



Responding to **Challenges.**  
Creating **Long-term Value.**

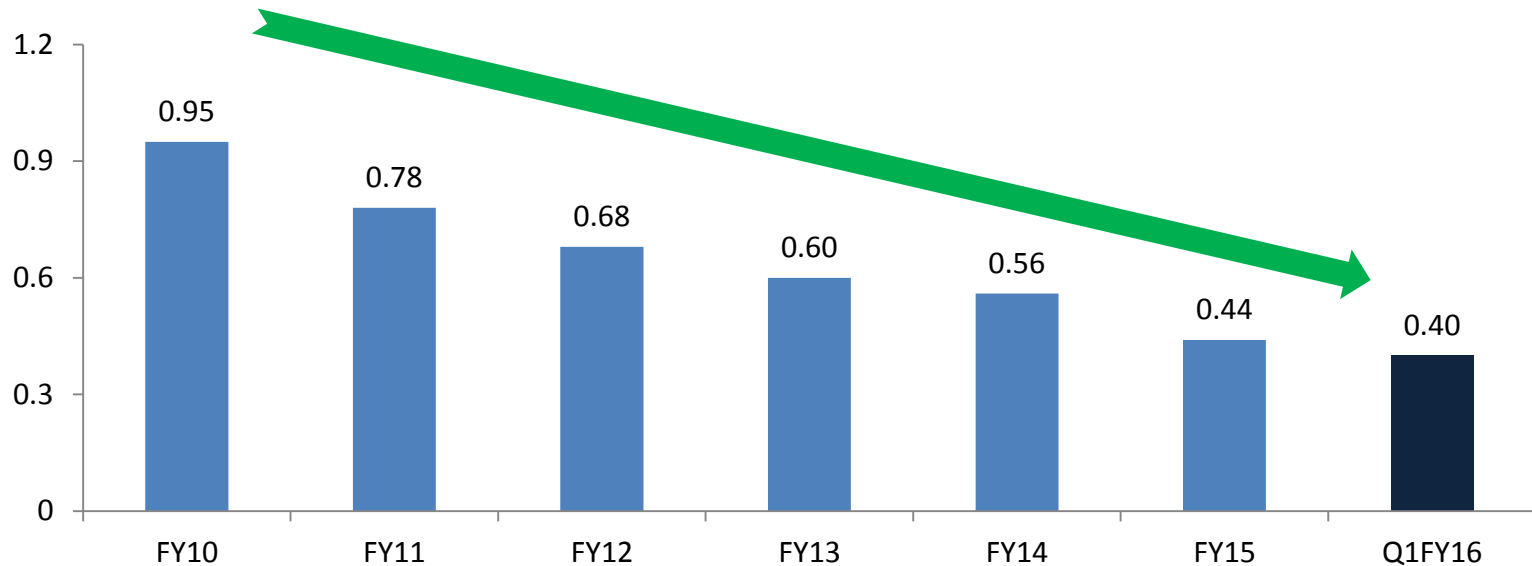


# Results Presentation

Financial quarter ended 30th June 2015

11<sup>th</sup> August 2015

Statements in this presentation describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in or due to the environment, Government regulations, laws, statutes, judicial pronouncements and/or other incidental factors.



- Committed to ensuring all Tata Steel sites are sustainably fatality free on our way to 'being the benchmark in H&S in our industry'
- Competence development programmes in H&S leadership
- Focussed strategic activity for step change within FY16 in contractor management, onsite traffic and construction

**Reduction continues in lost time injuries with Q1FY16 performance 10% better than FY15**

# Tata Steel's continued focus on engaging with communities and improving quality of life

## India

- Primary health care services delivery to nearly 1,35,000 people through static and mobile clinics
- ~49,000 students in Jharkhand being catered through mid-day meal programme
- Over 300 solar street lights installed, covering villages in operational areas of Jharkhand and Odisha
- Nearly 1,300 players participated in tribal sports tournament organised in Jharkhand

Q1 FY16 Spend	Rs Crs
Health	2
Education	8
Ethnicity	1
Gopalpur Hospital	9
Infrastructure	3
Others (Sports, Environment, etc.)	41
<b>Total</b>	<b>64</b>

## Europe

- European business supports sport and health opportunities for young people such as soccer 'clinics'
- European business supports numerous education and learning initiatives in its local communities,
- Record breaking Tata Kids of Steel junior triathlon program - 10 UK events with more than 1,000 kids at several locations. Series now extended to NL



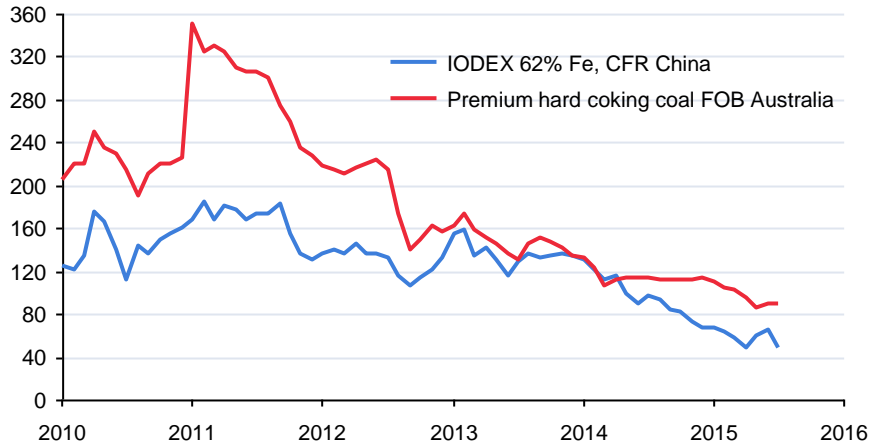
SN	Particulars
1	Overview
2	India & SE Asia performance
3	Europe performance
4	Key developments



