TATA STEEL

TATA

Results Presentation

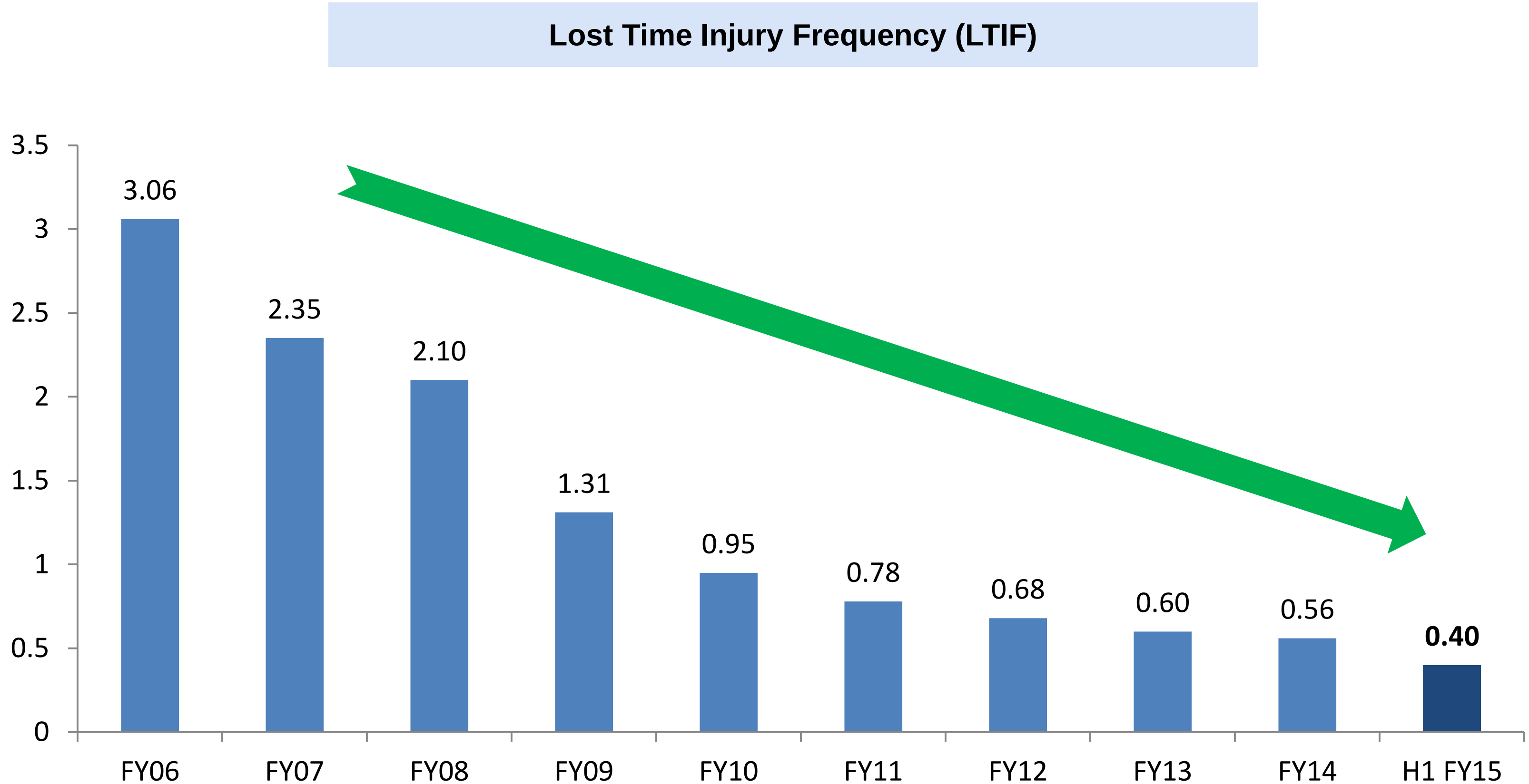
Second Quarter Ended 30th September 2014

12th November 2014

Disclaimer

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 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.

Tata Steel Group – Health and Safety



- Reduction continues in lost time injuries with H1FY15 performance 28% better than FY14
- Absolute leadership commitment to make Tata Steel sustainably fatality free

Tata Steel continues to focus on engaging with communities and improving quality of life

India

- Primary health care services delivery to nearly 2,15,000 people in areas of operation through static and mobile clinics
- Almost 49,000 students of government schools in Jharkhand being catered through mid-day meal programme
- Nearly 700 youth undergoing training in various vocational trades across locations.
- Nearly 700 solar street lights have been installed covering villages in operational areas of Jharkhand and Odisha.

