

TATA STEEL



May 25, 2011

Consolidated Financial Results

Financial Year Ended 31st March 2011

Analyst Meet Presentation

Agenda



Introduction and Consolidated Highlights

Global Business Environment

Performance of Indian and South East Asian Operations

Performance of European Operations

Group Financial Performance

Corporate Developments

Introduction and Consolidated Highlights

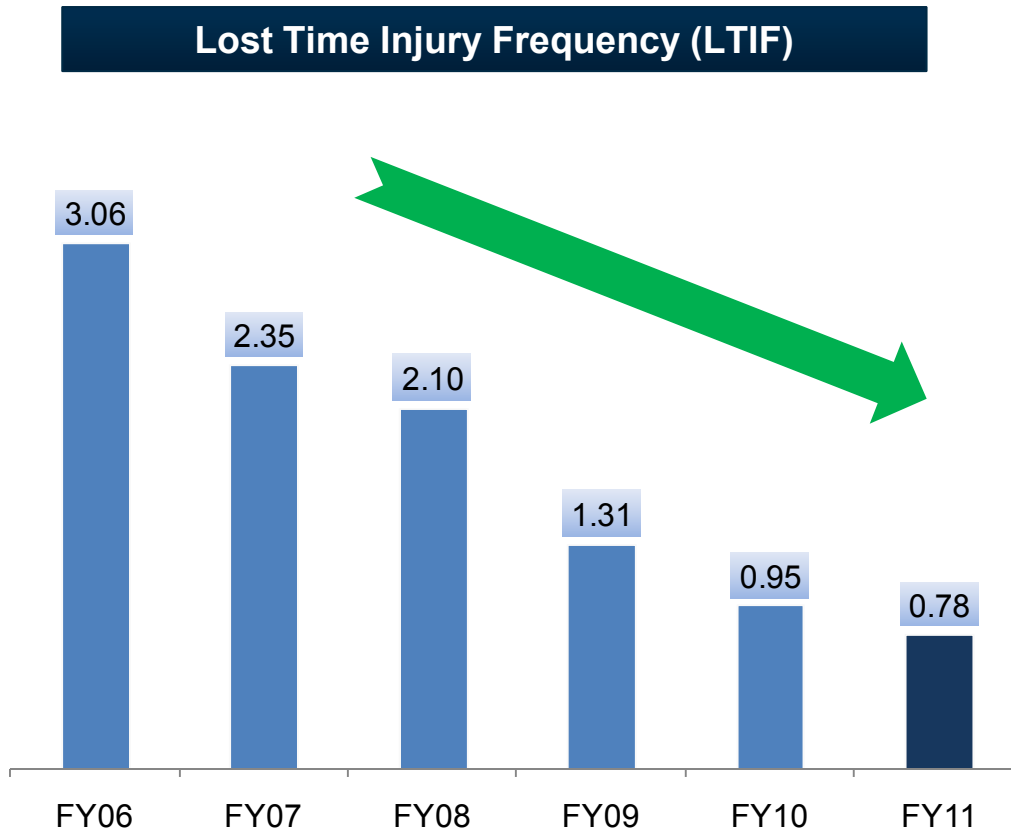


Port Talbot

Tata Steel Group – Safety Performance



Lost Time Injury Frequency (LTIF)



10 tragic fatalities to employees/contractors in FY11

Company wide focus to ensure casualty-free operations

Lost time injury frequency rate of 0.78, an 18% improvement over FY10

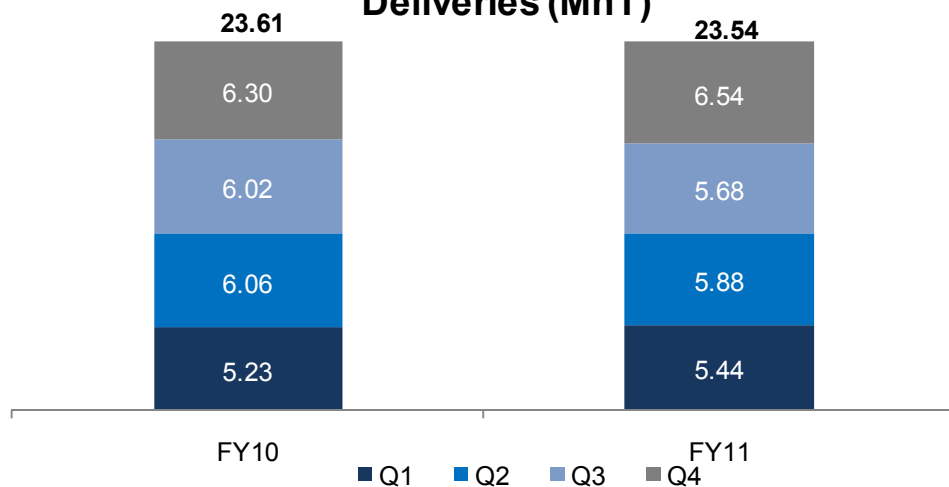
On track to achieve our vision target of 0.4 by end FY12

Group Financial Highlights

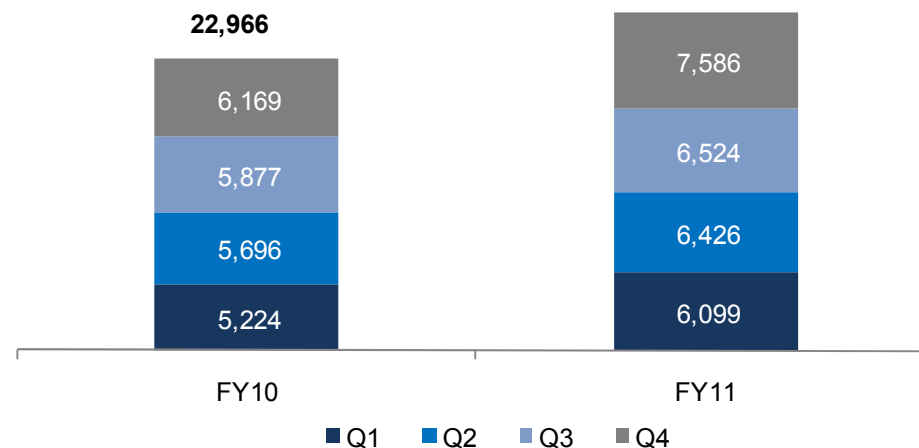
Financial Year Ended 31st March'11



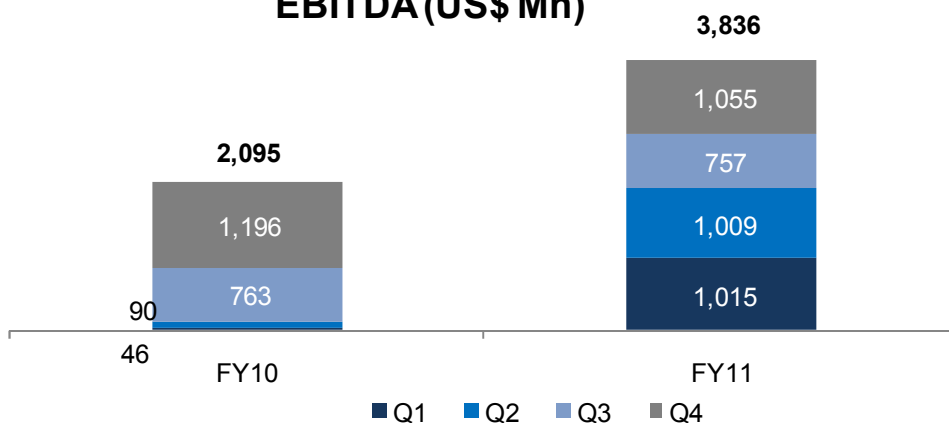
Deliveries (MnT)



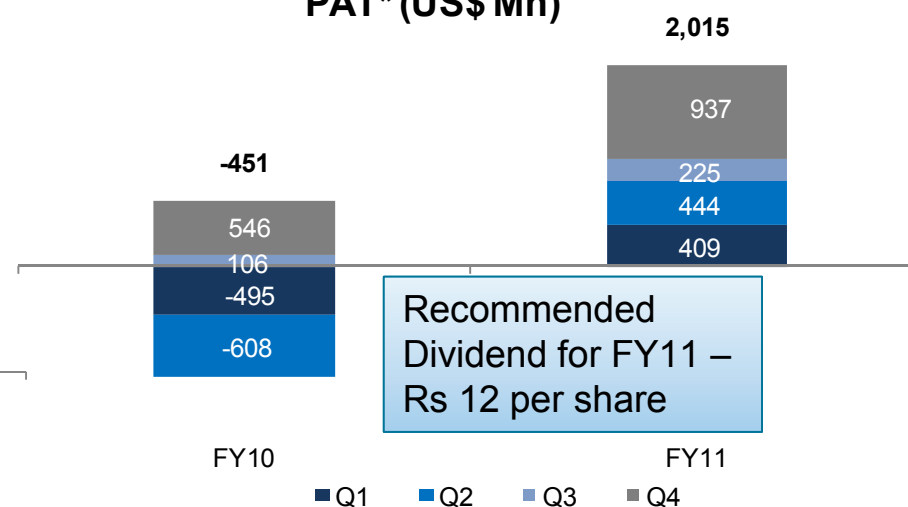
Turnover (US\$ Mn)



EBITDA (US\$ Mn)



PAT* (US\$ Mn)