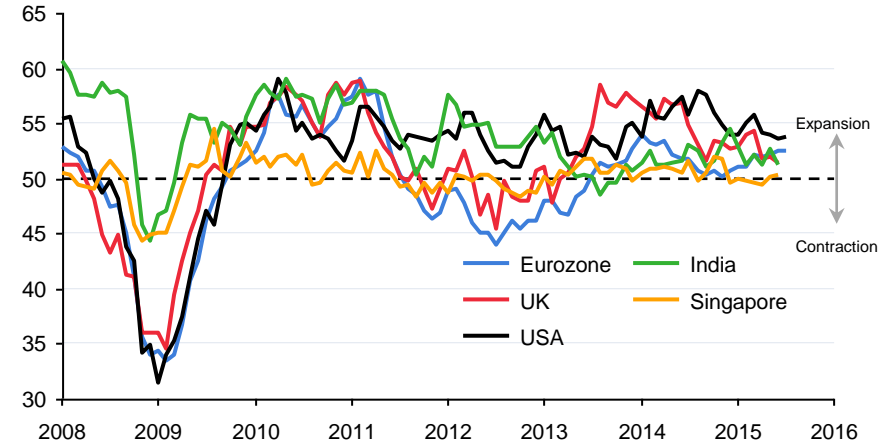
# Global headwinds continue to impact the steel industry



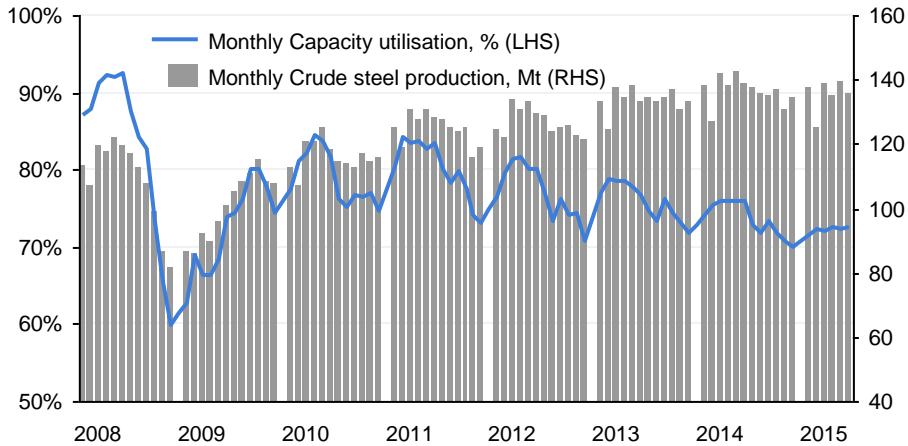
## Iron ore fines and hard coking coal (US\$/tonne)



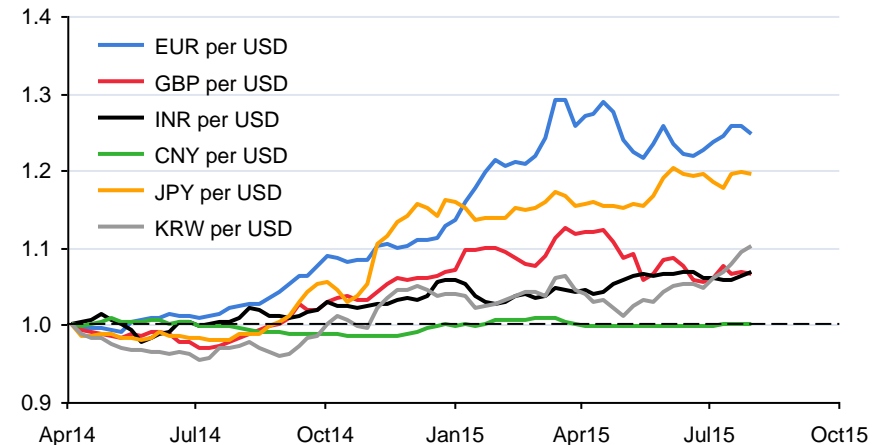
## Manufacturing PMIs across geographies



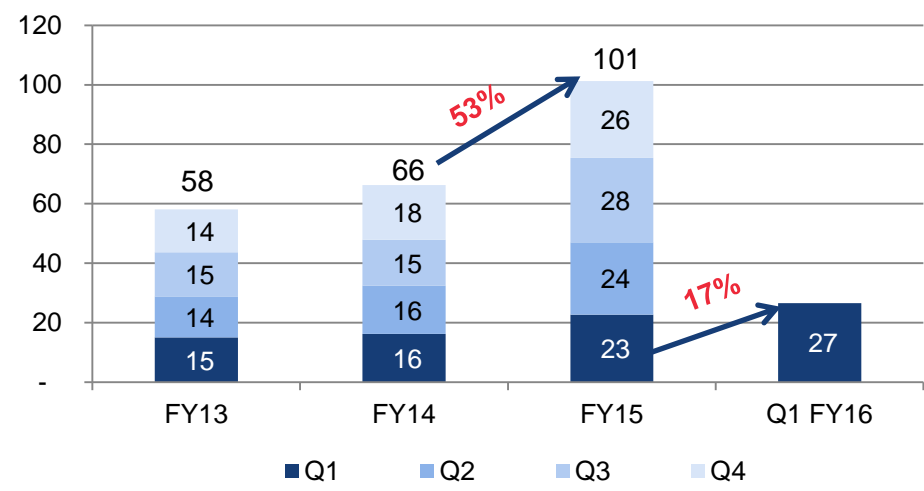
## Global crude steel production & capacity utilisation



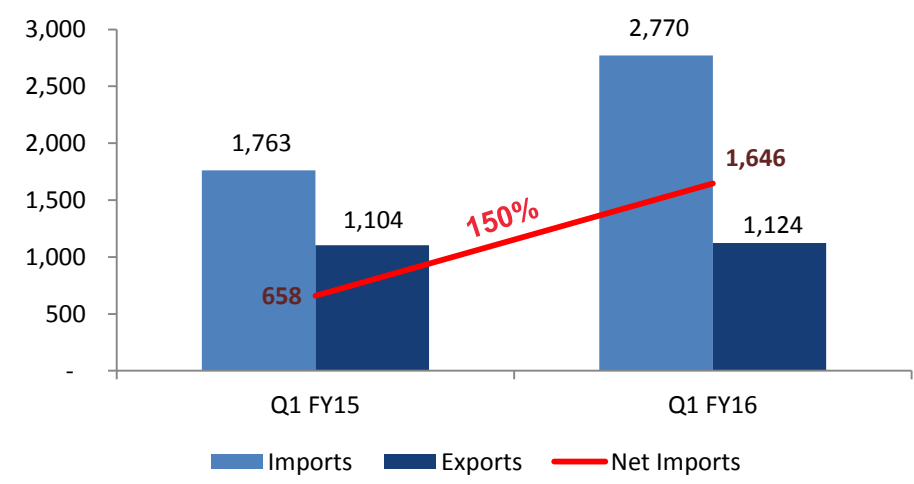
## Currency movement (indexed)