Europe

- Dutch national football team Telstar based near the IJmuiden site hosted a special Tata Steel session for 150 children to educate them about a healthy lifestyle as well as teaching them football exercises
- Tata Steel supported a team of young engineers from a North Wales school who have won a prestigious place in the F1 in Schools World Finals in Abu Dhabi. The team will compete against the world's best young engineers
- Youngsters in Scunthorpe, Teesside and South Yorkshire joined Tata Steel's Industrial Cadets training course – an initiative inspired by HRH Prince of Wales and pioneered by Tata Steel

TATA STEEL

Financial Performance

Key highlights

Stable performance in India despite weaker macro

- Stable deliveries with an increase in net realisation per tonne in a seasonally weak monsoon quarter
- Successful cost management to minimise impact of disruption in mining and FAMD operations
- Share of value-added downstream products improved further with the ramp up of CAPL and CGL3

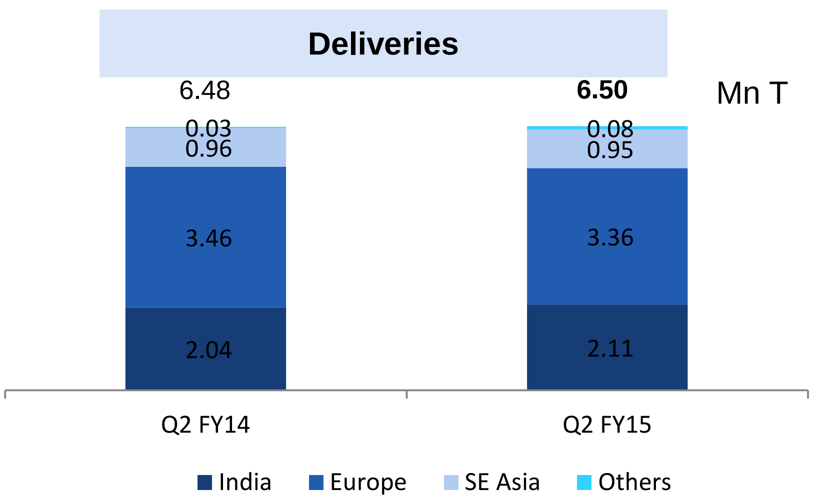
Europe showing gradual improvement

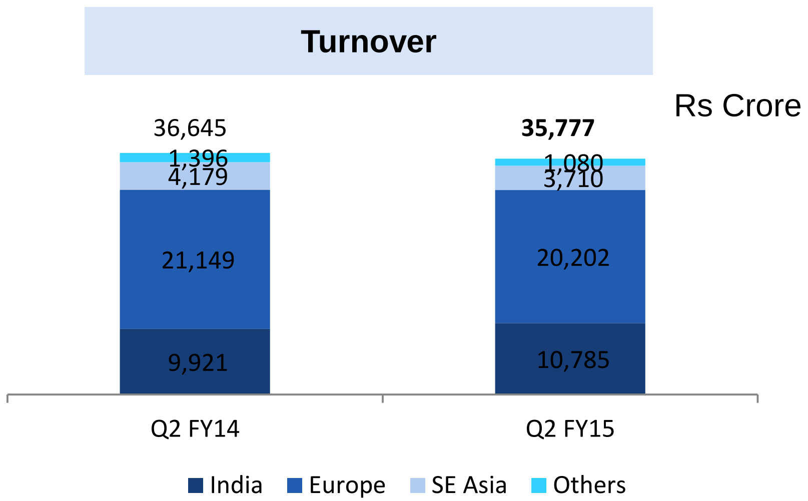
- Improvement in financial performance from a year ago
- Focus on strengthening assets and customer relationships
- Improving product mix and product innovation for customers as well as continued focus on costs

