Steel International (Italia) Srl (ii) (iii)	Via Rondoni 1, Milano, 20146, Italy

Company	Address
Mexico	
Tata Steel Mexico SA de CV (ii) (iii)	Era 2, Real de Anahuac, 66600 Ciudad Apodaca, Nuevo Leon, Mexico
Netherlands	
C. V. Bénine (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Grijze Poort B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Demka B.V. (ii) (iii) (vii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Huizenbezit Breesaap B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
S.A.B Profiel B.V. (ii) (iii)	Produktieweg 2-3a, Ijsselstein, 3401 Mg, Netherlands
Service Centre Maastricht B.V. (ii) (iii)	Fregatweg 42, 6222 Nz, Maastricht, Netherlands
Tata Steel IJmuiden B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Consulting & Technical Services B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Services B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Technology B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Tubes B.V. (ii) (iii)	Souvereinstraat 35, Oosterhout, 4903 Rh, Netherlands
Tata Steel Netherlands Holdings B.V. (i) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Nigeria	
Tata Steel International (Nigeria) Limited (ii) (iii)	Block 69a, Plot 8, Admiralty Way, Lekki Phase 1, Lagos, Nigeria
Norway	
Norsk Stal Tynnplater AS (ii) (iii)	Habornveien 60, PO Box 1403, N1631, Gamle Fredrikstad, 1630, Norway
Tata Steel Norway Byggsystemer A/S (ii) (iii)	Roraskogen 2, Skien, N 3739, Norway
Poland	
Tata Steel International (Poland) Spólka z.o.o (ii) (iii)	7, Ul. Piastowska, Katowice, 40-005, Poland
Romania	
Corus International Romania SRL (ii) (iii)	7, Hirsova Street, Sector 3, Bucharest, Romania
South Africa	
TS South Africa Sales Office Proprietary Limited (ii) (iii)	1st Floor, Kamogelo Suites, 39 Lakefield Avenue, Benoni, Gauteng, 1501, South Africa
Spain	
Layde Steel S.L. (ii) (iii)	Eguskitza 11, E-48200 Durango, Spain
Tata Steel International Iberica SA (ii) (iii)	Calle Rosario Pino 14-16, Torre Rioja, Madrid, 28020, Spain
Sweden	
Halmstad Steel Service Centre AB (ii) (iii)	Turbingatan 1, Box 406, 301 09, Halmstad, Sweden
Norsk Stal Tynnplater AB (ii) (iii)	Rønneholmsvej 11 B, 211 47 Malmø, Sweden
Surahammar Bruks AB (ii) (iii)	Box 201, S-735 23, Surahammar, Sweden
Tata Steel International (Sweden) AB (ii) (iii)	AmerikaHuset Barlastgatan 2, 414 63 Gothenburg, Sweden
Switzerland	
Montana Bausysteme AG (ii) (iii)	Durisolstrasse 11, Villmergen, 5612, Switzerland
Turkey	
Tata Steel Istanbul Metal Sanayi ve Ticaret AS (ii) (iii)	Omer Avni Mah. Inönü Cad. Devres Han, No: 50/7 Beyoglu, Istanbul, Turkey
UAE	
Tata Steel International (Middle East) FZE (ii) (iii)	PO Box 18294, Jebel Ali, Dubai, United Arab Emirates
United Kingdom	
00026466 Limited (ii) (iv) (xiii)	C/O Teneo Financial Advisory Limited The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT
137050 Limited (ii) (iii)	30 Millbank London SW1P 4WY
00030048 Limited (ii) (iii) (xiii)	C/O Teneo Financial Advisory Limited The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT
British Steel Trading Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Cogent Power Limited (ii) (iii) (x)	18 Grosvenor Place London SW1X 7HS
Corby (Northants) & District Water Co. (ii) (iii)	Tata Steel UK Limited PO Box 101 Weldon Road Corby Northamptonshire NN17 5UA
Corus CNBV Investments (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Engineering Steels (UK) Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Engineering Steels Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS

Corus Group Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Holdings Limited (ii) (iii)	58 Morrison Street, Edinburgh, Scotland EH3 8BP
Corus International (Overseas Holdings) Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus International Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Property (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus UK Healthcare Trustee Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
H E Samson Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Hadfields Holdings Limited (62.5%) (ii) (iii) (xiii)	18 Grosvenor Place London SW1X 7HS
Runblast Limited (ii) (iii)	Hill House, 1 Little New Street London EC4A 3TR
Tata Steel UK Consulting Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Tata Steel UK Limited (ii) (iii) (iv) (viii)	18 Grosvenor Place London SW1X 7HS
The Newport And South Wales Tube Company Limited (ii) (iii) (x)	18 Grosvenor Place London SW1X 7HS
U.E.S. Bright Bar Limited (ii) (iii) (xiii)	154 Great Charles Street, Queensway, Birmingham. B3 3HN
UES Cable Street Mills Ltd (ii) (iii)	9 Albert Embankment, London. SE1 7SN
UK Steel Enterprise Limited (ii) (iii)	The Innovation Centre 217 Portobello Sheffield S1 4DP
USA	
Apollo Metals, Limited. (ii) (iii) (xi)	1001 Fourteenth Avenue, 18018-0045 Bethlehem, USA
Hille & Müller USA, Inc. (ii) (iii)	Delaware Avenue N.W., Warren, Ohio, 44485, United States
Hoogovens Usa, Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Oremco, Inc. (ii) (iii)	261 Madison Aevnue, New York, 10016, United States
Rafferty-Brown Steel Co Inc Of Conn. (ii) (iii)	240 Huntingdon Ave, Waterbury, Connecticut, 06708, USA
Tata Steel International (Americas) Holdings Inc. (ii) (iii) (iv)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Tata Steel International (Americas) Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Tata Steel USA, Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Thomas Processing Company (ii) (iii)	Delaware Avenue N.W., Warren, Ohio, 44485, United States
Thomas Steel Strip Corp. (ii) (iii)	Delaware Avenue N.W., Warren, Ohio, 44485, United States

Classification key:

(i)	Directly owned by Tata Steel Europe Limited
(ii)	Indirectly owned by Tata Steel Europe Limited
(iii)	Ordinary shares
(iv)	Ordinary A shares
(v)	Ordinary B shares
(vi)	Ordinary C shares
(vii)	Preference shares
(viii)	Deferred shares
(ix)	Deferred A shares
(x)	Cumulative redeemable preference shares
(xi)	Non-cumulative preference shares
(xii)	No share capital
(xiii)	UK and Irish subsidiaries currently in liquidation via a Members Voluntary Liquidation

All subsidiaries are included in the consolidation of these accounts.

Unless indicated otherwise, subsidiary undertakings are wholly owned within the Group.

Joint ventures, Joint operations and associates

England and Wales	
Air Products Llanwern Limited (50%) (i) (ii) (JO)	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ
Fabsec Limited (25%) (i) (iv) (ix) (AS)	Cellbeam Ltd, Unit 516 Avenue E East, Thorp Arch Estate, Wetherby, West Yorkshire, England, LS23 7DB
Texturing Technology Limited (50%) (i) (iii) (JO)	PO Box 22, Texturing Technology Ltd, Central Road, Tata Steel Site Margam, Port Talbot, West Glamorgan, Wales, SA13 2YJ
Ravenscraig Limited (33%) (i) (iii) (JV)	58 Morrison Street, Edinburgh, Scotland EH3 8BP
Netherlands	
Gietwalsonderhoudcombinatie B.V. (50%) (i) (ii) (AS)	Staalstraat 150, 1951 JP Velsen-Noord
Hoogovens Court Roll Surface Technologies VOF (50%) (i) (viii) (JO)	WENCKEBACHSTRAAT 1, VELSEN NOORD, 1951 JZ, Netherlands
Hoogovens Gan Multimedia S.A. De C.V. (50%) (i) (vii) (AS)	Ave. I. Zaragoza 1300 sur, zona centro, Monterrey, Nueva Leon, c.p. 64000, Mexico
Laura Metaal Holding B.V. (49%) (i) (ii) (JV)	Rimburgerweg 40, 6471 XX Eygelshoven, Kerkrade, The Netherlands
Wuppermann Staal Nederland B.V. (30%) (i) (ii) (AS)	Vlasweg 15, 4782 PW Moerdijk, Netherlands

France	
Albi Profils SAS (30%) (i) (ii) (AS)	13 Rue Philippe Lebon, 81000 Albi, France
Turkey	
Tata Steel Ticaret AS (50%) (i) (ii) (JV)	İnönü Caddesi No:50 Devres Han Kat:3 34437 Gümüşsuyu-Beyoğlu Istanbul Tü-rkiye, PEGASUS EVI KAT: 7, Turkey

Financial information relating to joint venture and associate companies is disclosed in Note 10.

Classification key:

(i) Owned by the Group
(ii) Ordinary shares
(iii) Ordinary A shares
(iv) Ordinary B shares
(v) Voting shares
(vi) Preference shares
(vii) 455,000 shares of the variable part ; 25,000 of the minimum fixed part of the capital stock
(viii) Partnership by agreement
(ix) Disposed post balance sheet date
(JV) Joint Venture
(JO) Joint Operation
(AS) Associate

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