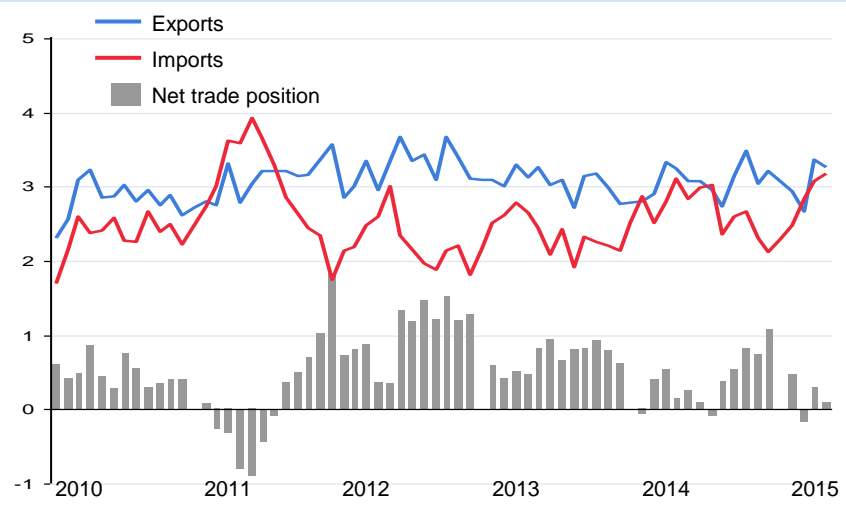
## China's steel exports (MnT)



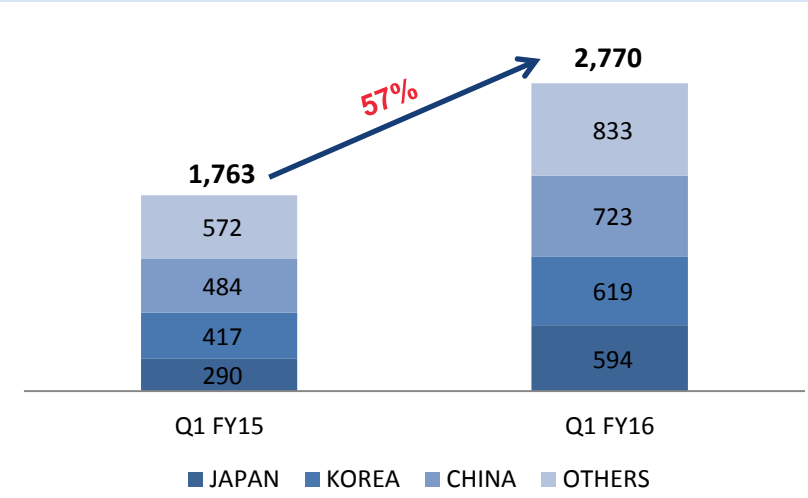
## India – Steep rise in Net imports yoy (in Kt)



## EU trade balance (MnT)



## India – Imports rose from across geographies (in Kt)



- 1 Higher deliveries yoy across key geographies despite weak demand environment
- 2 Net steel realisations for Indian operations declined less than the market
- 3 European performance impacted by relative strengthening of GBP against Euro
- 4 Monetisation of non-core assets continues – Rs. 1,000 crores generated in Q1
- 5 Gross debt increased largely due to currency translation, underlying debt stable
- 6 KPO – Phase 1 : On track for HRC production before year-end
- 7 Successfully derisking of pension schemes at Europe