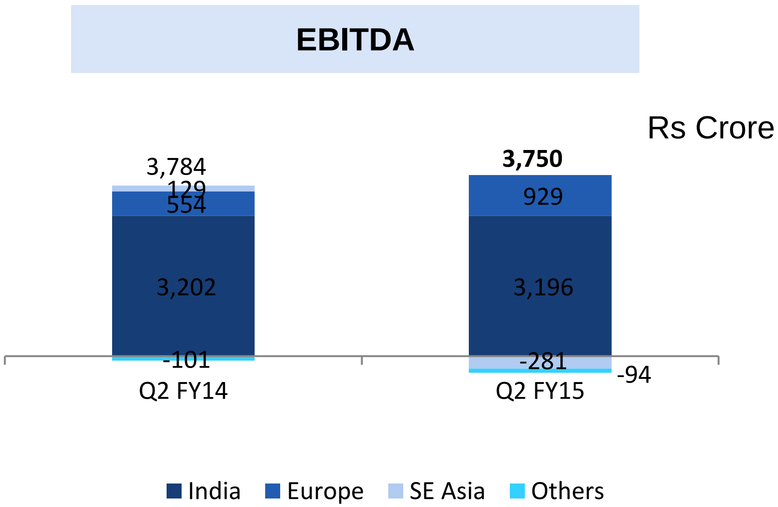
Derisking the Balance sheet

- Successful refinancing of US$7 billion of international debt on better terms and pricing
- Monetisation of non-core assets