Recommended Dividend for FY11 – Rs 12 per share



Global Business Environment



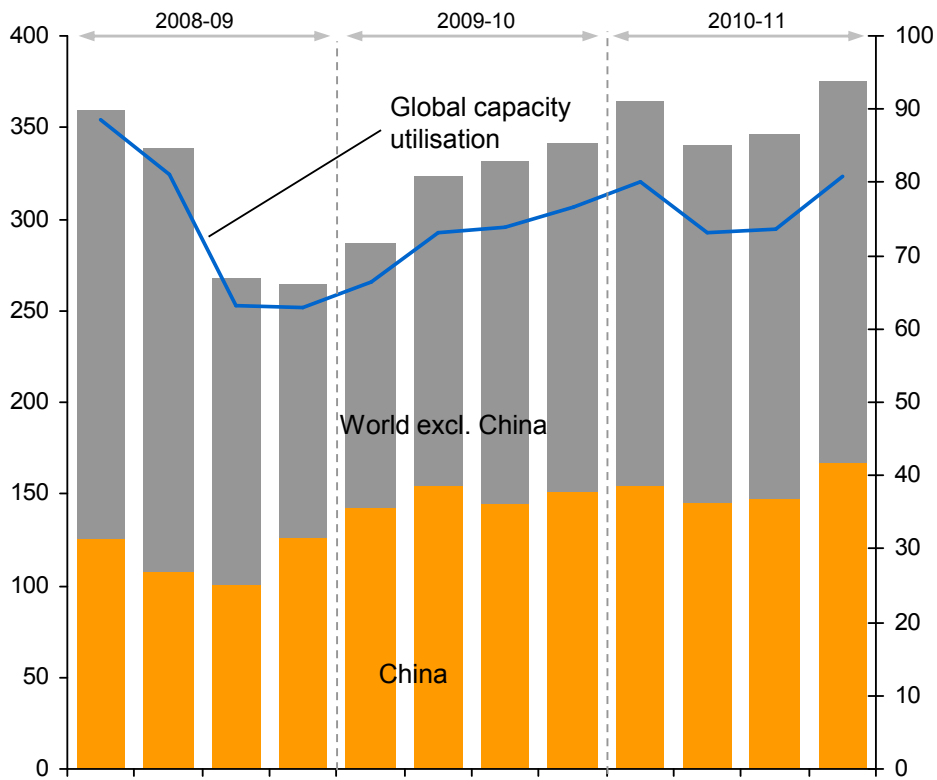
Building Solutions

TATA STEEL

Global Market Environment

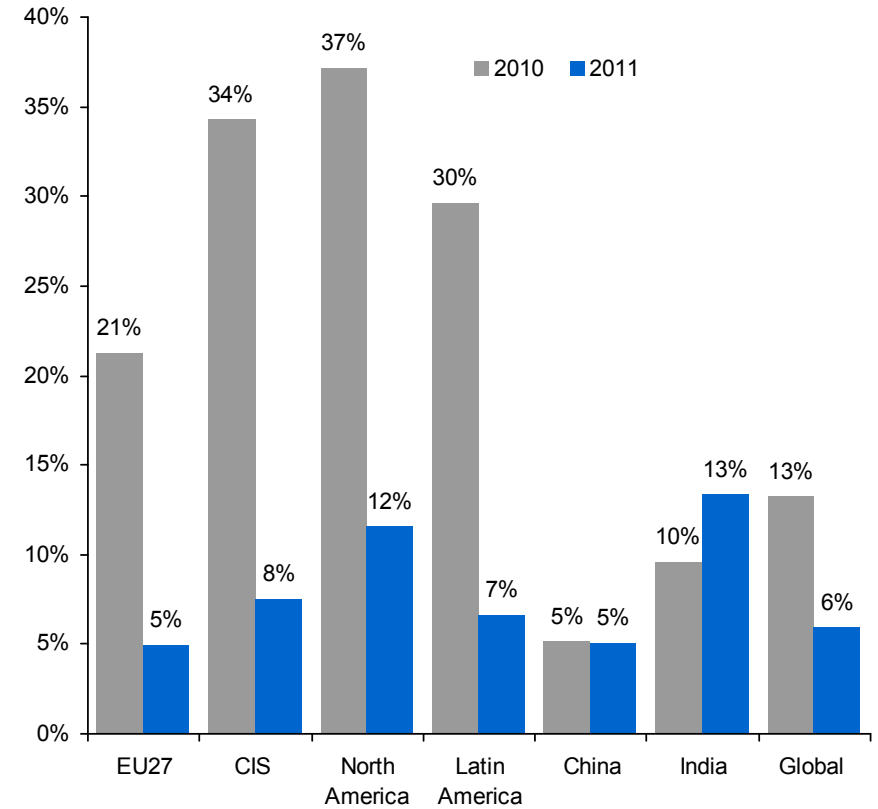


Quarterly apparent steel use & capacity utilisation



Source: World Steel Association, Tata Steel

Steel demand outlook – 2010 & 2011 (% Y/Y change)



Source: World Steel Association Short Range Outlook (April 2011)

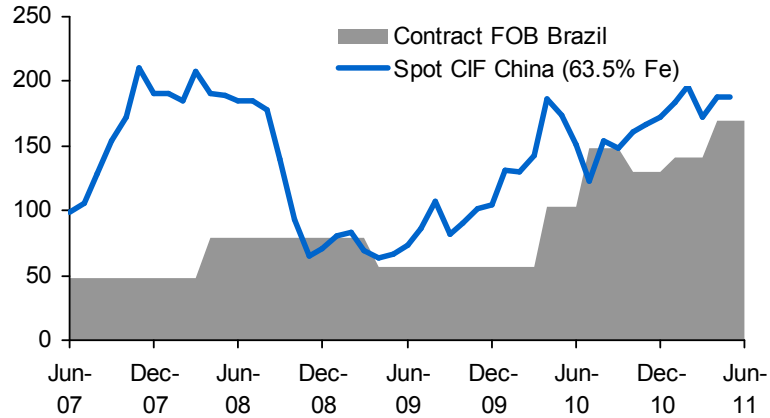


Demand improved in Q4 FY11 although capacity utilisation remains below pre-crisis levels. Outlook for 2011 is positive, driven by faster growth in the emerging markets and further recovery in mature markets

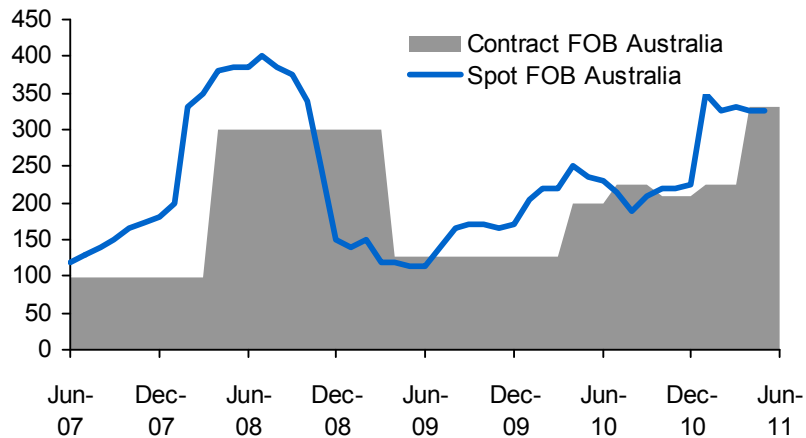
Raw Materials and Steel Prices



Iron ore fines, US\$/tonne

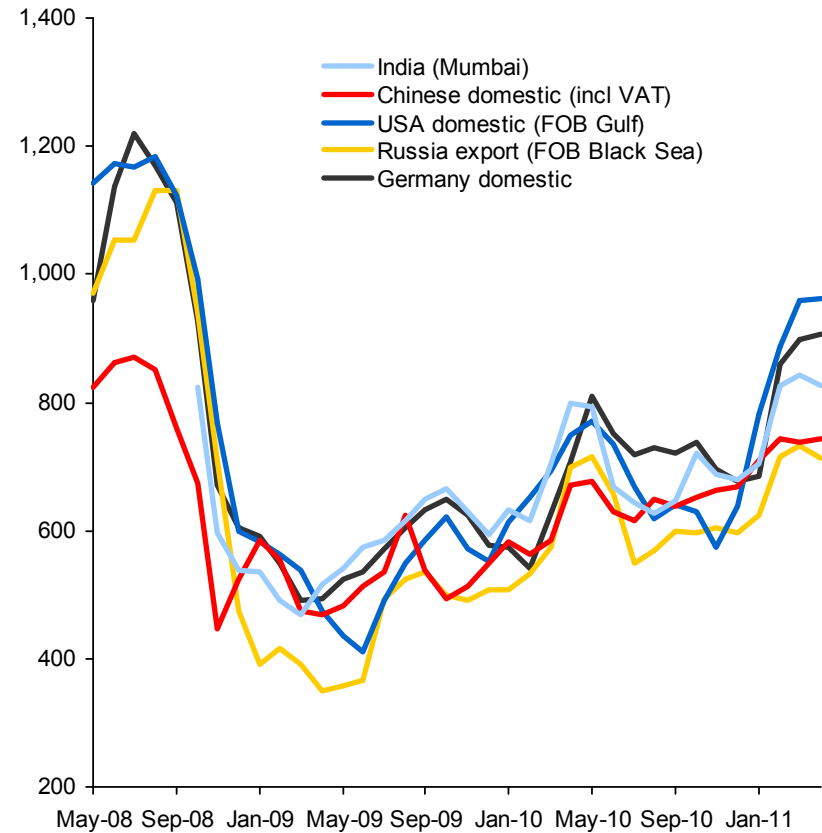


Hard coking coal, US\$/tonne



Source: CRU, Platts

HRC spot price, US\$/tonne



Source: CRU

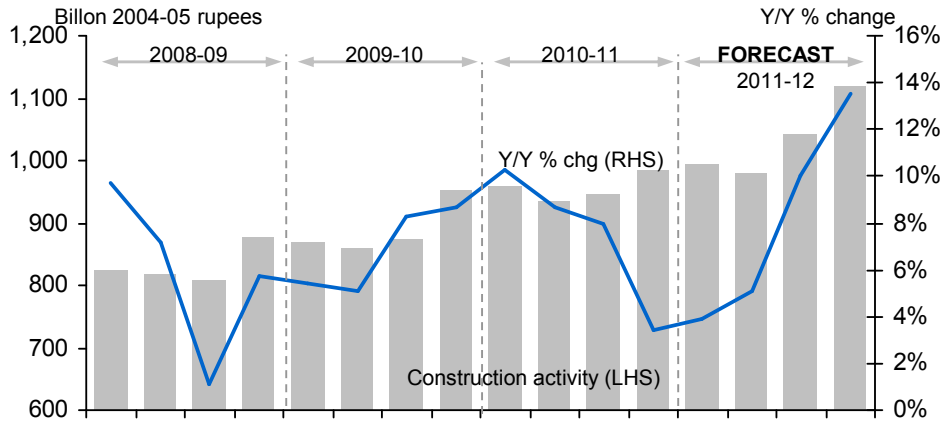
Performance of Indian and South East Asian Operations



India and South East Asian Steel Market

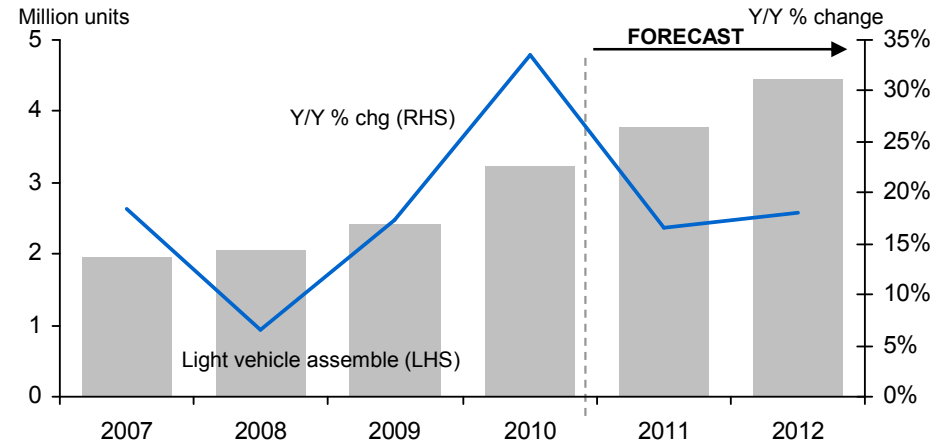


Indian construction activity (billion 2004-05 rupees, Y/Y % change)



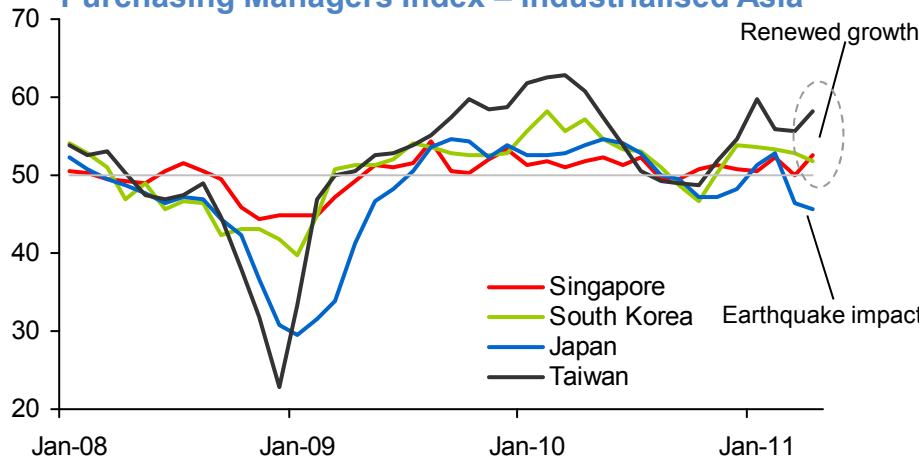
Source: Thomson Reuters, Oxford Economics

Indian light vehicle assembly (million units, Y/Y % change)



Source: JD Power

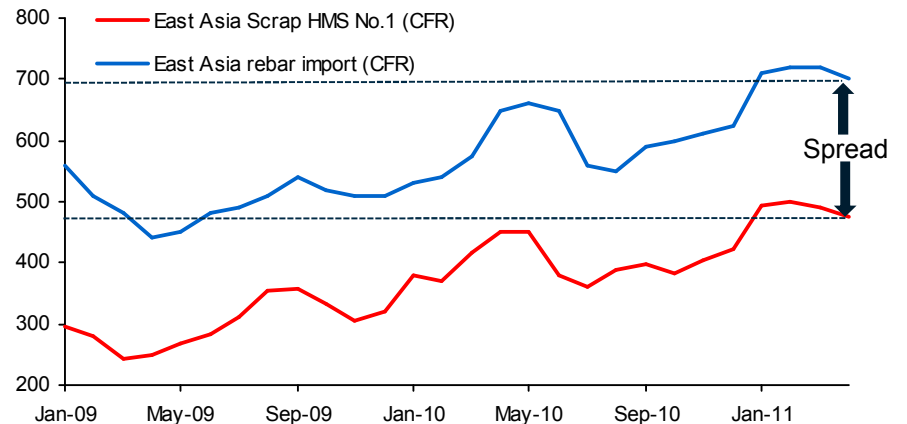
Purchasing Managers Index – Industrialised Asia



