For immediate use NEWS RELEASE

August 11, 2015

Tata Steel reports Consolidated Financial Results for the first quarter ended June 30, 2015

Tata Steel Group (the "Company") today declared its Consolidated Financial Results for the first quarter (Q1FY'16) ended June 30, 2015. The Group recorded Profit After Tax of ₹763 crores against ₹337 crores for the correspoinding period last year.

Consolidated Performance Highlights:

All figures in ₹crores unless specified

	Q1FY'16	Q1FY'15	Q4FY'15
Steel Deliveries (million tonnes)	**6.33**	6.46	7.06
Turnover	**30,300**	36,427	33,666
EBIDTA Reported	**3,496**	4,325	1,580
EBIDTA Underlying*	**2,799**	4,325	1,777
Depreciation	**1,346**	1,550	1,513
Finance Costs	**1,098**	1,252	1,195
Exceptional Items	**158**	(262)	(4,811)
PBT	**1,250**	1,424	(5,837)
Profit after Taxes, Minority Interest and Share of Associates	**763**	337	(5,674)
Basic and Diluted Earnings per Share (₹)	**7.42**	3.02	(58.88)

*excludes one offs

Indian Operations

The Indian market continued to witness significant import during the quarter which depressed local steel prices. This quarter total imports exceeded 2.77 million tonnes as compared to 1.76 million tonnes in Q1FY'15. Imports are now at approximately 1 million tonnes per month. While steel consumption grew by about 7% yoy the incremental demand was captured by imports and as a result the consumption of domstically produced steel increased by less than 0.5%. HRC prices fell by 21% over the year and 7% over the quarter.

While the Pellet Plant, LD#3, Merchant Mill and the New Bar Mill achieved their best ever Q1 production during the period, saleable steel production was impacted due to Hot Strip Mill breakdown for eight days. Despite these challenges, the business registered a 2%

growth in deliveries. Q1FY'16 deliveries increased to 2.14 million tonnes from 2.10 million tonnes in Q1FY'15. The Company was also able to partly cushion the fall in realisations due to better product & geographical mix and prioritized downstream transfers. Share of Automotive sales in overall sales increased to 16% from 14% in the previous period despite most of the auto majors taking a shutdown during the period. About 21% of Automotive sales comprised high-end sales of skin panels, high-tensile and galvanized material. The Company also succeeded in increasing the proportion of value added sales within the Industrial Products segment, with sales to sectors such as LPG showing strong growth.

On the operations front, the Company was able to further reduce coke consumption by 10%, reaching benchmark level. A focus on cost improvement initiatives and gradual normalisation of mining operations helped improve overall performance.

Highlights of the quarter are given below :

- Turnover in Q1FY'16 was ₹9,094 crores compared to ₹10,635 crores in Q4FY'15 and ₹10,468 crores in Q1FY'15. The benefits of higher volumes yoy were largely offset by the fall in realisations.

- Reported EBIDTA for Q1FY'16 increased to ₹2,411 crores from ₹1,661 crores in Q4FY'15. However, it declined compared to ₹3,266 crores in Q1FY'15. Other Income included sale of quoted investments of Rs. 697 crores. Underlying EBIDTA for Q1FY'16 increased to ₹1,714 crores from ₹1,661 crores in Q4FY'15.

- Profit after tax in Q1FY'16 was higher at ₹1,249 crores compared to ₹814 crores in Q4FY'15. However, it declined compared to ₹2,268 crores in Q1FY'15.

- Earnings Per Share (EPS) in Q1FY'16 was ₹12.41 compared to ₹7.94 in Q4FY'15 and ₹22.90 in Q1FY'15.

European Operations

Liquid steel production and deliveries both increased by more than 7% year-on-year in Q1FY'16, reflecting the more stable operating platform. But surging EU imports, especially from China, and, in the case of the UK operations, the appreciation of sterling against the euro, led to lower turnover and EBIT.

The company is combating these headwinds by progressing its market differentiation strategy, improving its cost base and shifting focus increasingly from volume to value.

Differentiated products now make up a third of sales. Automotive is one of the bright spots among the sectors the company serves: automotive products account for more than a quarter of the company's New Product portfolio and sales of new automotive products have more than doubled over the last year.

The long products business of Tata Steel Europe has been hived off into a separate wholly owned subsidiary. While the long product business faces severe challenges due to poor market conditions and adverse currency movements, the separation of the long products divisiong into a separate legal entity provides the company the flexibility to evaluate alternative strategic options.

Recent initiatives with a strong cost improvement element include the recently proposed restructuring of the Speciality & Bar business and the Strip Products UK transformation programme. These moves will also better enable the businesses to increase focus on their added value product and service portfolios away from higher volume, commodity production.

Highlights of the quarter are given below :

- Tata Steel's European Q1FY'16 liquid steel production was 3.96 million tonnes, up 1.4% from Q4FY'15's 3.91 million tonnes and up 7% on Q1 FY15's 3.70 million tonnes.

- Q1FY'16 deliveries of 3.44 million tonnes were down 9.6% on Q4FY15's 3.81 million tonnes but up 7.5% on Q1FY15's 3.20mt.