Financial Highlights
Quarter Ended 30th September'14







Financial Performance

Quarter Ended 30th September'14

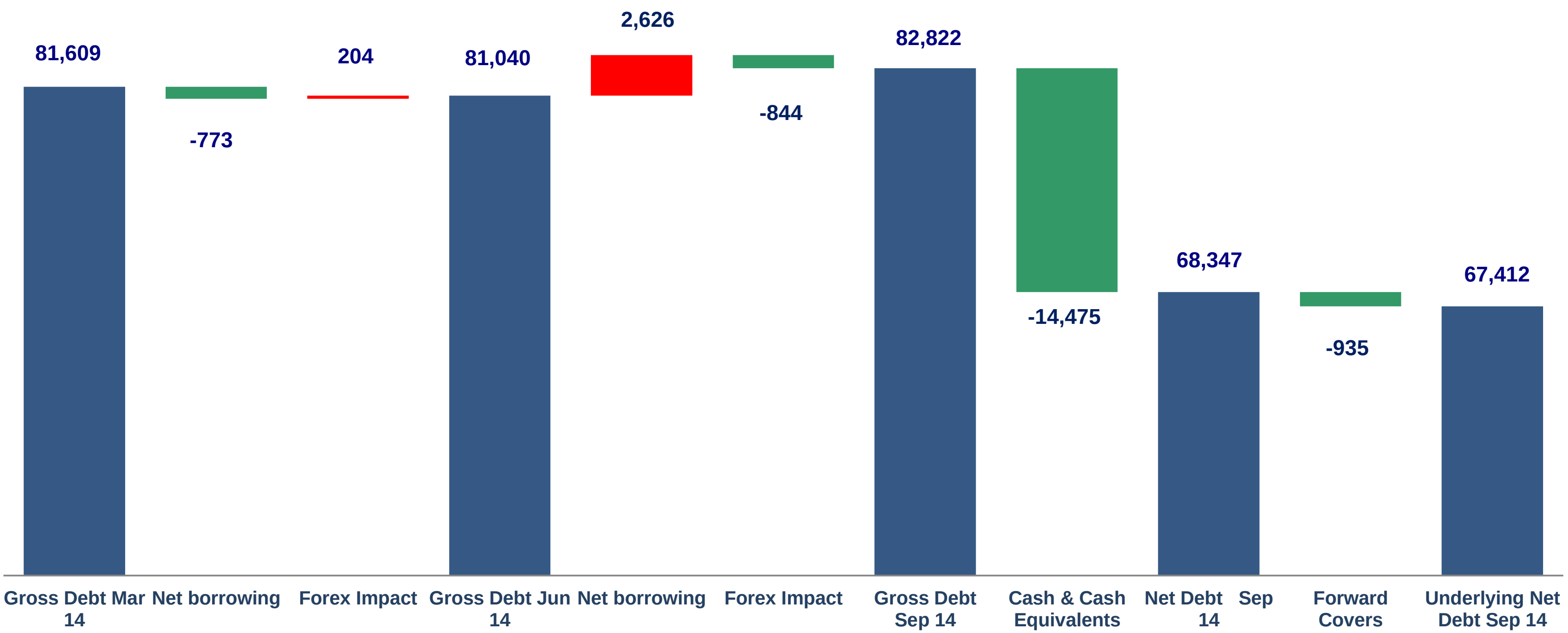
Figures in Rs. Crore unless specified

Figures in Rs. Crore unless specified	Q2 FY15 India	Q2 FY15 Europe	Q2 FY15 SE Asia	Q2 FY15 Others & Elimn	Q2 FY15 Group	Q1 FY15 Group	Q2 FY14 Group
Deliveries (Mn T)	2.11	3.36	0.95	0.08	6.50	6.46	6.48
Turnover	10,785	20,202	3,710	1,080	35,777	36,427	36,645
Raw Mat consumed	2,722	7,357	75	242	10,396	11,010	11,567
EBITDA	3,196	929	(281)	(94)	3,750	4,325	3,784
EBITDA/tonne (Rs.)	15,151	2,768	n.m.	n.m.	5,772	6,699	5,838
EBIT	2,722	113	(343)	(171)	2,321	2,774	2,340

	Q2 FY15	Q1 FY15	Q2 FY14
Profit Before Tax*	2,447	1,424	1,398
Profit After Tax, Minority Interest and Associates' Income *	1,254	337	917

* PBT and PAT includes exceptional gain of Rs.1,145 crores in Q2 FY15 and exceptional loss of Rs.262 crores in Q1 FY15

Debt Movement and Pension update



- Strong liquidity with cash and cash equivalents of Rs.14,500 crores plus undrawn KPO project finance of Rs. 17,800 crores
- Capex incurred in Q2 FY15: Rs.3,346 crores
- BSPS and SPH pension funds: Net surplus# of £265 million at the end of Q2 FY'15

As per IAS 19 (2008) Valuation

Balance sheet undergoing structural improvement

Successful refinancing of US$ 7 billion

Monetisation of non-core assets

- ✓ Improving Liquidity
- ✓ Longer Maturity
- ✓ Diversifying investor base
- ✓ Reduction in Net debt
- ✓ Rating upgrades

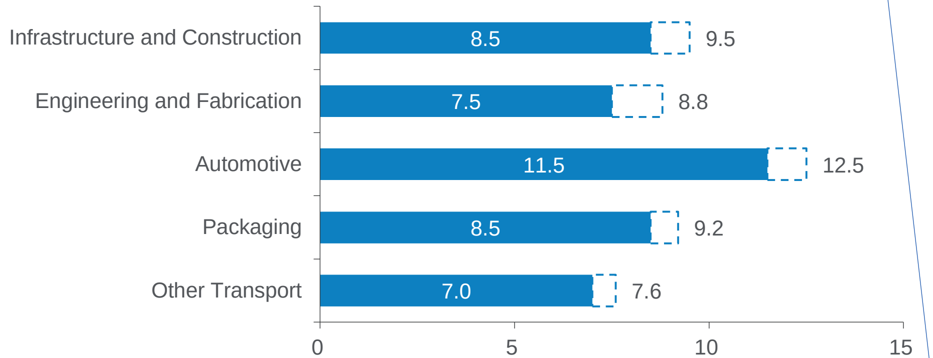
Derisking the balance sheet

Operating Performance :

India and South East Asia

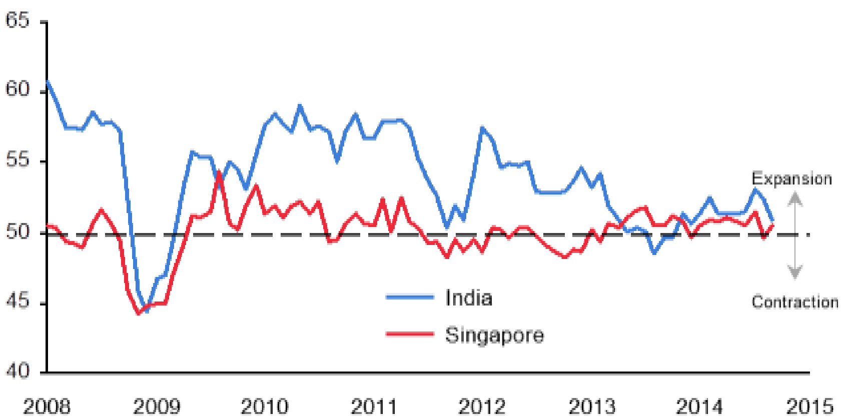
India and SE Asia – Business environment

Robust growth expected across key end-use segments (FY12 – FY21 Projected CAGR (%))