# Financial Performance – Quarter Ended 30th June'15



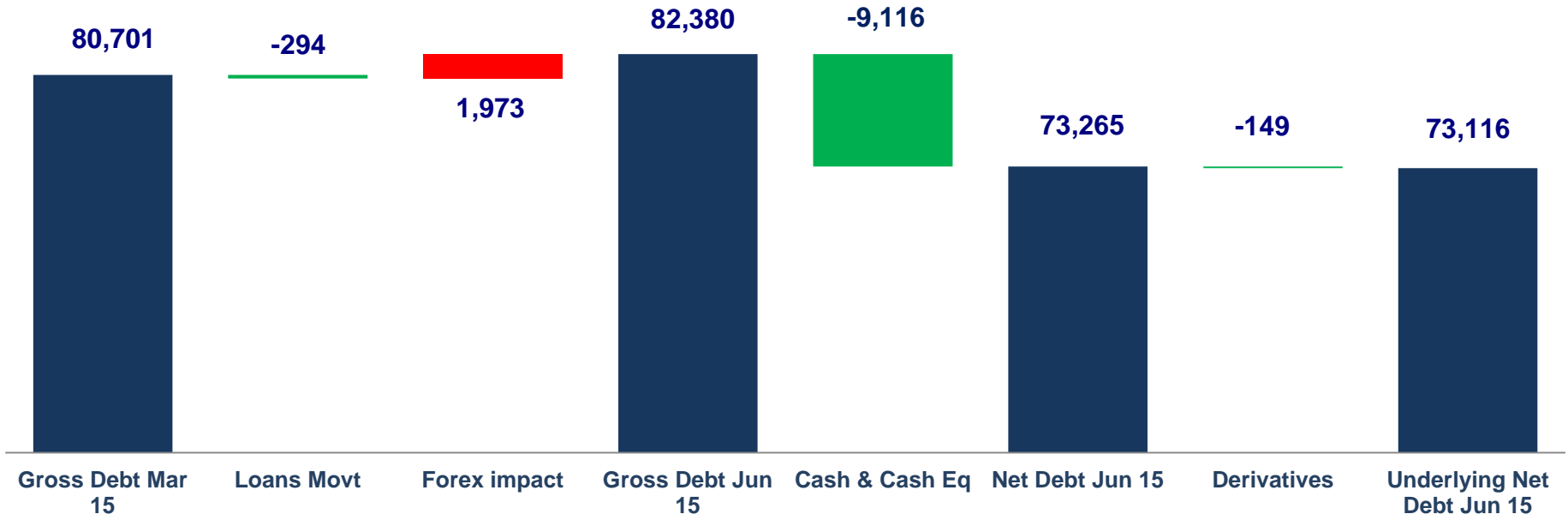
Figures in Rs. Crore unless specified

Figures in Rs. Crore unless specified	Q1 FY16				Q4 FY15	Q1 FY15	
	India	Europe	SE Asia	Others & Elimn	Group	Group	
Deliveries (Mn T)	2.14	3.44	0.69	0.05	6.33	7.06	6.46
Turnover	9,094	17,855	2,262	1,090	30,300	33,666	36,427
Raw Mat consumed	2,300	6,143	75	175	8,693	8,811	11,010
Reported EBIDTA	2,411	575	34	476	3,496	1,580	4,325
Underlying EBIDTA*	1,714	575	34	-	2,799	1,777	4,325
Underlying EBIDTA/t (Rs.)	7,995	1,671	487	-	4,424	2,516	6,700
EBIT	1,943	(124)	(28)	358	2,149	67	2,774
					<b>Q1 FY16</b>	<b>Q4 FY15</b>	<b>Q1 FY15</b>
Profit Before Tax <sup>1</sup>					1,250	(5,837)	1,424
Profit After Tax, Minority Interest and Associates' Income <sup>1</sup>					763	(5,674)	337

1: PBT and PAT includes exceptional loss of Rs.4,811crores in Q4 FY15 and Rs.262 crores in Q1 FY15

\*excludes one-off items

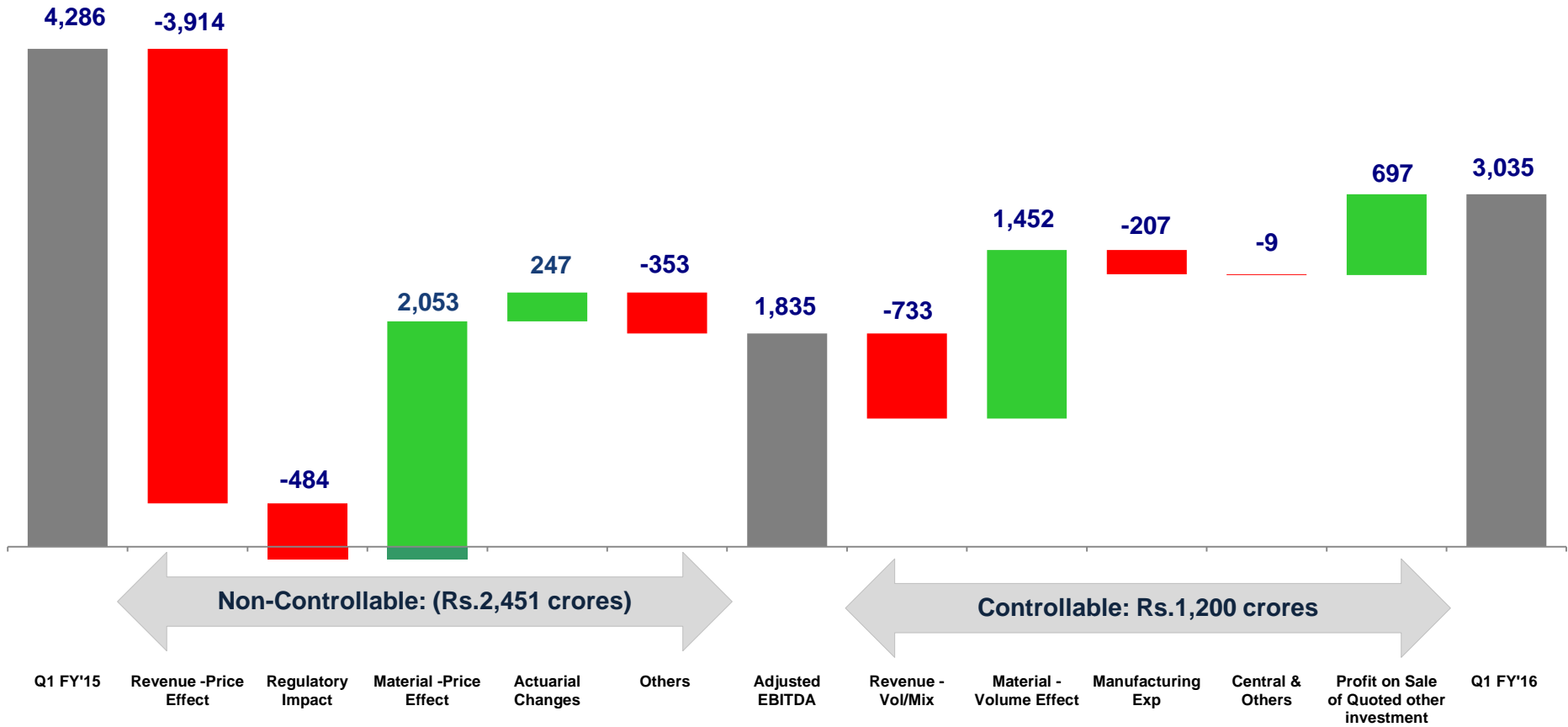
Rs. Crores



- Capex incurred of Rs.3,243 crores in Q1 FY16 without increasing underlying debt
- Gross debt increased due to translation loss on foreign debt
- Strong liquidity of ~Rs.19,500 crores plus undrawn KPO project finance

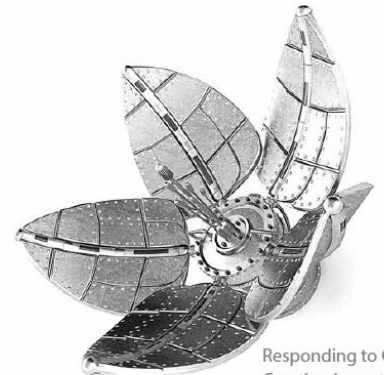
# Group EBITDA Bridge Q1 FY2016 vs. Q1 FY2015