Seasonally adjusted. Above 50 = expansion, below 50 = contraction

Source: Markit

Rebar and scrap spot prices, US\$/tonne



Source: CRU



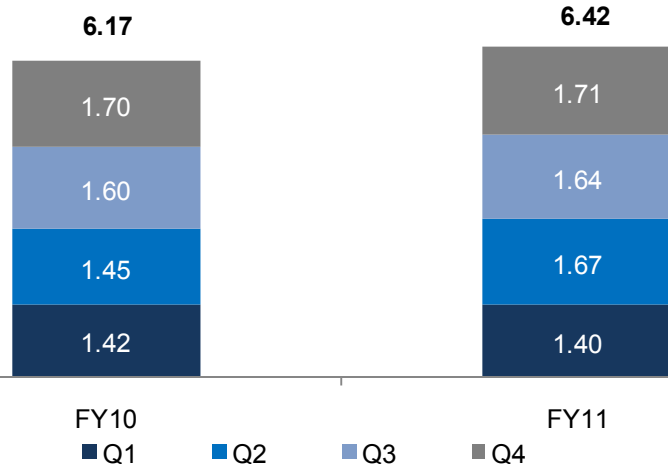
Outlook for India and rest of Asia remains robust; driven by construction and infrastructure activity and rising purchases of automotive and consumer durables

Performance of Tata Steel India

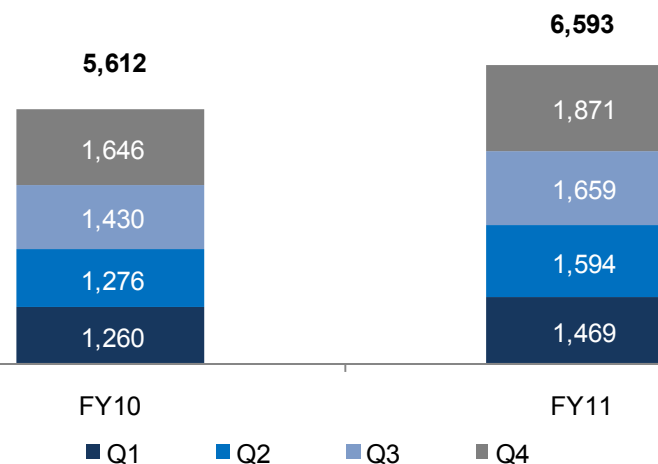
Financial Year Ended 31st March '11



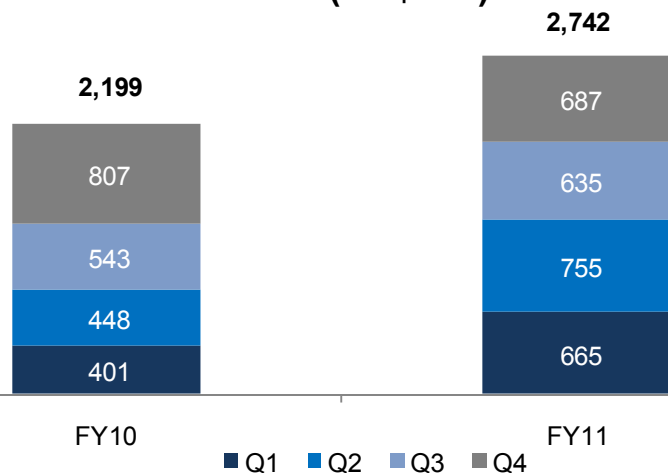
Deliveries (MnT)



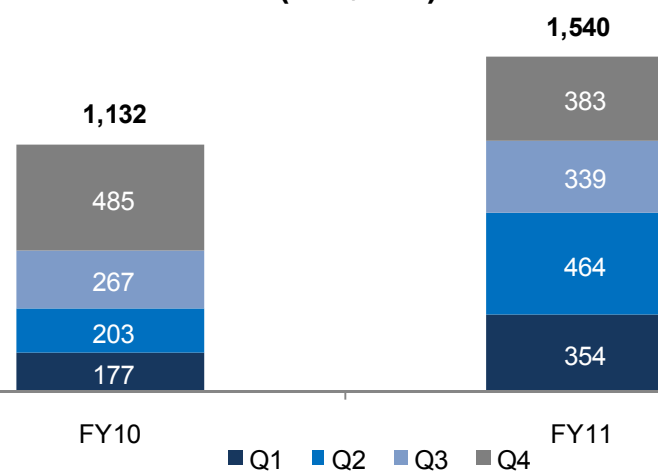
Turnover (US\$ Mn)



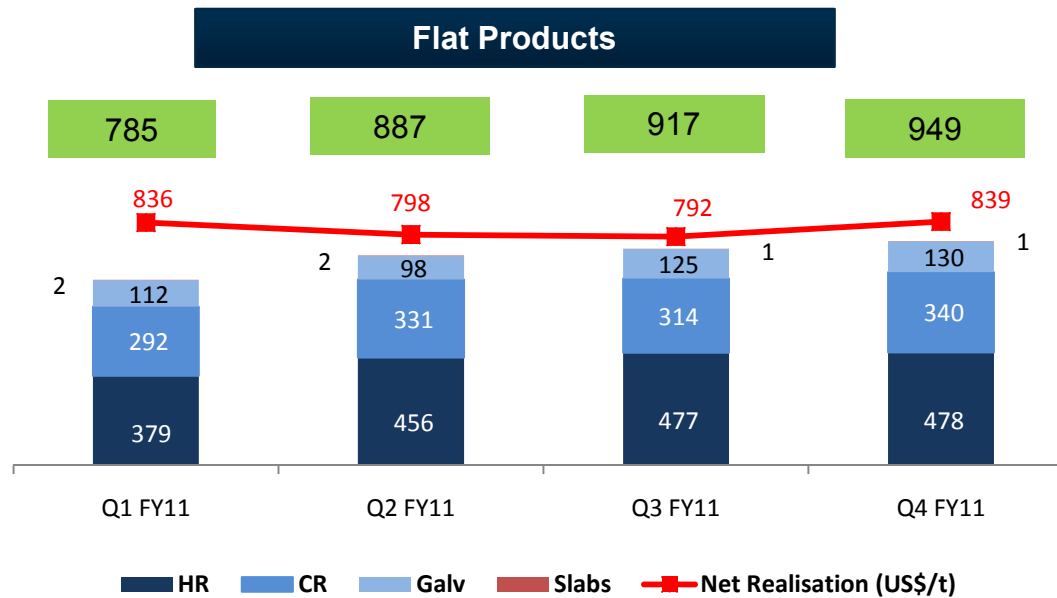
EBITDA (US\$ Mn)



PAT* (US\$ Mn)

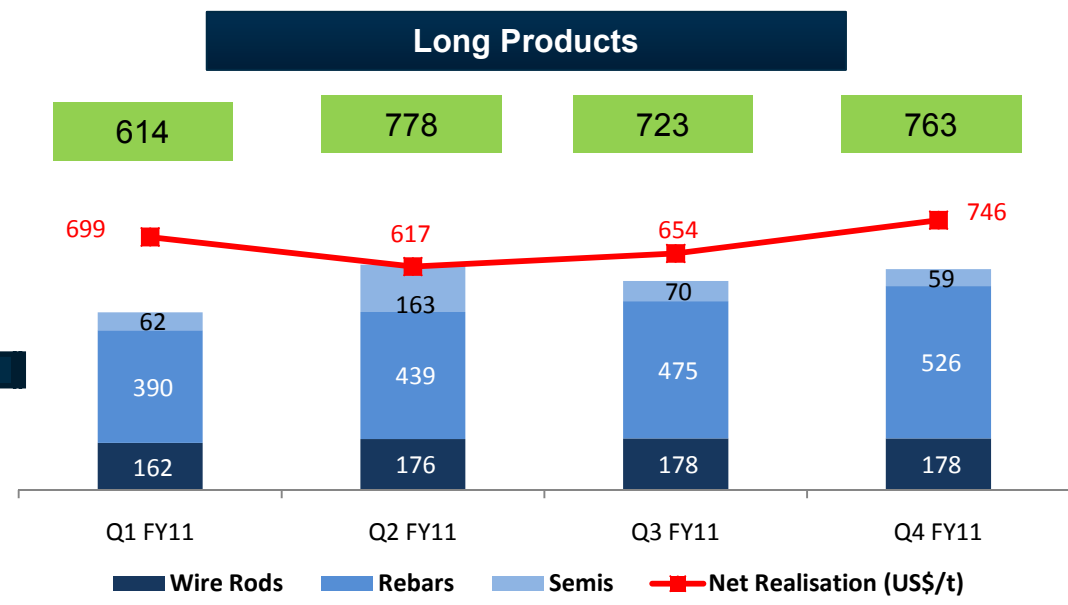


Operating Performance –Tata Steel India



• Crossed 1 Mtpa sales to automotive segment in FY11 with the best ever Skin Panel and GA Sales

Deliveries in '000 T



• Value added product sales in Rebars increased from 6.8% in FY10 to 9.6% in FY11

• Increased reach by penetrating smaller consumption centers with addition of ~850 dealers

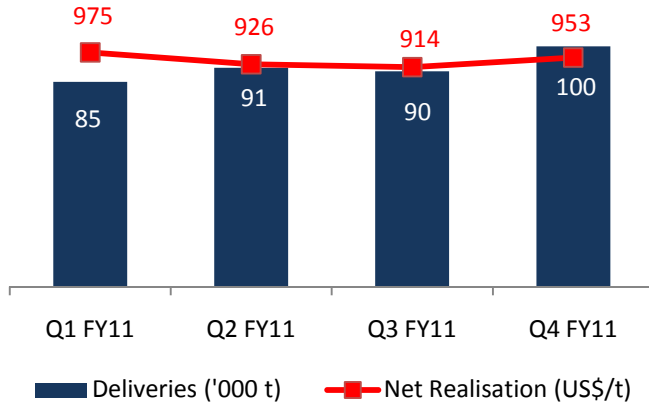
Deliveries in '000 T



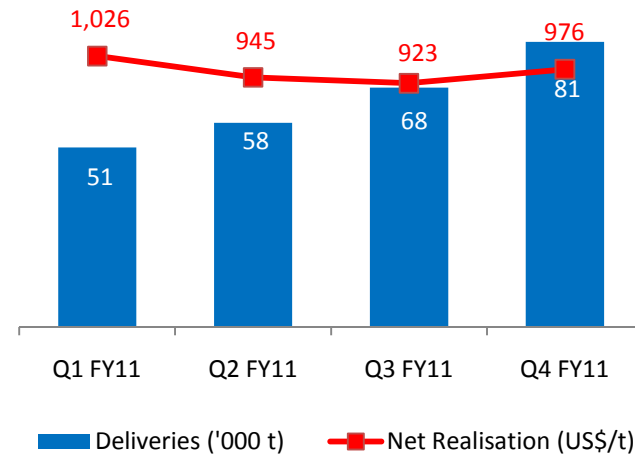
Value Additions – Tata Steel India



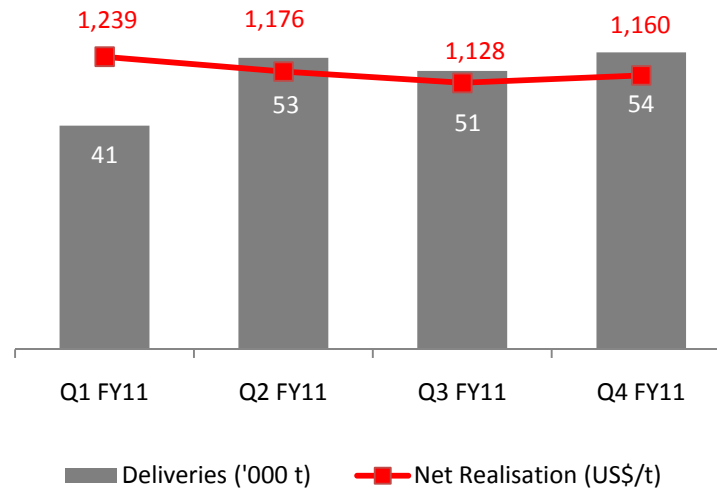
Tube Division



Wire Division



TCIL Conversion



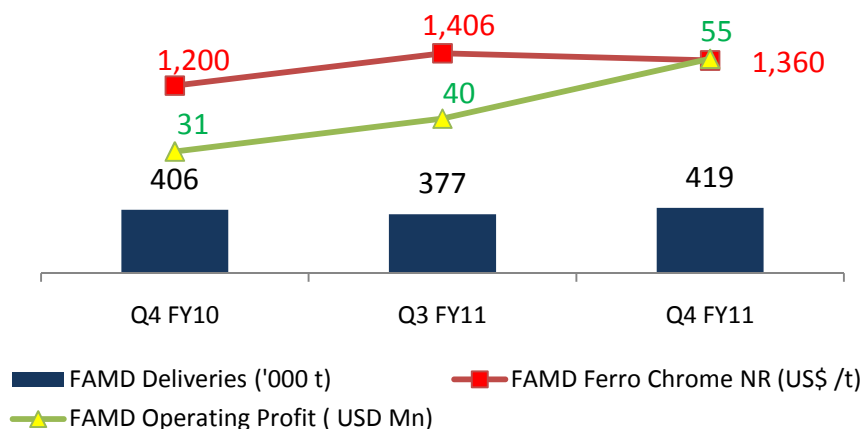
• 2nd Cold Roll Mill of 200,000 TPA capacity to be commissioned in Tinsplate Company (TCIL) in June'11