Note: Graph Shows Range

PMIs (manufacturing) - India and Singapore



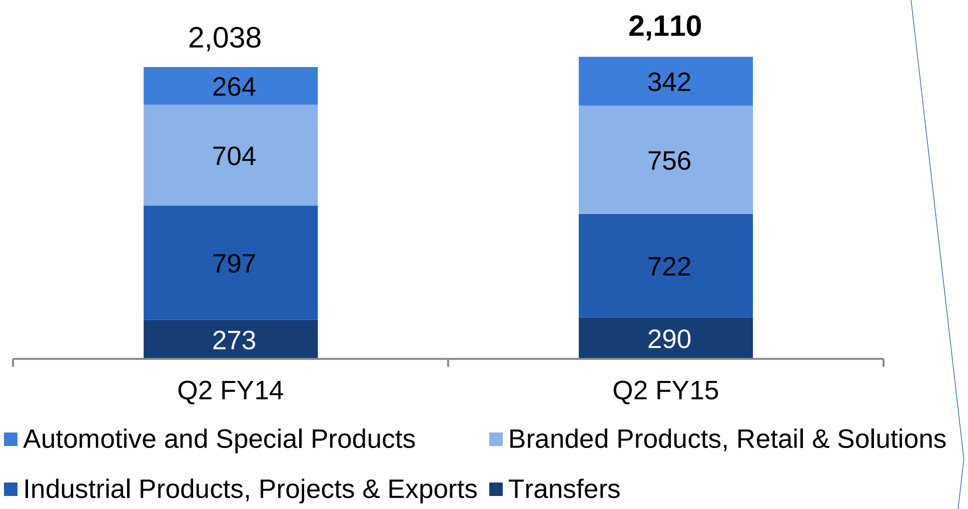
Source: Markit

- While slow GDP growth has bottomed out and PMI rebounded from October, steel demand has been flat in the last six months
- Steel demand is expected to improve gradually post weaker monsoon period
  - Increasing political stability
  - focus on infrastructure and housing
- Demand outlook stable in SE Asia. However, increasing imports hurting the domestic steel players

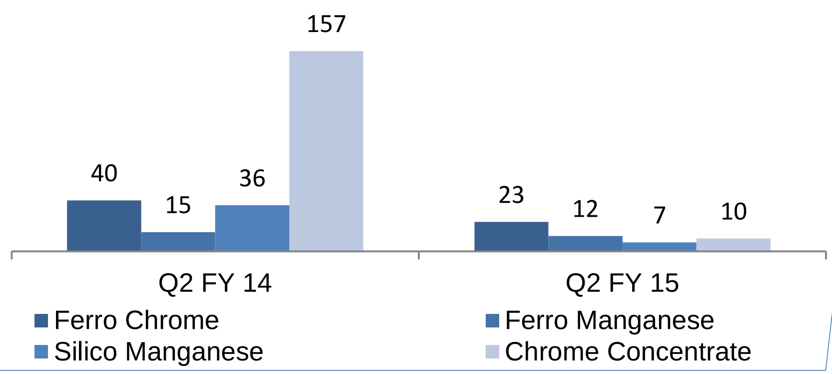
Indian steel demand weak, awaiting economic revival

Resilient business model continues to deliver

Steel sales (in kt)



FAMD sales (in kt)



- Product mix improved further with higher share of CR, Galva and downstream operations
- Sales to Auto segment jumps by 30%
  - Hi-End sales (Skin panel, Hi-tensile, GA) increased by 47%
- Branded Retail sales grew by 14%
- Dealers network increased by ~1700 while 5 new service centers set up
- Best ever sales in LPG segment (part of Industrial products) - grew by 28%

South East Asia – Operational improvement ongoing

NatSteel Holdings

- Higher deliveries
- Profitability affected by price pressure due to imports and sticky scrap prices
- Strategy to focus on export markets, value added products and cost reduction initiatives

Tata Steel Thailand

- Start of new Cut & Bend facility to maintain the leading market share in domestic markets
- Increased direct connect with consumers and projects. Strategy to enhance rebar exports in neighbouring geographies.
- Tight cost control and working capital management
- Profitability impacted as demand was low due to political uncertainty and scrap prices remained strong till end of Q2

KPO Phase–1 project update

HSM

SMS

- We have spent about Rs.18,900 crores on the project by the end of Q2 FY’15 of which about Rs.1,300 crores was spent in the last quarter
- We continue to engage with the local community to improve their livelihood, education, health and vocational skills

Business Outlook

India

- The reforms announced by the new government are yet to translate into on the ground economic revival
- Steel consumption levels expected to improve post the weaker monsoon period
- Rising imports likely to keep the domestic prices in check
- Strong headwinds due to regulatory uncertainty