- Turnover in Q1FY'16 was ₹17,855 crores compared to ₹20,741 crores in Q1FY'15 and ₹19,537 crores in Q4FY'15. The drop in turnover was driven by the continued fall in raw materials prices, which dampened realisations.

- Q1FY'16 EBITDA fell by 42% to ₹575 crores from ₹995 crores in Q1FY'15 and ₹1053 crores in Q4FY'15. The decrease was largely attributable to the adverse sterling euro currency movement impacting the UK operations.

- Q1FY'16 EBIT was a loss of (₹124) crores against ₹136 crores in Q1FY'15 and ₹280 crores in Q4FY'15.

Registered Office Bombay House 24 Homi Mody Street Fort Mumbai 400 001 India
Tel 91 22 6665 8282 Fax 91 22 66657724
Corporate Identity Number L27100MH1907PLC000260 Website www.tatasteel.com

South East Asia

The South East Asian business continue to be affected by imports from China, leading to a contraction in the rebar-scrap spread.

Despite such market headwinds, deliveries were stable excluding NatSteel China operations. An export driven strategy, with a focus on select niche markets and downstream sales, helped the business deliver an improvement in performance

- Turnover in Q1FY'16 declined to ₹2,262 crores against ₹2,461 crores in Q4FY'15 and ₹4,045 crores in Q1FY'15.

- EBITDA during the period increased to ₹34 crores compared to a loss of ₹232 crores in Q4FY'15 and a profit of ₹30 crores in Q1FY'15. The resilience in rebar realisations early in the quarter helped post better margins.

Corporate Developments:

Kalinganagar Project update

The phased commissioning at our state-of-the art Kalinganagar Phase-I Steel Plant is progressing satisfactorily. The Coke Oven heating process commenced in May and commercial production of coils is expected to commence in H2FY'16. The 3 mtpa plant will enhance the Company's capability to meet the increasing requirement for high-strength automotive grades, high-end API grades and will help the Company develop unique grades with tighter tolerances.

Mining update

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 Sukinda 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.

Executive Comment

Mr T V Narendran, Managing Director of Tata Steel India and South East Asia, said: "The Indian steel industry continues to bear the brunt of a surge in imports and tepid domestic demand which led to a sharp drop in steel prices over the quarter.

Despite these macro headwinds, we were able to increase our deliveries by 2% over last year. We continue to focus on enriching our product mix, improving our customer connect and strengthening our marketing franchise, which is yielding results across all our business verticals. As a result, we were able to limit the drop in our realisations as compared to the market during the quarter and the last year. We have also renewed our commitment to our cost improvement initiatives as we seek to claw back the increase in operating costs due to higher regulatory levies.

The South East Asian operations were impacted by a sharp drop in spreads. However, the business focused on downstream processing and better raw material sourcing, which helped in improving underlying performance.

Phased commissioning of the 3MTPA greenfield expansion project at Kalinganagar has started and we are gearing up to commence commercial production in H2FY16."

Dr Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: “Market conditions have worsened this year. Our strategy to focus on customers and develop differentiated steel products have helped us stabilise our realisations. We have made good progress in building a comprehensive portfolio of advanced steel products. We are now shifting focus towards optimising sales of these products and towards the development of next-generation steels.

“European steel demand is increasing modestly. But imports have grown much faster in recent years and risk undermining Europe’s steel industry. Imports from China, in particular, have grown at an alarming rate – hot rolled coil shipments from China have been arriving at more than three times the volumes of 2013 – adversely affecting international steel prices.

“Surging imports constitute a threat to European steelmaking. Uncompetitive energy costs and the strength of sterling are hurting our UK operations. These three factors caused our first quarter financial performance to deteriorate, despite our more stable production platform as seen in our improved operating performance."

Mr Koushik Chatterjee, Group Executive Director (Finance and Corporate), said: "Our Indian operations reported better underlying performance despite the continued onslaught of imports and the many challenges in the market place, due to strong focus on costs, customer value management and productivity improvements. In Europe too, the imports into UK from China has increased substantially thereby depressing the prices and impacting the Company's performance in this quarter.

Tata Steel continues its strategy of monetising non-core assets and has raised about ₹1,000 crores during the quarter by selling a part of its equity portfolio. Strong focus on cash flow management has helped the Company maintain underlying debt despite incurring more than ₹3,200 crores on capex during the quarter.

During the quarter Tata Steel UK has negotiated changes in the British Steel Pension Scheme. These structural changes have de-risked our exposure to this scheme and will help Tata Steel UK in the long term amidst very difficult business environment. While the transaction with Klesch Group has been called off, the business has been hived off to a wholly owned subsidiary of Tata Seel UK to give flexibility to pursue strategic options in the future."

Disclaimer

Statements in this press release 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.

For immediate use NEWS RELEASE

For investor enquiries contact:
Devang Shah
Tel: +91 22 6665 0530
email: devang.shah@tatasteel.com
Ramvikas Nag
Tel: +91 22 6665 0557
email: ramvikas.nag@tatasteel.com

For media enquiries contact:
Kulvin Suri
Tel: +91 657 664 5512/+91 92310 52397
email: kulvinsuri@tatasteel.com
Bob Jones
Tel: +44 207 717 4532
email: bob.jones@tatasteel.com