Ferro Alloys & Minerals Division – Tata Steel India

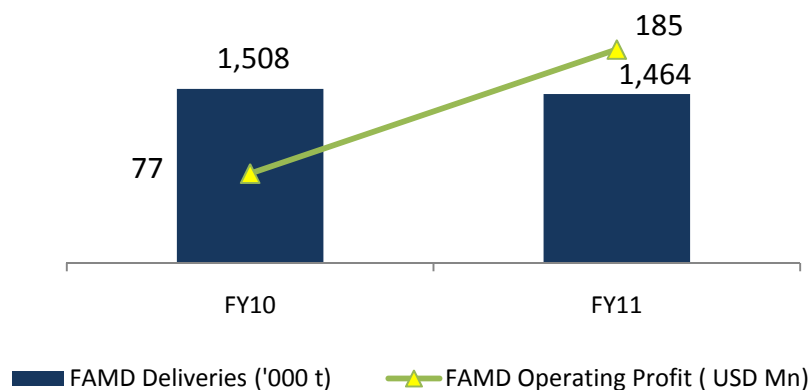


Quarterly Movement



- Increased automotive production in Asia and US resulted in improvement in demand and deliveries for stainless steel in FY11
- Improved product mix coupled with favourable market movement led to increase in Ferrochrome realization by 28% over FY10
- Increases in electricity tariffs (in South Africa) is expected to increase in Chrome alloy prices, post Q2 CY11

Year on Year Movement



Tata Steel continues to be the 6th largest global producer of Chrome Alloys globally

TATA STEEL

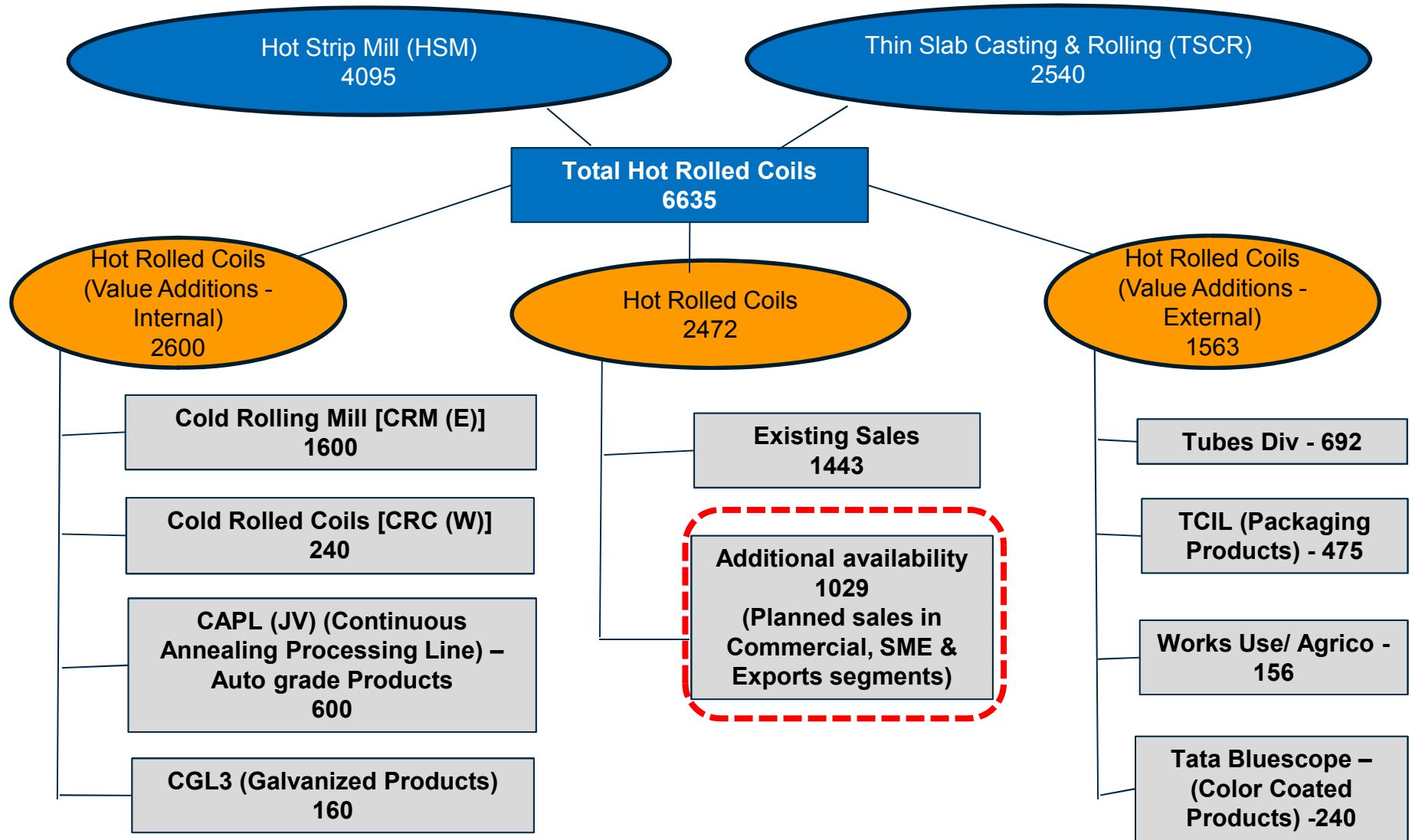
Conversion Rate USDINR – 44.585

Flat Products Expansion – Tata Steel India



Capacity in kt

Material Flow Diagram



‘Kar Vijay Har Shikhar’, flagship initiative – Tata Steel India



"Kar Vijay Har Shikhar" a new initiative launched during the year, focuses on Tata Steel's aspiration to improve its earnings. It is a multi-unit, multi-location, cross functional improvement programme. This initiative spans across the entire steel value chain from raw materials and operations to marketing.

Marketing & Sales Initiative – Spread across all divisions focusing on value creation in the Small & Medium Enterprise (SME) market space. The objectives include:

- Provide a growth lever beyond OE and Retail for Tata Steel
- Improve premium position in SME space by creating and delivering differentiated value propositions

Operations – Focuses on the following areas :

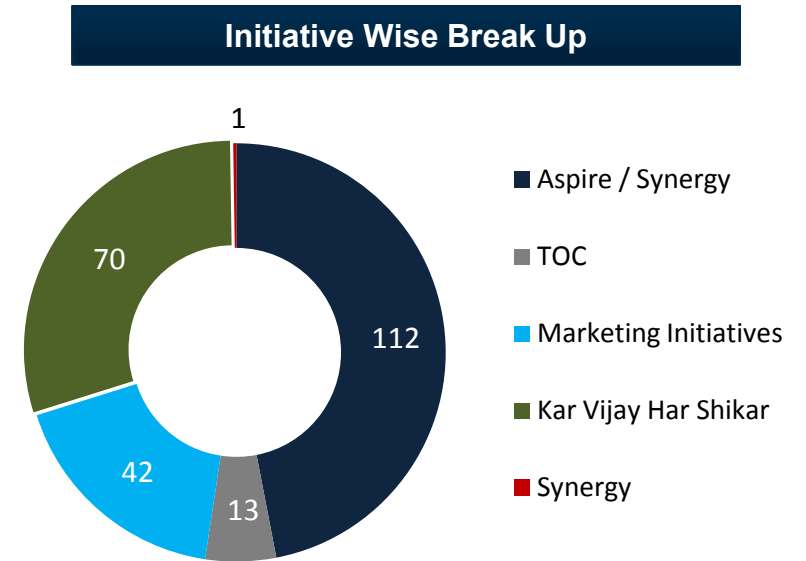
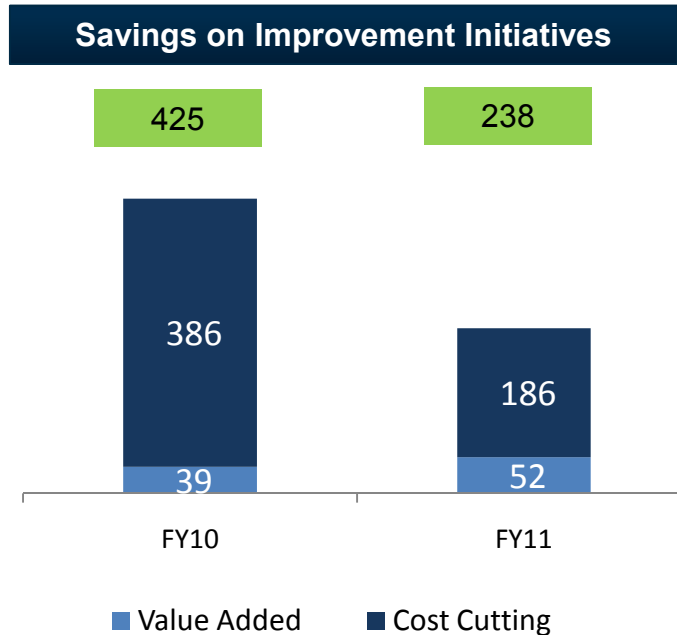
- Cost savings on coal blend and transportation cost through experimental trials on new coal sources, both on coking and PCI coals.
- Improvement in Clean coal throughput at Jharia through yield improvement at washeries



Continuous Improvements – Tata Steel India



Figures in US\$ Mn



Improvement Initiatives :

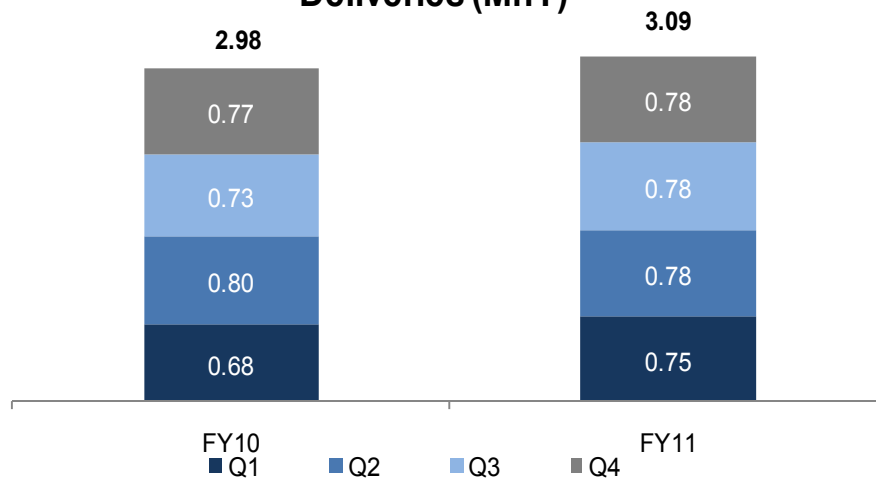
- Increase in Clean Coal production from West Bokaro has generated savings of US\$ 14 Mn
- Increase in supply of Jhama Coal from Jharia has generated savings of US\$ 11 Mn
- Slag rate reduction generated savings of US\$ 8 Mn at the blast furnaces
- Increase the height of the coal cake in the coke oves at Haldia Met Coke generated saving of US\$ 7 Mn