South East Asia

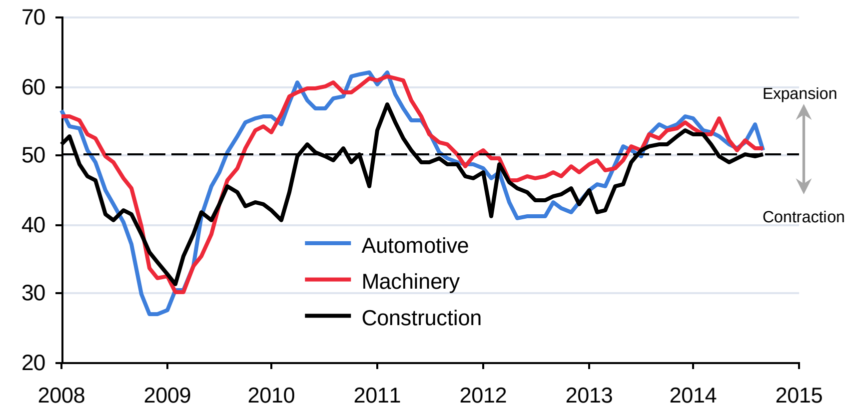
- Construction and Infrastructure outlook remains positive in the region. While imports from China continue, spread likely to improve with softening of the scrap prices
- Thailand Government is keen to improve business sentiment.

Operating Performance:

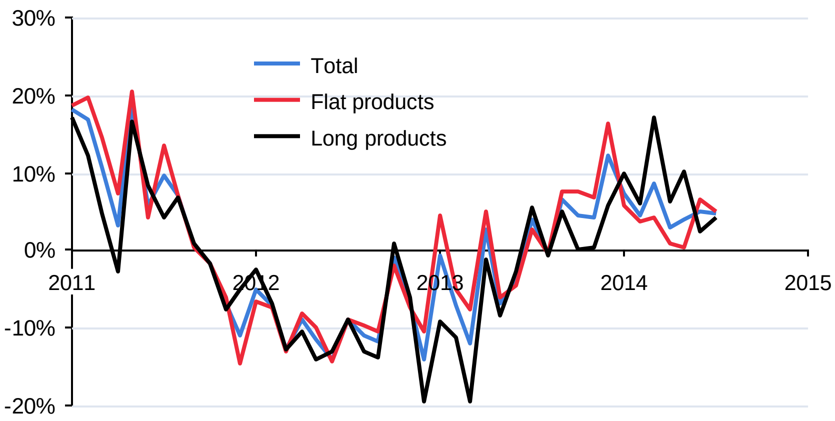
Europe

Europe – Business environment

PMIs for main steel using sectors in EU



EU market supply growth (y/y% change)