Rs.Crores



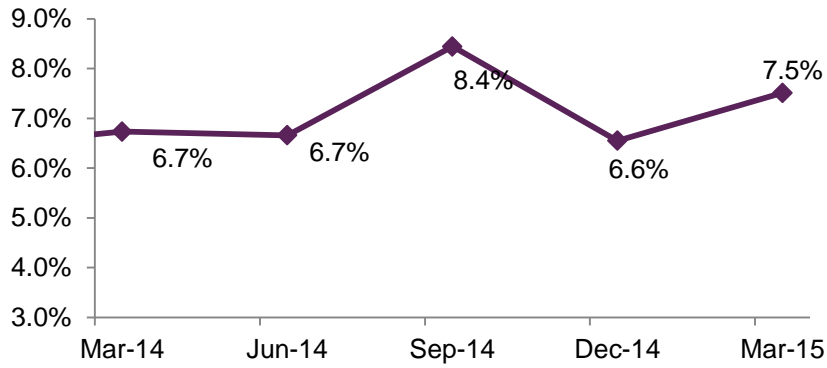
Note: Group EBITDA consists of EBITDA across four operating entities –TSI, TSE, NSH & TSTH

SN	Particulars
1	Overview
<b>2</b>	<b>India &amp; SE Asia performance</b>
3	Europe performance
4	Key developments



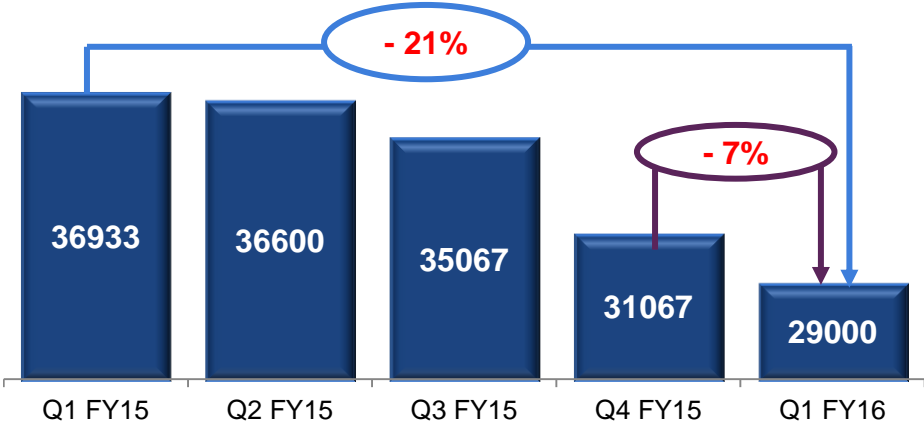
# India and SE Asia – Modest recovery impacted by elevated imports

## India GDP growth



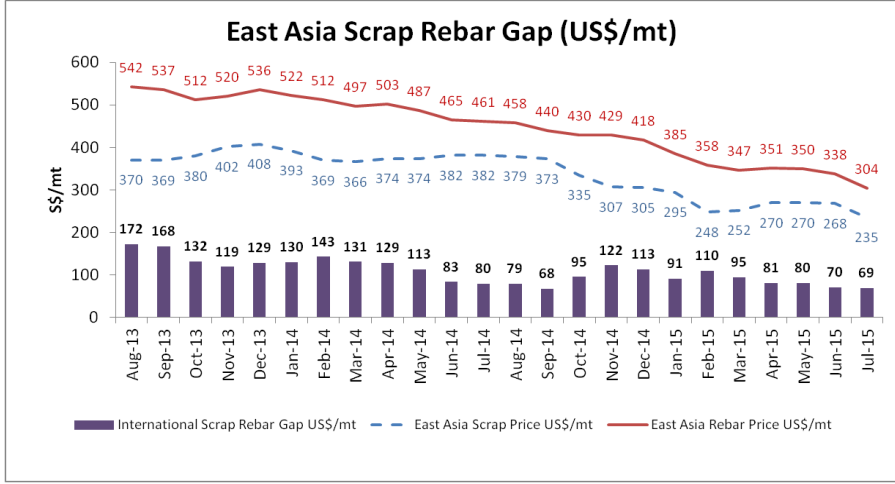
- Correction in steel prices continues with elevated imports
- Local demand during the quarter continues to be tepid
- Government intervention on imports – key to restore demand-supply balance

## Domestic HRC Prices (Rs/t)



Quarterly average landed Basic, Ex Mumbai

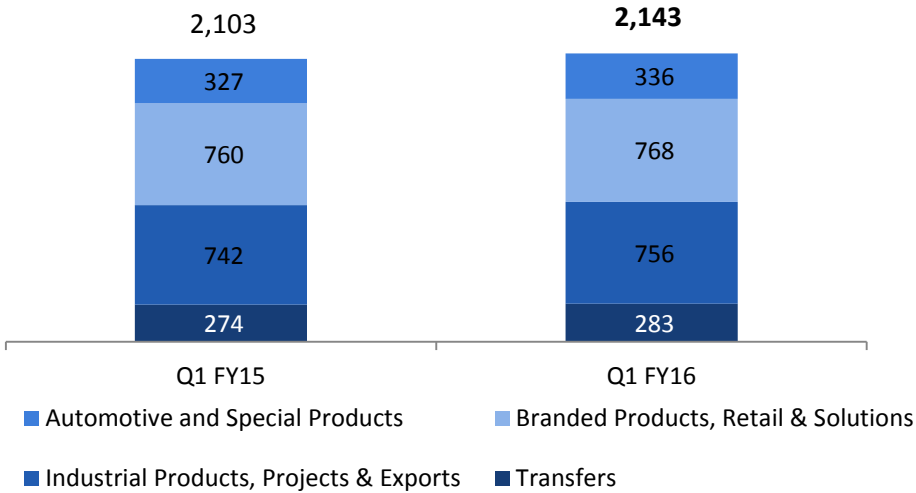
## Market spread in SE Asia



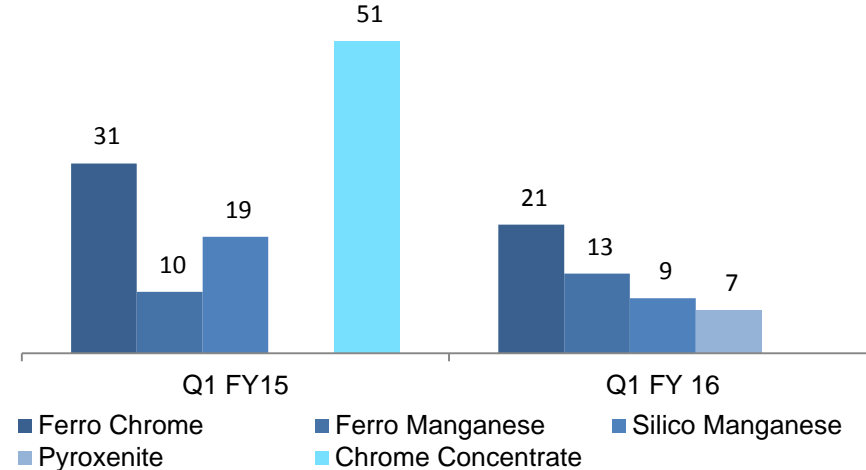
## Steel realisation fall under pressure from imports




