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February 9, 2012

Tata Steel reports Consolidated Financial Results for the nine months and third quarter ending December 31, 2011

Group Performance Highlights:

- **Tata Steel Group recorded Profit after tax** (after minority interest and share of profit of associates) of ₹4,956 crores (US$934 million) during the first nine months of the financial year 2011-12 (9M FY'12) compared to a profit of ₹4,807 crores (US$906 million) in the first nine months of the financial year 2010-11 (9M FY'11). The Group registered a net loss of ₹603 crores (US$114 million) in Q3 FY'12 compared to a net profit of ₹1,003 crores (US$189 million) in Q3 FY'11.

- **Group EBITDA** in 9M FY'12 was ₹13,242 crores (US$2.5 billion) compared to ₹12,399 crores (US$2.34 billion) in 9M FY'11. EBITDA in Q3 FY'12 came in at ₹1,940 crores (US$366 million) compared to ₹3,374 crores (US$636 million) recorded in Q3 FY'11.

- **Group consolidated turnover** in 9M FY'12 was ₹98,901 crores (US$18.64 billion), up from the ₹84,929 crores (US$16.01 billion) recorded in 9M FY'11. The consolidated turnover for Q3 FY'12 was ₹33,103 crores (US$6.24 billion) compared to the ₹29,089 crores (US$5.48 billion) in Q3 FY'11.

- **The Group's steel deliveries** in 9M FY'12 rose by 0.8% to 18.01 million tonnes compared to 17.86 million tonnes in 9M FY'11. Steel deliveries in Q3 FY'12 fell slightly to 5.84 million tonnes from 5.9 million tonnes in Q3 FY'11.

- **Net debt** at the end of December 2011 was ₹50,528 crores (US$9.52 billion) compared to ₹46,627 crores (US$8.79 billion) at the end of March 2011.

- Turnover in **Tata Steel India** in 9M FY'12 increased by 16.1% to ₹24,454 crores (US$4.61 billion) from ₹21,056 crores (US$3.97 billion) in 9M FY'11. Q3 FY'12 sales of ₹8,382 crores (US$1.58 billion) were up by 13.3% from the ₹7,397 crores (US$1.39 billion) of Q3 FY'11 and up 2.1% from the ₹8,212 crores (US$1.55 billion) of Q2 FY'12.

  EBITDA in 9M FY'12 at ₹9,053 crores (US$1.71 billion) was slightly down by 1.1% from ₹9,158 crores (US$1.73 billion) in the previous year. Q3 FY'12 EBITDA of ₹2,604 crores

(US$491 million) was down by 8% from the ₹2,832 crores (US$534 million) of Q3 FY'11 and down by 6.8% from the ₹2,793 crores (US$526 million) of Q2 FY'12. The 9M FY'12 EBITDA margin was nevertheless healthy at 37%.

- Turnover in **Tata Steel Europe** in in 9M FY'12 increased by 18.9% to ₹62,230 crores (US$11.73 billion) from the ₹52,356 crores (US$9.87 billion) in 9M FY'11. Q3 FY'12 sales of ₹20,535 crores (US$3.87 billion) were 17.2% up from the ₹17,523 crores (US$3.3 billion) of Q3 FY'11, but down 3.0% from the ₹21,160 crores (US$3.99 billion) of Q2 FY'12.

  EBITDA for 9M FY'12 came in at ₹1,631 crores (US$308 million), down by 37.9% from ₹2,626 crores (US$495 million) in 9M FY'11. There was an EBITDA loss of ₹781 crores (US$147 million) in Q3 FY'12 compared to positive EBITDA of ₹392 crores (US$74 million) in Q3 FY'11 and ₹505 crores (US$95 million) in Q2 FY'12. The Q3 FY'12 loss was mainly due to mark-to-market provisions on stock.

- The 2.9 mtpa brownfield expansion in Jamshedpur is expected to be commissioned in Q4 FY'12.

Financial Performance Analysis:

Consolidated Financial Results summary (under Indian GAAP) for the nine months ending December 2011

All figures in US$ million, unless specified

9M FY'12	9M FY'11	HIGHLIGHTS	Q3 FY'12	Q3 FY'11	Q2 FY'12
18.01	17.86	Steel Deliveries (Mn tons)	5.84	5.9	6.12
18,639	16,006	Turnover	6,239	5,482	6,181
2,496	2,337	EBITDA	366	636	555
13.4	14.6	EBITDA Margin (%)	5.9	11.6	9.0
645	612	Depreciation	219	212	209
407	378	Net Finance Charges	133	140	135
1,403	1,334	Profit before Taxes (after Exceptional Items)	(3)	296	197
7.5	8.3	PBT Margin (%)	(0.05)	5.4	3.2
934	906	Profit after Taxes, Minority Interest and Share of Associates	(114)	189	40
5.0	5.7	PAT Margin (%)	(1.8)	3.4	0.6

For the purposes of converting all financial numbers into US$ for all comparable periods, a US$/₹ exchange rate of 53.06 has been used throughout this document.

Executive Comment

Tata Steel Managing Director Mr HM Nerurkar said: "Our Indian operations delivered steady performance during the last quarter, with flat product volumes increasing 3% year-on-year. Long product volumes dropped marginally due to planned shutdowns, but we increased our market reach, recording our highest ever quarterly retail long products sales. Company-wide cost saving measures benefitted margins in an otherwise difficult market. We expect steel demand to improve on expectations of the RBI relaxing monetary policy to aid growth and investment. An improvement in operating performance, coupled with a number of new marketing initiatives, should increase profitability at the South East Asian operations."

Tata Steel Europe MD & CEO Dr Karl-Ulrich Köhler said: "The December quarter marked the height of the cyclical cost-price squeeze. Tata Steel was one of the first steel companies in Europe last year to start adjusting its output and configuration to the slowdown in the recovery. The turnaround programme in our Long Products business is well on course for completion by the end of the financial year, as planned. Similar measures have been taken elsewhere in the Company, most recently at some of our tubes operations in the Netherlands and the UK. Through our Step Up & Save initiative we are accelerating cash conservation in expectation of muted but stable demand in our core markets in 2012."

Financing Developments:

On January 20, 2012, Tata Sons exercised the option to convert 12 million warrants into Ordinary Shares of the Company at a price of ₹594/- per share. The Committee of Directors at its meeting held on January 20, 2012, approved the allotment to Tata Sons Ltd of 12 million Ordinary Shares of ₹10/- each at a premium of ₹584/- per share.

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 could differ materially from those expressed 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 Government regulations, tax laws and other statutes and incidental factors.

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