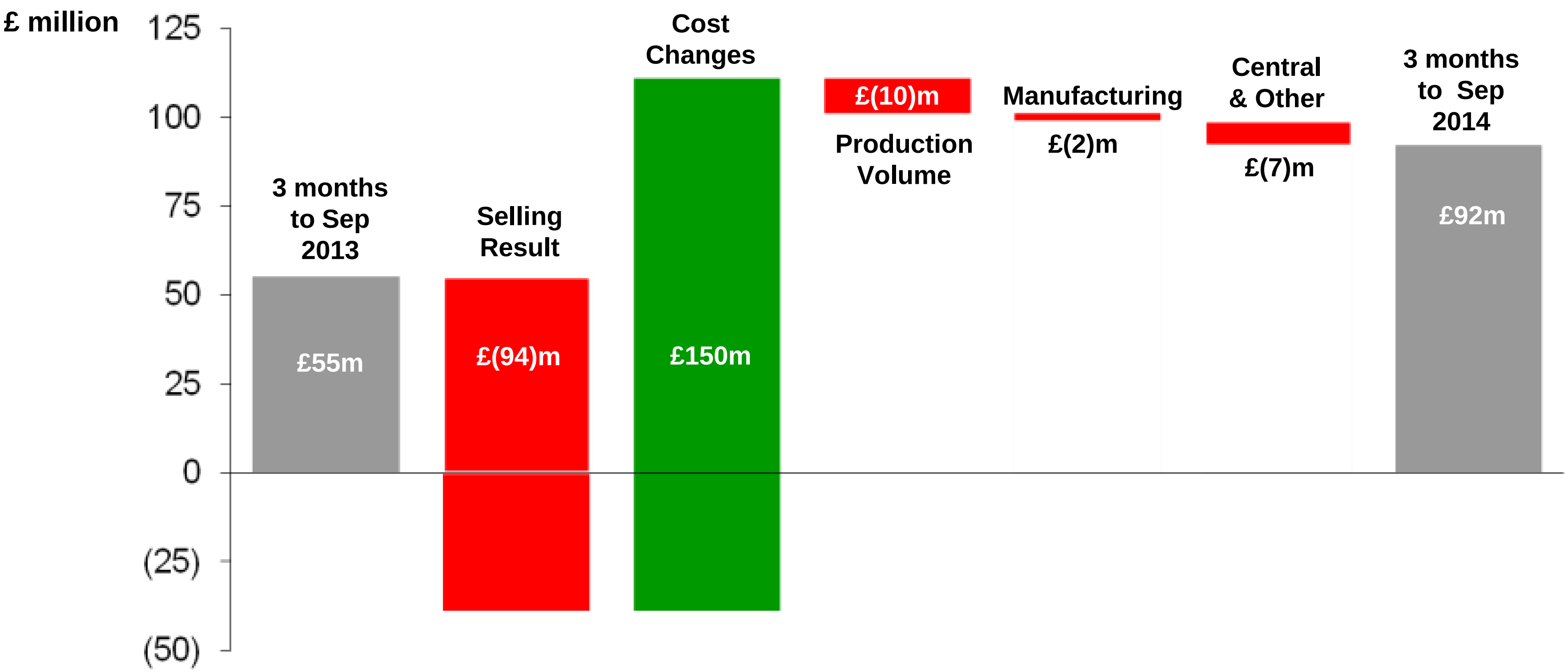


Source: Markit, Eurofer

- Economic activity in the EU is gradually recovering. PMIs show that the economy continues to struggle to gain momentum mainly because of external factors
- The depreciation of the euro and improving fundamentals in the eurozone should help to boost the economy
- Throughout 2014 demand for steel has been growing in the EU; growth being particularly strong in the beginning of the year

Activity in the EU economy and steel using sectors continues to gradually recover

EBITDA bridge Q2 FY2015 vs. Q2 FY2014



- EBITDA improved by £37 million from prior year Q2
- Selling Result impacted by lower selling prices, but improved product mix and lower raw material prices benefited Cost Changes and improved Tata Steel Europe's spread
- Production Volume and Manufacturing broadly in line with last year
- Central & Other costs worsened (primarily due to foreign exchange impact in FY2015)

Financial and product mix improvements drive performance

Performance improvements continue

- Year-on-year EBITDA and EBIT improvement
- Improving spread, but steel prices constrained by rising imports
- Production and deliveries higher than Q1 levels
- Extended summer maintenance shutdowns enabled upgrades to asset base, including to Port Talbot's hot strip mill
- Continued focus on advanced high-value steels

Enhancing customer offering

- Higher proportion of differentiated product sales maintained
- Maintained strong pace of new product launches – 18 so far this year, including 9 for automotive manufacturers
- Taking leadership positions in key markets, such as through launch of Serica™ a new premium quality surface finish for car body panels
- New finishing line in IJmuiden to strengthen the supply of high-value steels to the automotive sector and other markets

Potential sale of Long Products Europe and distribution activities

- Announced MoU with Klesch Group on Oct 15 to start detailed due diligence for the potential sale of Long Products Europe business and associated distribution activities
- Memorandum covers Scunthorpe steelworks, mills in Teesside, Scotland and France, an engineering workshop in Workington, a design consultancy in York, and associated distribution activities in the UK and Germany
- Tata Steel's European business to concentrate resources on its strip products activities in order to build a robust business and maximise potential from cross-European production and technological synergies

Detailed due diligence on potential sale started

Business outlook

- Steel demand is expected to grow in the EU by +2.6% in 2014, according to Eurofer
- Latest 2014 forecast revised down because of decelerating growth in second half of year
- Growth expected to remain stable (+2.4%) in 2015 in line with a mild rise in activity of the steel-using sectors in the EU
- Imports are expected to remain on a high level, maintaining margin pressure on EU steel mills
- European operations will continue to:
  - Strengthen customer focus and product mix in order to build a strong position in its marketplace
  - Improve operational reliability to support customer focus
  - Improve competitiveness by relentlessly reducing costs

Key Developments

Raw Material Projects

Direct Shipping Ore Project, Canada

- Despatches re-commenced from August 2014. 250 Kt has been dispatched to the port. Polymer trials underway for winter shipments.
- Wet Processing plant to be commissioned in Q4 FY'15 - will facilitate year-long operations
- Enhancement in iron reserves underway through exploration of deposits of the Howse JV.