Performance of South East Asia

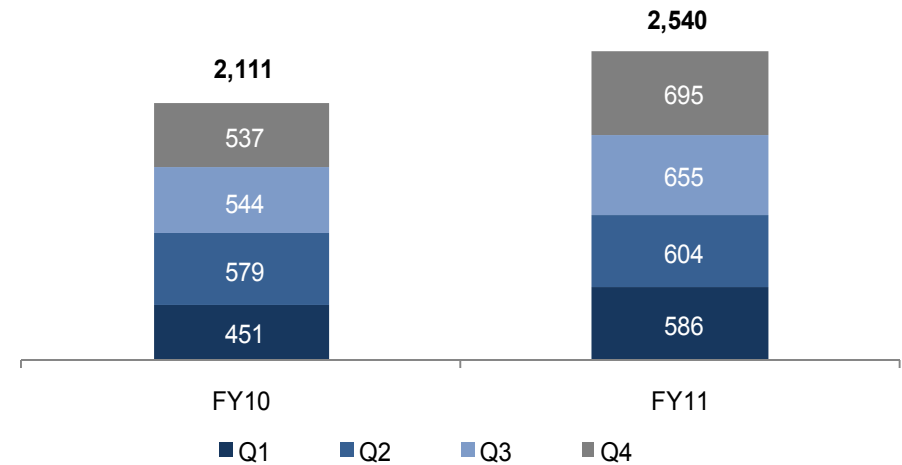
Financial Year Ended 31st March '11



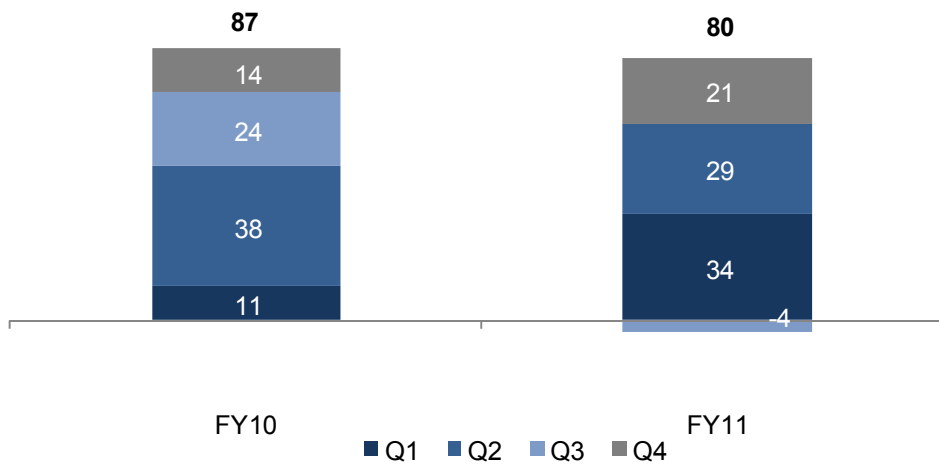
Deliveries (MnT)



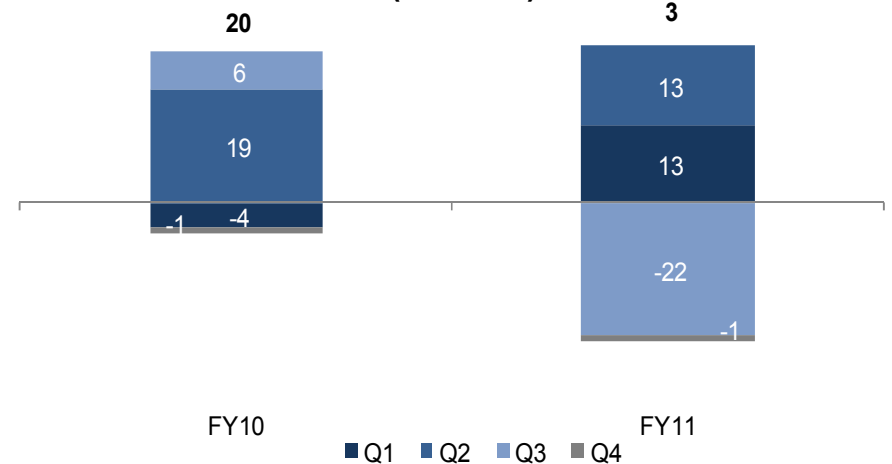
Turnover (US\$ Mn)



EBITDA (US\$ Mn)



PAT* (US\$ Mn)



Outlook – Tata Steel India & South East Asia



Tata Steel India

- Key steel consuming sectors like construction, automotive, infrastructure showing robust outlook
- Steel demand is expected to grow unabated despite near term uncertainty caused by increasing interest rates to tame surging inflation

Natsteel

- Construction activity continues to expand in Singapore and PMI suggests further growth
- World Steel data indicate strong apparent steel demand growth in all countries in which NatSteel operates

Tata Steel Thailand

- Thai economy is on expansion path driven by private domestic spending and exports. The economy is forecasted to grow by 2.5-3.5% in Q1/FY12 and by 3.0-4.0% in 2011
- Projected growth for the key steel consuming sectors are: Construction 4%, Automobile 13% and Manufacturing 6%

Performance of European Operations



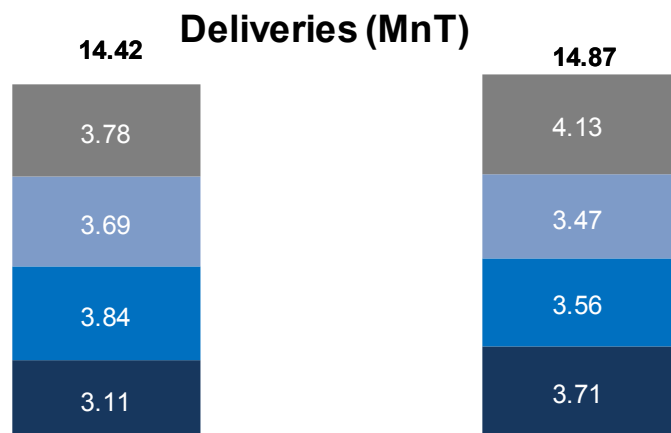
Pan view of the IJmuiden plant

Performance of Tata Steel Europe

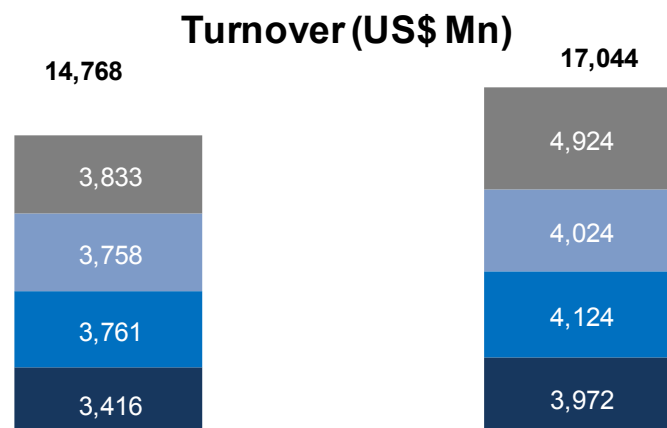
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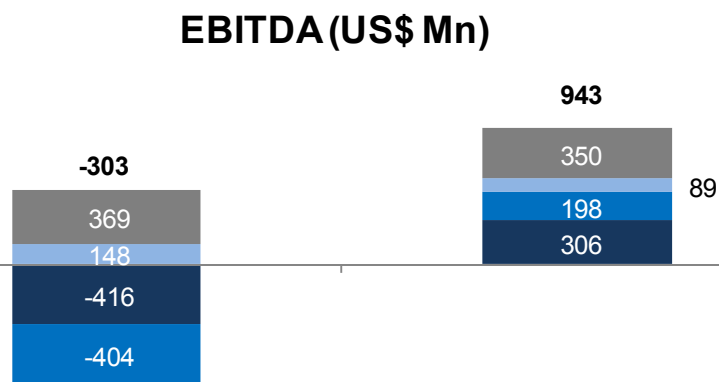
Deliveries (MnT)



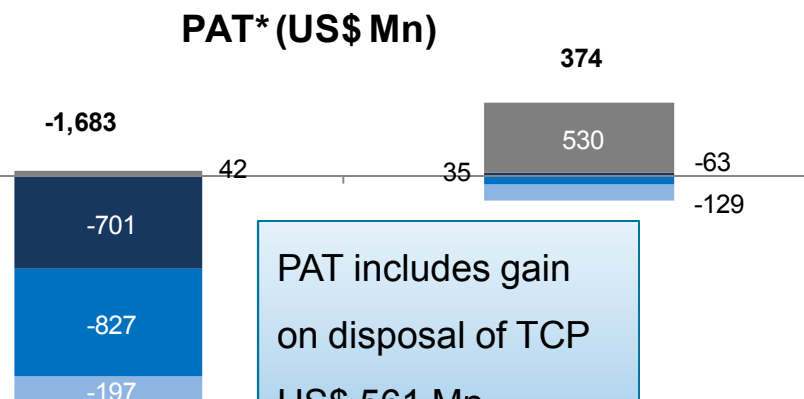
Turnover (US\$ Mn)



EBITDA (US\$ Mn)