# Resilience in the face of market pressure

### Steel sales (in kt)



### FAMD sales (in kt)



- 
Higher deliveries across segments
  
- 
Drop in realisation lower than market due to superior product mix, branded, retail and value added products
  
- 
Strong marketing franchise – over 100 distributors and ~9,000 dealers across India for steel business

# KPO Phase-1: On-track to commission India's largest greenfield project



**Aerial shot of Kalinganagar Plant, Odisha**



**Front view of Blast Furnace**



**Twin Wagon Tippler**



**Raw Material Handling System Conveyor Belt**

***Rs.21,500 crores invested in the project as of June 30, 2015***

## NatSteel Holdings



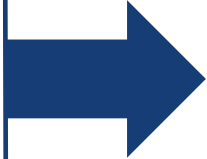
- Deliveries increased ex-China despite higher imports across the region
- Export driven strategy with focus on select niche markets is yielding results
- Launch of new product (carpet reinforcement ) for faster execution in construction projects

## Tata Steel Thailand

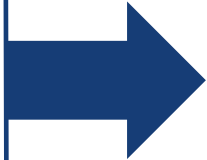


- Deliveries affected to due lower demand on account of delay in announcement of infrastructure projects by Government
- Profitability improved on account of lower conversion cost, optimising of input cost and better management of spread
- Focus on new markets, downstream sales and cost management






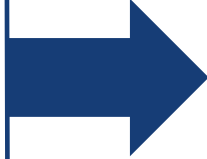
Recovery in automotive steel demand – driven by higher sales of M&HCV, new model launches and upgradation of norms



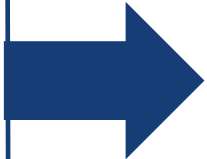
Modest recovery in construction and infrastructure sector but credit/ liquidity issues of buyers remains a concern. Rural demand remains subdued.



Continue to expand retail network and solutions portfolio to support future growth



Current tariff/ non-tariff barriers inadequate; Government support vital to stabilise demand-supply imbalance



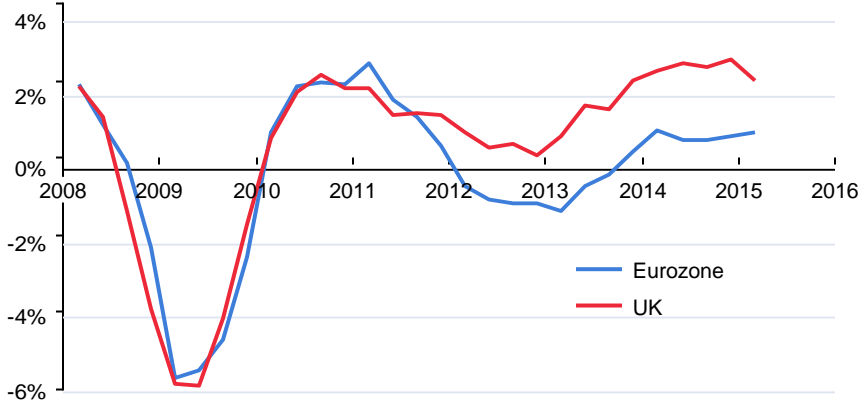
Regional economies in South East Asia continue to be affected by China exports and depressed rebar-scrap spread. Strategy to focus on exports markets and cost savings.

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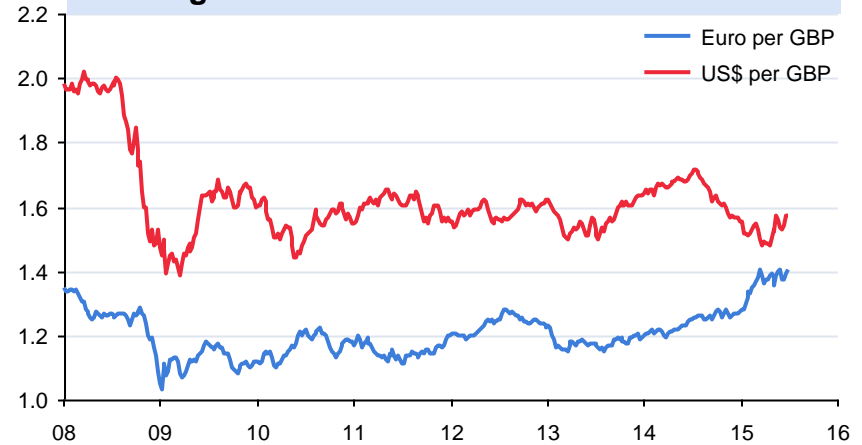


# Modest growth offset by higher imports

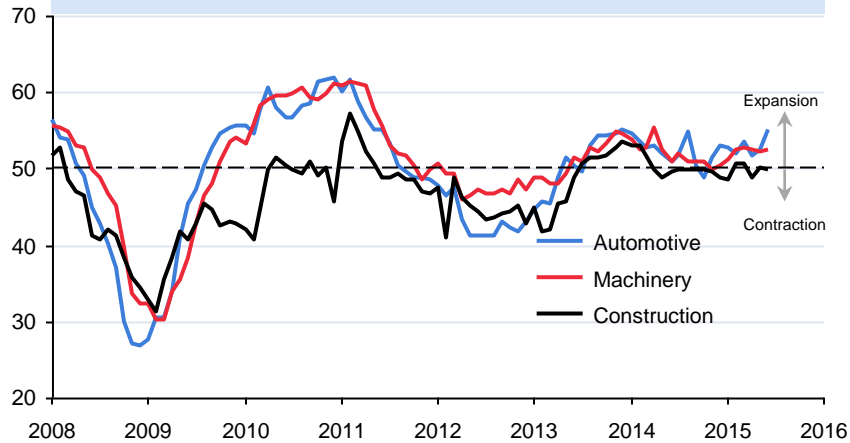
### GDP – Eurozone and UK (y/y%)