Benga Project, Mozambique

- 249kt of HCC shipped in Q2 FY'15 and 489kt of HCC for H1 FY15
- Logistic issues and security considerations continue to affect productions in Q2 FY'15

Regulatory update

- All our mines in Odisha and Jharkhand are operating with all statutory clearances and we have submitted the applications for renewal of mines well before the expiry of the leases as stipulated by law.
- In Odisha, our Joda East, Katamati, Bamebari and Joda West iron ore mines are operating under the Express Order issued by the Government of Odisha and the procedure for the renewal of the lease execution is underway.
- In September, the Government of Jharkhand issued stop mining order for our Noamundi mine following its interpretation of the gazette notification issued on July 18, 2014 by the Ministry of Mines, Government of India. Consequently, our mining operations in Noamundi have stopped. In response to the Company's petition to the Honourable High Court of Jharkhand, the Govt of Jharkhand has informed the Court that it has taken the decision to renew the leases of the Company. The above matter is pending before the High Court of Jharkhand.
- The Express orders for the Khondbond Iron Ore mines and the Sukinda Chromite mines are still pending with the State Governments. Consequently the mining operations and the expansion project at Khondbond remains suspended. Our ferro alloys plants at Bamnipal have also stopped.
- We continues to engage with the State Governments and the Ministry of Mines, Government of India on these issues.
- We been implementing various mitigation plans to minimise the impact on our steel operations. However, if these issues are not resolved shortly, the Company will face cost pressures.

Thank You

Appendix

Standalone Results – QoQ Variations

All figures in Rs. Crore

Particulars	Q2 FY15	Q1 FY14	Key Reasons
Net sales	10,701	10,378	Higher volumes and better product mix with higher realisation from Steel division partly offset by lower Ferro-alloys sales
Other operating income	84	91	At par with the previous quarter
Changes in inventories	(304)	(343)	Inventory build during the quarters
Purchases of finished, semis & other products	176	68	Higher imports of rebars and wire rods from NatSteel
Raw materials consumed	2,722	2,564	Higher consumption of purchased iron ore partially offset by lower cost and consumption of purchased coke
Employee benefits expenses	1,143	1,130	At par with the previous quarter
Purchase of power	677	721	Decline in cost of power for captive use and for resale; in addition to lower consumption at FAMD
Freight and handling	694	691	At par and in line with shipments
Depreciation and amortisation	475	493	Decreased as Q1 included one-time cost for reassessment of useful life of assets
Other expenses	2,582	2,381	Increased mainly in Stores & Spares, Repairs to machinery, higher iron ore royalty, higher MTM losses, one time provision for de-allocation of coal blocks partially offset by lower conversion charges
Other income	262	144	Higher dividend income and higher redemption of mutual funds
Finance costs	489	492	At par with the previous quarter
Exceptional Items	1,147	788	Profit on sale of land at Borivali

Consolidated Results – QoQ Variations

All figures in Rs. Crore

Particulars	Q2 FY15	Q1 FY15	Key Reasons
Net sales	35,503	36,143	Declined mainly due to lower volumes and realisation in Europe and South East Asia partly compensated by India
Other operating income	274	284	At par with the previous quarter
Changes in inventories	33	(593)	Inventory reduction in Europe and at NatSteel
Purchases of finished, semis & other products	3,667	4,129	Lower purchases in South East Asia partially offset by Europe
Raw materials consumed	10,396	11,010	Declined mainly in Europe due to lower costs partially offset by India
Employee benefits expenses	5,401	5,634	Declined mainly in Europe
Purchase of power	1,528	1,607	Declined in India and at KZN partially offset by Europe
Freight and handling	2,190	2,190	At par with the previous quarter
Depreciation and amortisation	1,430	1,550	Declined mainly in Europe and India
Other expenses	8,918	8,177	Increased mainly in Europe, South East Asia and India
Other income	322	216	Increased mainly in India
Finance costs	1,233	1,252	At par with the previous quarter
Exceptional Item	1,145	(262)	Increased mainly in India
Tax	1,175	1,080	Increased mainly in India

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