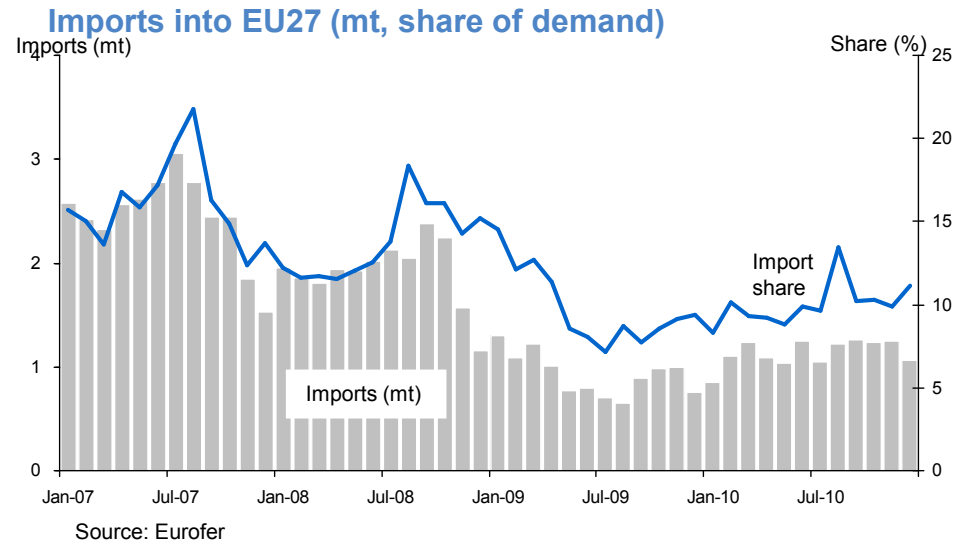
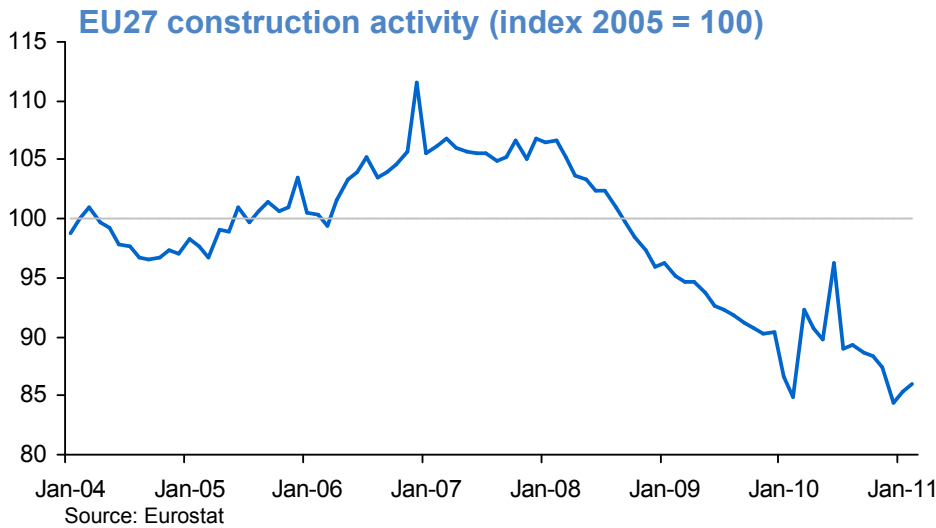
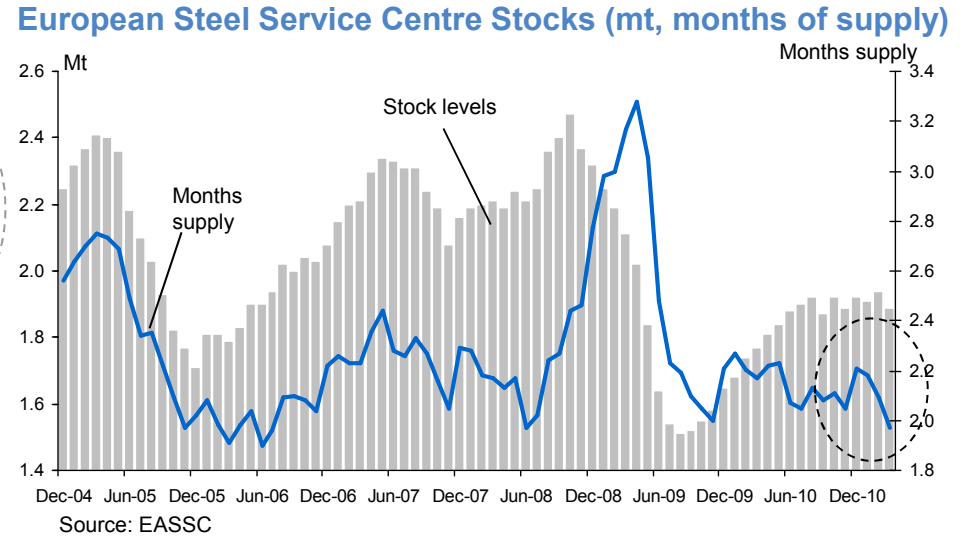
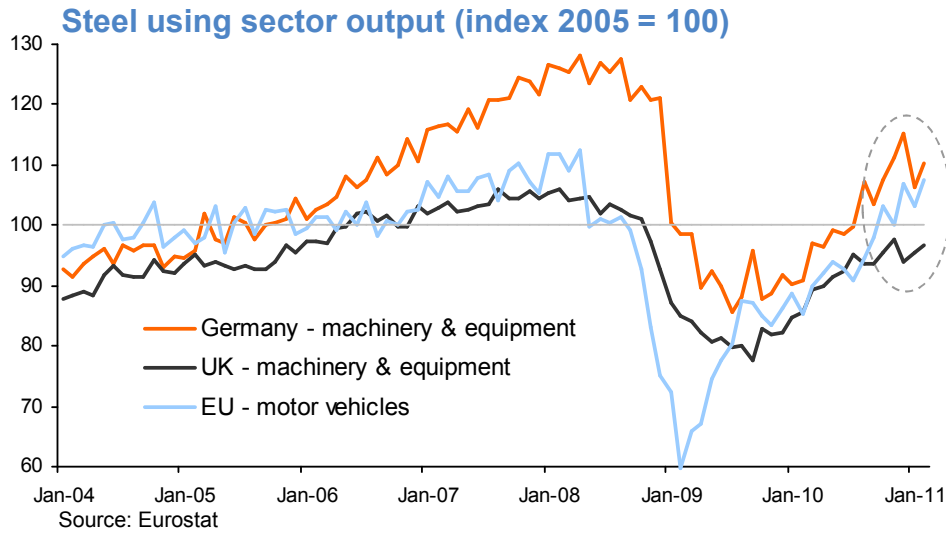
PAT* (US\$ Mn)



PAT includes gain on disposal of TCP US\$ 561 Mn

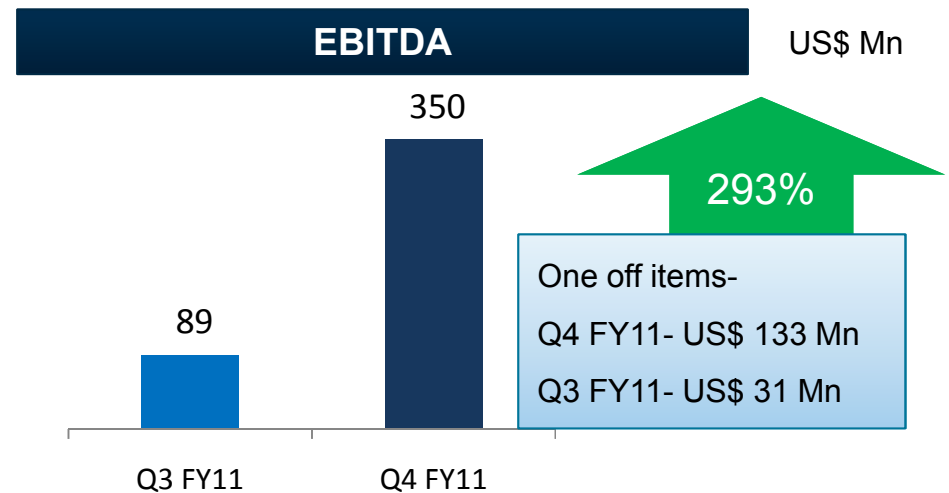
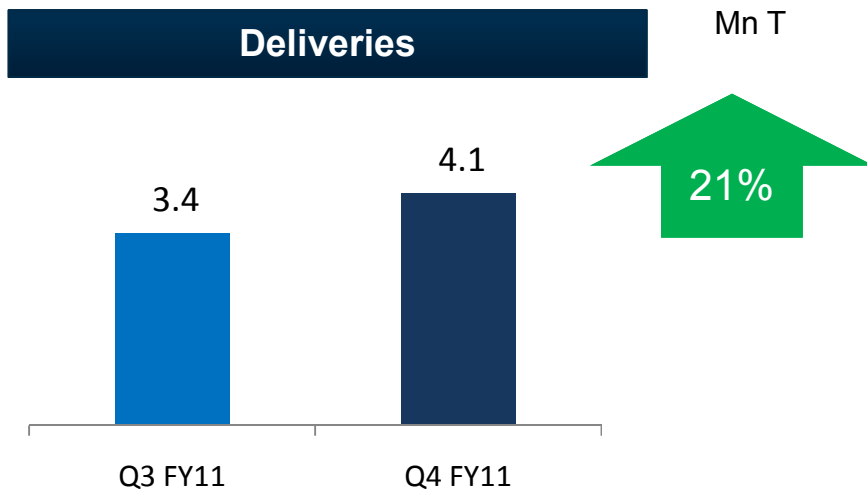
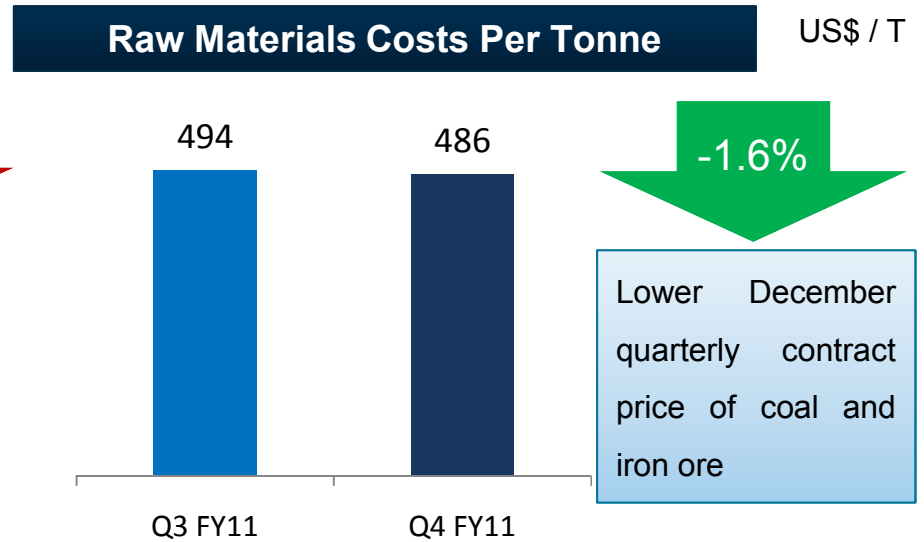
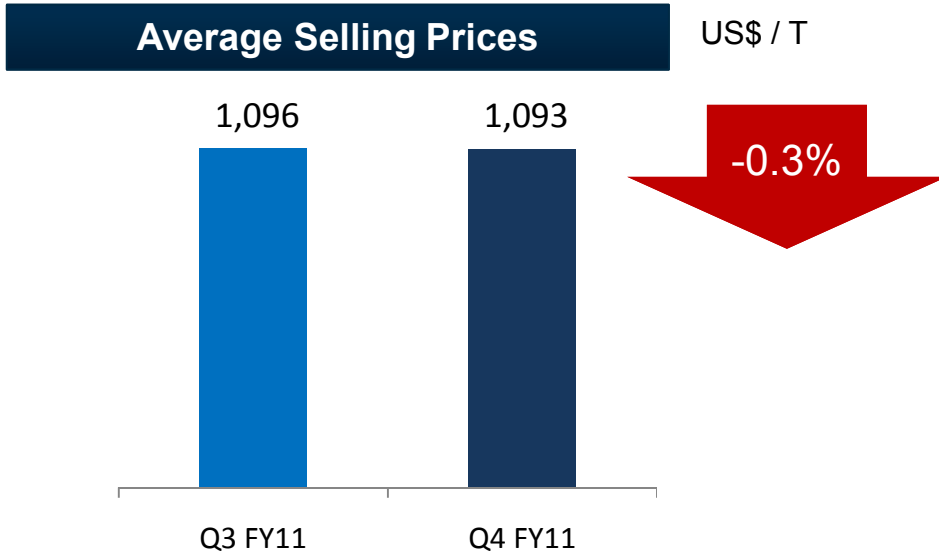