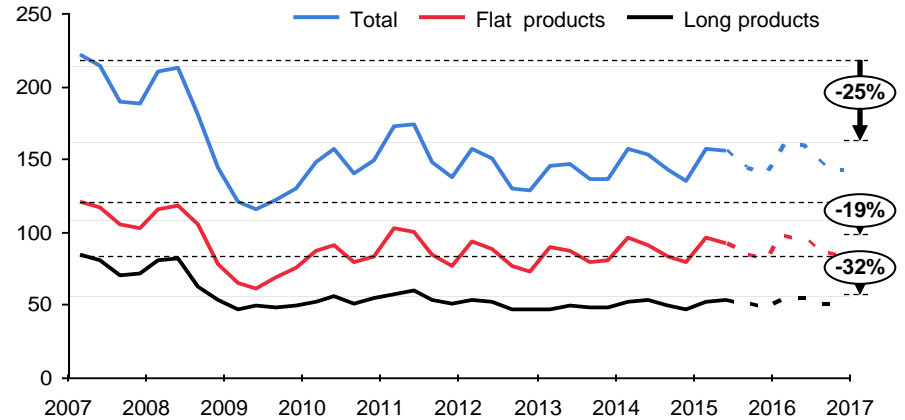
### Exchange rates



### EU sector PMIs



### EU apparent steel demand (annualised, Mt)



EU steel demand is expected to grow by +1.5% in 2015 but imports are increasing



## Focused on developing sustainable performance

- Further progress in market differentiation and operational performance
- Next stage in refocus on high-value markets such as aerospace at Speciality and Bar – now world's 3<sup>rd</sup> largest supplier of aerospace steels



## Customer-focused approach

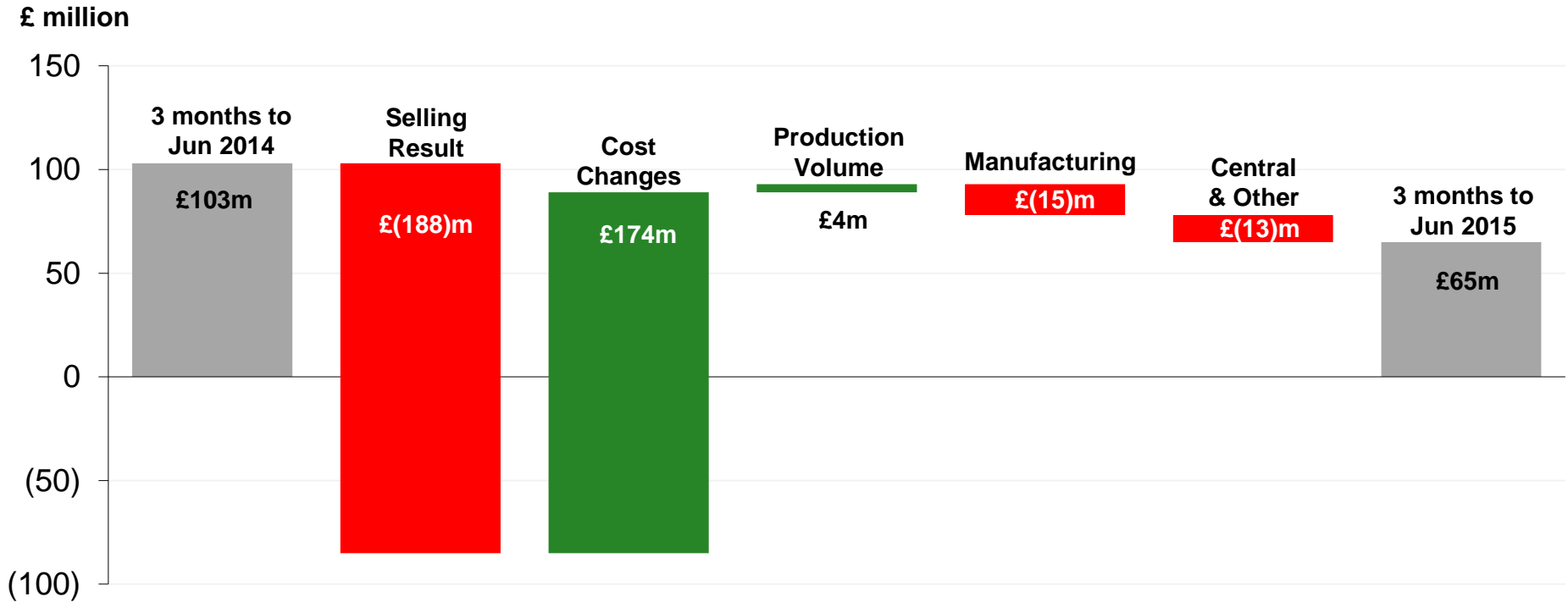
- Continued focus on high-value steels which give customers a competitive edge and which attract premiums that can exceed 30%
- Maximising sales of differentiated products while continuing to develop next-generation steels
- New products include DX57 HyperForm®, offering best-in-class formability for hot dip galv, and DP800 Tubes, which helps reduce weight of auto components like car seats
- Service improvements, eg BES6001 sustainability certification and BIM modelling using digital technology, are helping customers in construction



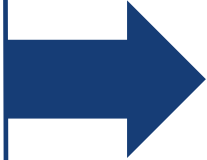


- On August 2, the UK-based long products business together with its associated distribution activities started operating as a stand-alone wholly-owned subsidiary of Tata Steel
- Combines strength of Tata Steel with a flexible and more focused operational approach. Also enables strategic options to be progressed.
- Discussions regarding potential sale of Long Products to Klesch discontinued

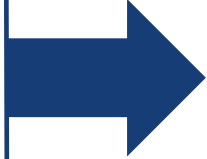
# EBITDA bridge Q1 FY2016 vs. Q1 FY2015



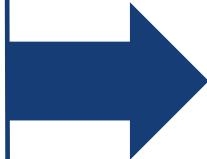
- EBITDA impacted by currency changes and higher imports
- UK sales to the EU affected by stronger sterling which reduced Selling Result, offset by higher-value steel sales
- Lower input costs benefited Cost Changes
- Continued stability in Production Volume but slight worsening of Manufacturing due to phasing of spend



Expectation that eurozone economy will grow by +1.5% and UK economy by +2.6% in 2015; significant uncertainty persists



Steel demand in the EU is expected to grow at a modest pace in 2015 in line with activity in the steel-using sectors.