European Steel Market



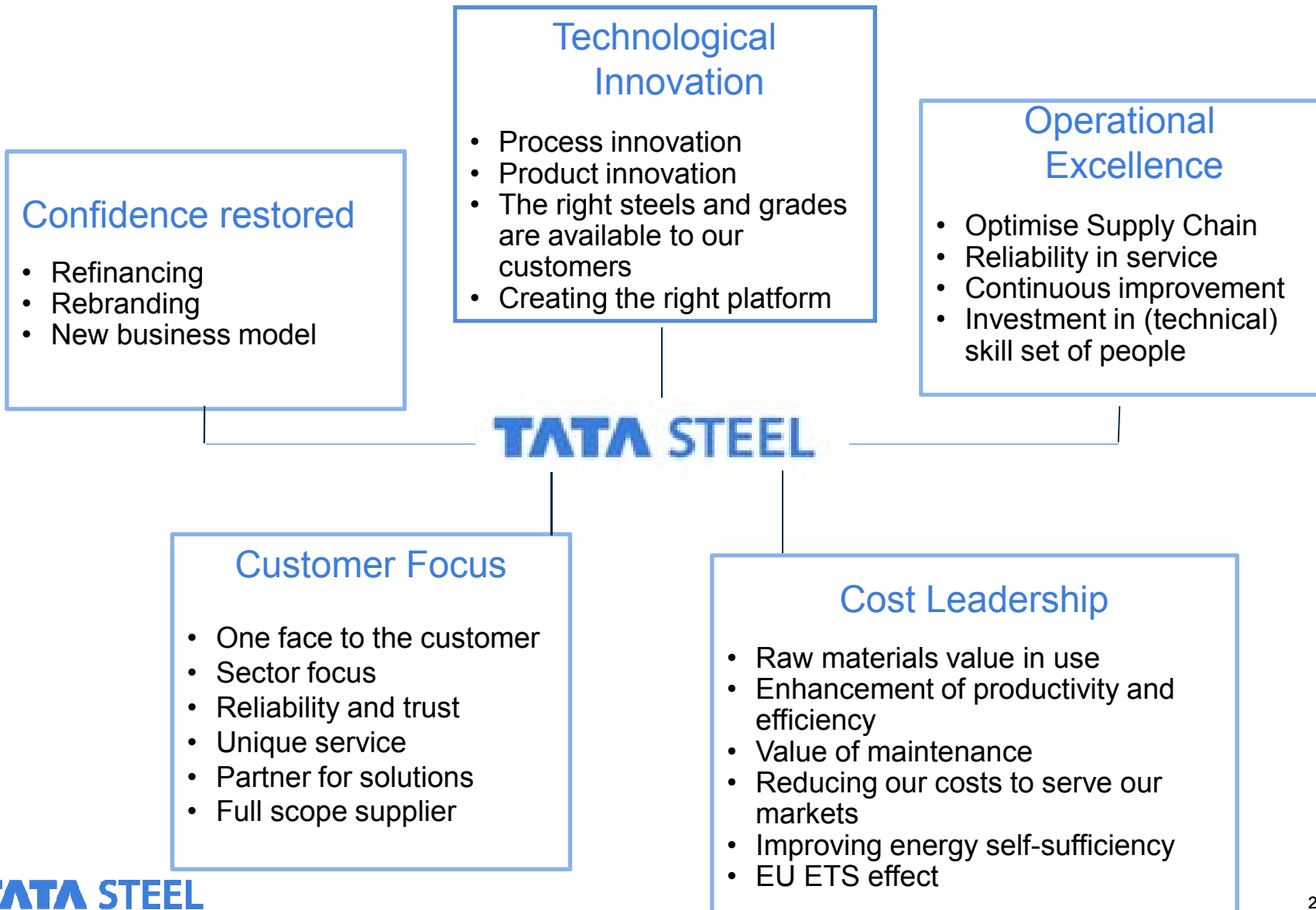
Recovery in demand barring construction, is continuing. Stocks and imports remain low

Quarterly Trends – European Operations



Strategies for a new brand in the European Market

Operational excellence with cost leadership



Customer Focus



Progress with our customer focus and market sector teams



Premium product sales

- New three year deal with customer, which gives them exclusive rights to process Prisma in Russia, Kazakistan and Belarus
- Prisma is our highest value coated product, now selling into a new market



Lifting & Excavating

- First shipments of steel for leading mining machinery manufacturer in the USA
- Follows last year's win of a new annual contract
- New lifting & excavating sector team last year won new export contract to USA



Automotive

- Majority share of new vehicle launch in the UK
- Supply of variety of premium grades
- New automotive market team has just won best contract in this sector for 10 years

Technological innovation and operational excellence



All strategic building blocks being actively progressed



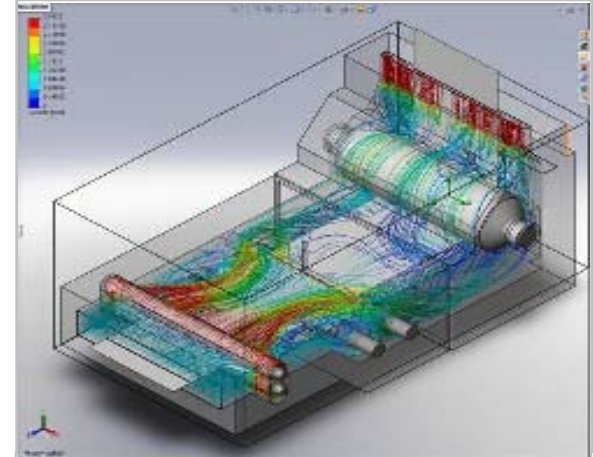
Launch of Hisarna

- New concept in use of powdered raw materials; cok oven and ore agglomeration avoided
- Hisarna technology provides potential 20% reduction in CO2 emissions



Photovoltaics

- Significant commitment with industrial, academic and government partners
- PV Accelerator at £11m over 3 years, SPECIFC £20m over 5 years and SBEC Launch £7m over 3 years



New grades at Port Talbot

- CAPL now making DP600, DP800 and DP1000 grades
- Follows last year's win of a new annual contract

Cost Leadership: Long Products Europe Transformation



Subject to the consultation process launched on 20 May

Reason for the change

- Total demand for structural steel in the UK is still one third less than it was before the recession
- Despite achieving valuable cost savings during the worst of the crisis, the business has continued to make further losses
- Compounded by introduction of EU and national carbon taxes which represent an incremental cost penalty

Action Plan

- Closure of bloom & billet mill in Scunthorpe
- Mothballing of Queen Bess blast furnace
- Approximately 1,500 proposed job reductions – 1,200 at Scunthorpe and 300 at Teesside – including managerial, operational and functional positions.

Long Term Commitment and benefits

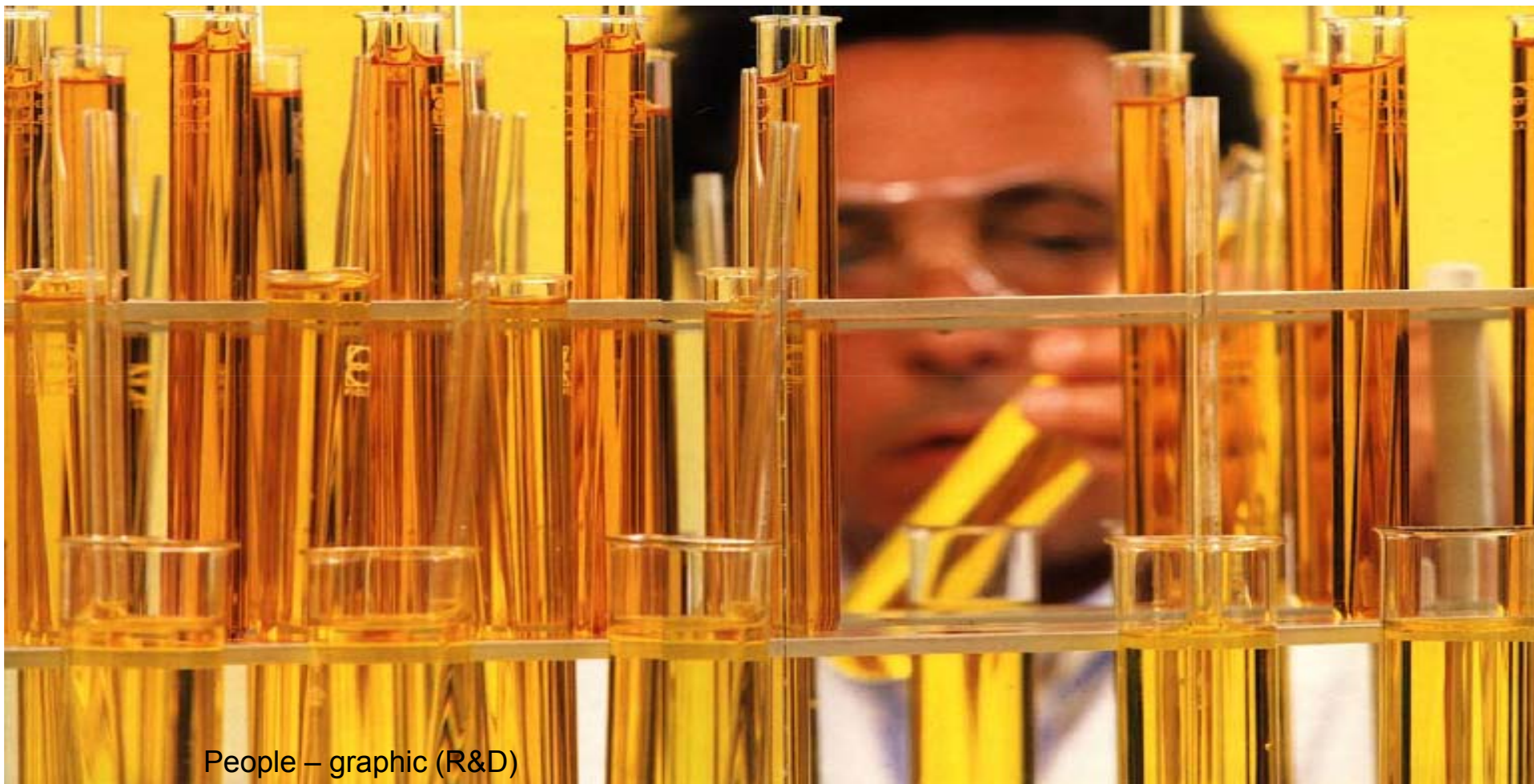
- Major strategic investment of £400m over the next five years to improve reliability of our plant, to improve our energy efficiency and to invest in our premium products giving us access to new markets
- Up to £250m per annum of value to be created in our Long Products Europe business, including £130m from cost saving measures

Outlook – Tata Steel Europe



- EU27 apparent consumption has softened as customers delay purchases in anticipation of lower prices
- Exports continue to be a key driver of European manufacturing recovery
- The EU export orders PMI at 57.7 signals continued growth in manufacturing export demand
- EU import licenses have risen in recent months but recent price falls have closed large gap with Chinese prices
- European Steel Service Center Strip products stocks are at one of the lowest levels on record at 1.97 months of supply

Group Financial Performance



People – graphic (R&D)

Group Financial Performance – Q4 FY11



Figures in US \$ Mn unless specified

	Q4 FY11			Q3 FY11	
	Tata Steel India	Tata Steel Europe	SE Asia	Tata Steel Group (*)	Tata Steel Group (*)
Deliveries (Mn T)	1.71	4.13	0.78	6.54	5.68
Turnover	1,871	4,924	695	7,586	6,524
EBITDA	687	350	21	1,055	757
EBITDA Margin (%)	37	7	3	14	12
EBITDA/tonne (US\$)	402	85	27	161	133

	Q4 FY11		Q3 FY11
Profit Before Tax	1,127		353
Profit After Tax & Minority Interest	937		225

(*) Includes other JVs, Subsidiaries & share of profit of Associates of the Tata Steel Group ; Conversion Rate USDINR – 44.585

Group Financial Performance – FY11



Figures in US \$ Mn unless specified

	FY11			FY10	
	Tata Steel India	Tata Steel Europe	SE Asia	Tata Steel Group (*)	Tata Steel Group (*)
Deliveries (Mn T)	6.42	14.87	3.09	23.54	23.61
Turnover	6,593	17,044	2,540	26,635	22,966
EBITDA	2,742	943	80	3,836	2,095
EBITDA Margin (%)	42	6	3	14	9
EBITDA/tonne (US\$)	427	63	26	163	89

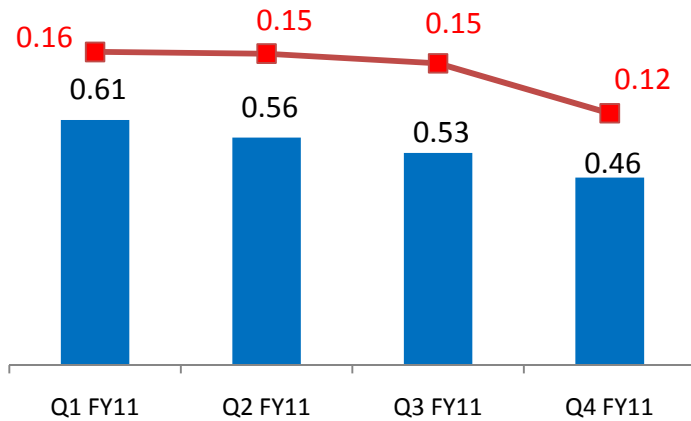
	FY11		FY10
Profit Before Tax	2,714		7
Profit After Tax & Minority Interest	2,015		(451)

(*) Includes other JVs, Subsidiaries & share of profit of Associates of the Tata Steel Group ; Conversion Rate USDINR – 44.585

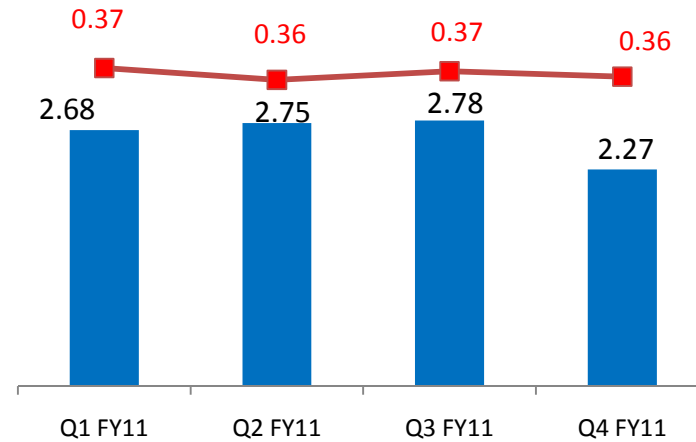
Debtor and Inventory Turnover Ratio



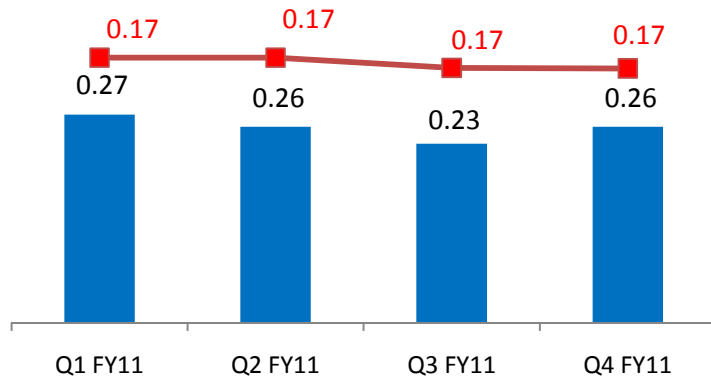
Tata Steel India



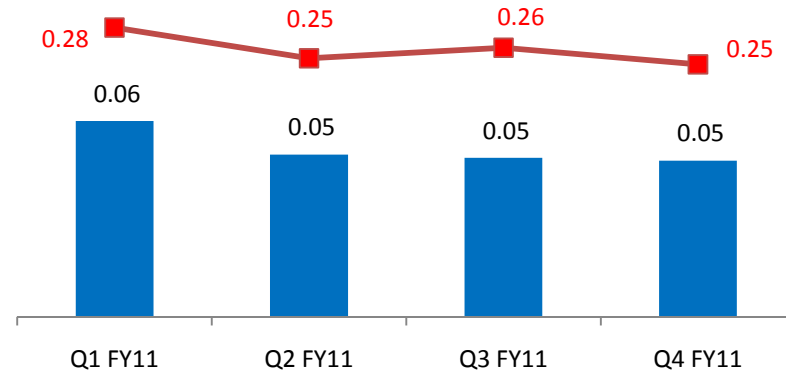
Tata Steel Europe



Natsteel



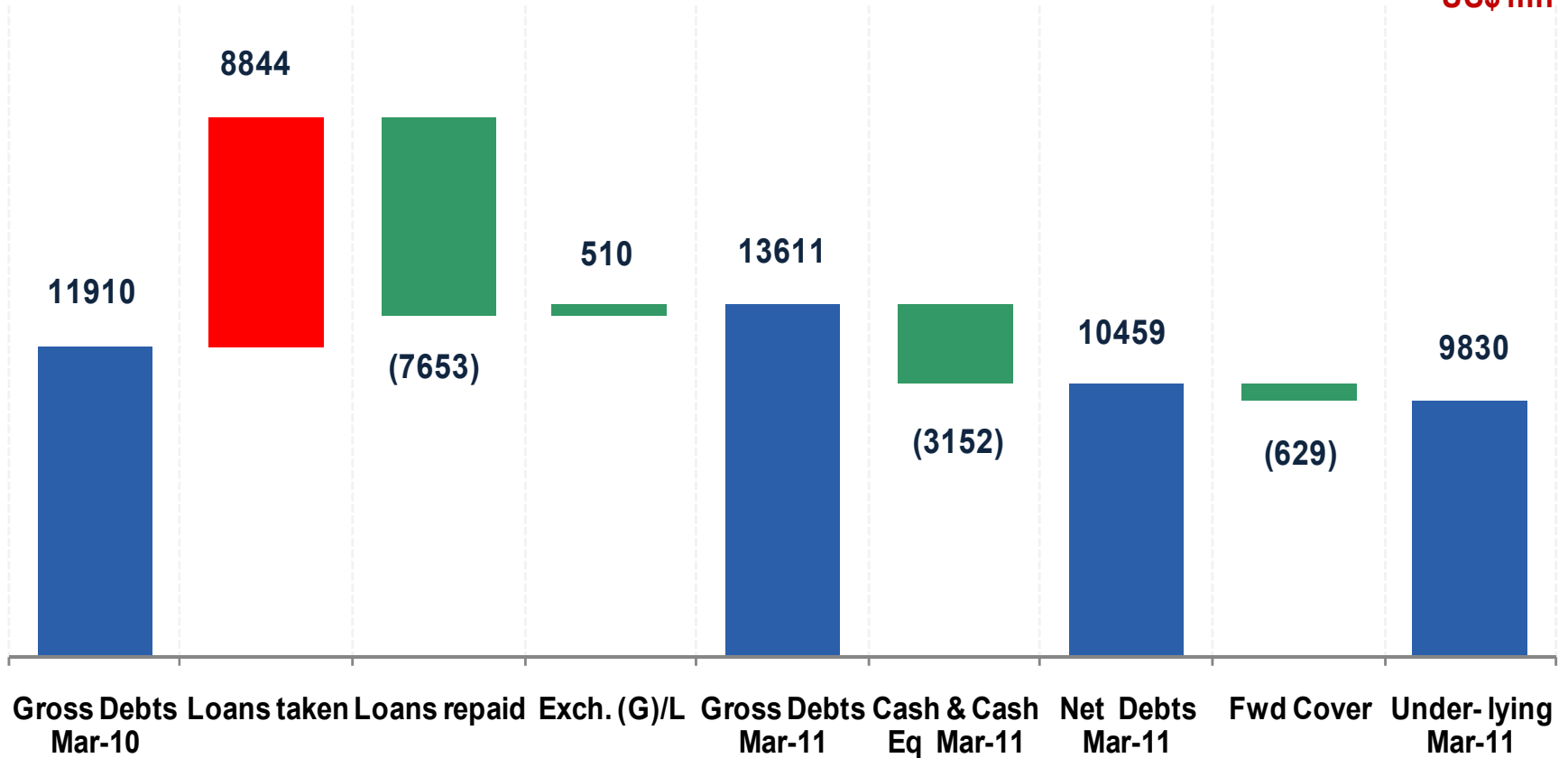
Tata Steel Thailand



Tata Steel Group Gross Debt Movement & Net Debt Position



US\$ mn

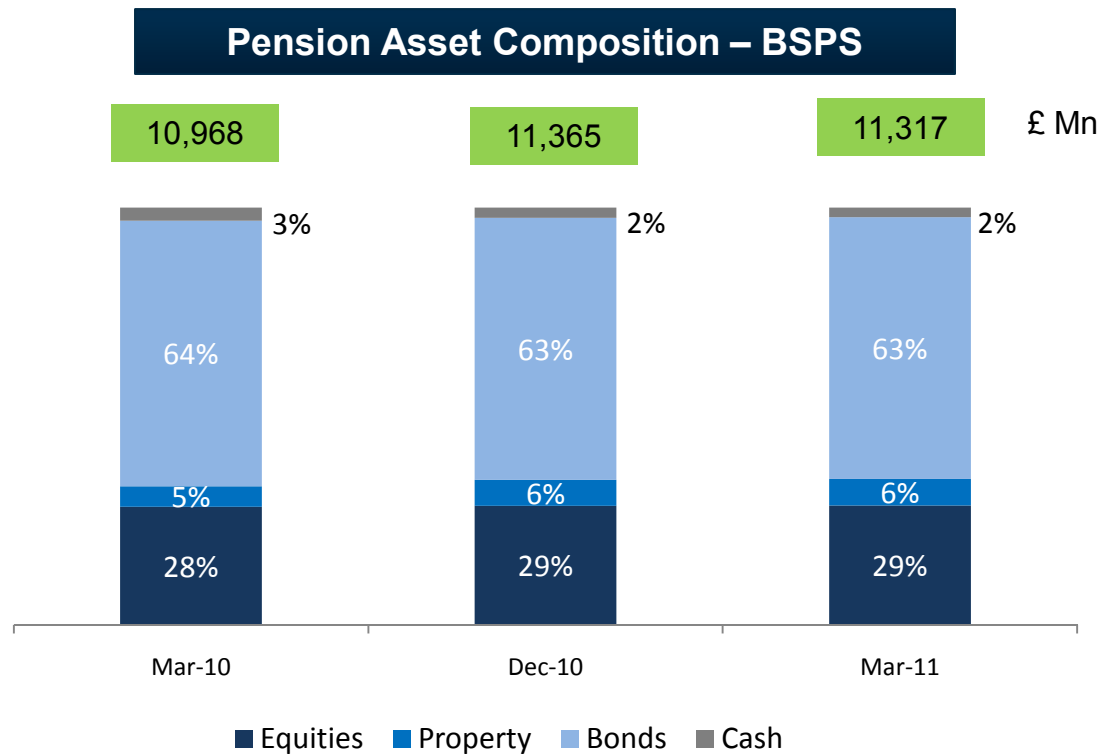


Cash & Cash Equivalents include current investments ; USDINR Conversion Rate – 44.585

Pensions Management – European Operations



	£ Mn	
	FY10	FY11
Total Scheme Retirement Benefit Assets	15,887	16,090
Total Scheme Retirement Benefit Liabilities	(15,628)	(15,743)
Net Pension Surplus (BSPS &SPH)	259	347



Corporate Developments



Kalinganagar Project, Odisha

Key Corporate Milestones



Fund Raising/ Prepayment

- Launched a 57 million equity shares Follow on Public Offer (FPO) on January 19 and raised Rs. 3,477 crores (US\$ 778 million)
- Completed India's first ever offering of Corporate Hybrid Securities with an issuance of Rs. 1,500 crores (US\$ 332 million) in Mar'11, followed by a similar offering Rs 775 Crs (US\$ 174 Mn) in May'11
- Prepaid Senior Facility Agreement - Euro 320.5 Mn (US\$ 455 Mn) in March'11 out of TCP sale proceeds

Divestments

- Tata Steel has completed the sale of its Teesside Cast Products plant in the north of England for US\$ 469 Mn
- Signed definitive agreement with Krosaki Harima Corporation (KHC) to induct as a strategic partner in Tata Refractories Limited (TRL). KHC will acquire 51% equity stake out of TSL's current 77.46% stake in TRL. Tata Steel received US\$ 129 Mn as consideration for stake sale in Tata Refractories

Odisha Project Status Update



BLAST FURNACE AREA



SINTER PLANT



SINTER COOLER AREA



PILING WORK IN PROGRESS IN CONVERTER AREA

Odisha Project Update



- Setting up of a 6 mtpa integrated steel plant in two phases at Kalinganagar, Odisha for the manufacture of flat products
- The project cost of Rs. 34,500 crores (US\$ 7.8 Bn) for both phases combined was approved by the Board in February'11. Project cost is inclusive of cold rolling mill.
- Current status of the project:
 - Five construction power sub stations have been commissioned
 - Geotechnical investigations at the Hot Strip Mill (HSM) area are under progress
 - Piling and other Civil works in the Sinter Plant area is under progress. Piling work in the Blast Furnace and Steel Melting Shop areas have commenced

Business Outlook



- Developed world recovery to stay muted due to on-going deleveraging and fiscal restraint
- Euro Area growth to be sustained by stronger investment and net trade surplus despite fiscal headwinds
- China to continue with tightening monetary policy to control inflation despite concerns over slower growth
- Stronger government spending to boost private consumption in India as private investment slows down due to hardening of interest rates
- Raw material prices to remain at elevated levels, to provide support to steel prices



Thank You