It is anticipated most of the increase will be supplied by imports. China takes the lion's share of normal trade patterns, despite not being a low-cost place to make steel

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- All our iron ore, chromite and manganese mines (except Malda) in Odisha are currently operational.
- Supplementary Lease Deeds have been executed for Joda East, Khondbond, Joda West, Manmora, Bamebari and Tiringpahar extending the lease period to March 31, 2030 and for Gomardih, a non-captive mine, till March 31, 2020.
  - The Government of Odisha has decided and communicated extension of Sukida Lease on non-captive basis up to March 31, 2020. A supplementary lease deed is expected to be executed shortly.
  - The lease execution process is ongoing for Katamati iron ore mine.
  - A decision on the extension of the Malda Lease is awaited.
- Noamundi Iron Ore Mines in Jharkhand has stopped despatch of iron ore as the Government of Jharkhand has discontinued the issuance of challans (forwarding notes) for the same. The Company has have taken all measures to ensure that operation of Jamshedpur are not affected. However, there will be a financial impact till the matter is resolved.



- Despatches re-commenced since June 2015 and 170 Kt has been dispatched in Q1 FY16
- Several cost reduction initiatives undertaken in logistics and operations in current price regime
- Significant progress in the construction of the wet processing plant with major wet process systems commissioned. Plans to stabilise and ramp up the wet process plant in FY16.
- Deep Sea Multi User Terminal is likely to be commissioned by Q2 FY16

- Tata Steel had made a proposal to UK unions in late 2014 on reducing certain benefits (and consequently liabilities) in the British Steel Pension Scheme. After a stalemate was reached in discussions, the unions had balloted their members for industrial action and subsequently announced a one-off strike in June. This was later suspended and the unions entered further discussions with the company.
- In July 2015, after another ballot, trade union members agreed to a modified proposal recommended to them jointly by the company and trade unions. With this close of “formal consultation” with employees, the scheme Trustee has now adopted the changes.
- The triennial valuation of the scheme (as of March 2014) will be completed in Q2 FY’16 and will be based on updated actuarial assumptions and changes in benefits. Although the defined benefit scheme will stay open to accrual for existing members, the modifications will address a significant proportion of the scheme’s projected deficit.
- With effect from 7 July 2015, the Company's main pension scheme in The Netherlands, Stichting Pensioenfonds Hoogovens (SPH), is classified as a defined contribution scheme rather than a defined benefit scheme going forward.
- The pension schemes in the Europe have historically been among the best funded schemes and have been in surplus for many years before the decline in interest rates resulted in a deficit
  - Net deficit# reduced to £85 million as on June 30, 2015 from £193 million as on March 31, 2015

# Appendix

# Standalone Results – QoQ Variations



All figures in Rs. Crore

Particulars	Q1 FY16	Q4 FY15	Key Reasons
Net sales	9,006	10,523	Lower volumes due to seasonality coupled with lower realizations
Other operating income	88	112	Previous quarter includes one-time sales tax incentive
Changes in inventories	(169)	564	Increase in finished goods inventory due to buildup for shutdown and introduction of new product
Purchases of finished, semis & other products	236	212	Higher purchase of imported rebars
Raw materials consumed	2,300	2,713	Lower consumption of purchased iron ore and purchased pellets
Employee benefits expenses	1,082	1,168	No change in discount rate during current quarter
Purchase of power	694	635	Higher consumption of power, increase in power rates
Freight and handling	695	771	Lower steel dispatches and change in freight rate mix
Depreciation and amortisation	468	572	One off expenses in previous quarter not present in current quarter
Other expenses	2,565	2,892	Decrease in royalty, rates & taxes and repairs
Other income	749	69	Includes gain on sale of quoted investments
Finance costs	396	532	Lower due to one off assessment interest cost in previous quarter
Exceptional Item	106	(44)	Primarily due to profit on sale of Company's stake in Tata Projects
Tax	431	(215)	Increased due to tax benefit of investment allowance in last quarter

# Consolidated Results – QoQ Variations



All figures in Rs. Crore

Particulars	Q1 FY16	Q4 FY15	Key Reasons
Net sales	29,900	33,337	Lower deliveries in India, Europe and Thailand coupled with lower realisations on India and Singapore
Other operating income	400	329	Increase largely in Europe
Changes in inventories	(490)	2,164	Increase largely due to translation impact
Purchases of finished, semis & other products	2,842	2,459	Higher purchase of steel at Europe and Thailand off set by lower steel purchases at Singapore
Raw materials consumed	8,693	8,810	Decrease primarily in India
Employee benefits expenses	4,896	5,426	Decreased primarily in Europe
Purchase of power	1,448	1,435	At par with previous quarter
Freight and handling	2,031	2,301	Decreased primarily in India and Europe
Depreciation and amortisation	1,347	1,513	One off expenses in previous quarter in India and decrease in Europe
Other expenses	8,106	9,527	Decreased primarily due to one off exchange gain in previous quarter
Other income	762	139	Increased mainly in India
Finance costs	1,098	1,195	Decreased primarily in India
Exceptional Item	158	(4,811)	Current quarter is primarily in India
Tax	515	(134)	Increased primarily in India

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<p>Ramvikas Nag Tel: +91 22 6665 0557 Email: <a href="mailto:ramvikas.nag@tatasteel.com">ramvikas.nag@tatasteel.com</a></p>	<p>Bob Jones Tel: +44 207 717 4532 Email: <a href="mailto:bob.jones@tatasteel.com">bob.jones@tatasteel.com</a></p>