May 25, 2016

Tata Steel reports Financial Results for the fourth quarter
and full year ended March 31, 2016 and
announces start of commercial production at Kalinganagar Steel Plant

Tata Steel Group (the “Company”) today declared its Consolidated Financial Results for the full year (FY’16) and fourth quarter (Q4FY’16) ended March 31, 2016. The Company recorded deliveries of 25.92MT for the year and 6.94MT for the quarter on the back of strong performance in India. Turnover was Rs. 117,152 crores for the year and Rs. 29,508 crores for the quarter.

The Kalinganagar Steel Plant has started commercial production and the stabilisation process is currently underway.

The Company declared an equity dividend of Rs. 8 per share.

Tata Steel India Performance Highlights:

- Production for the quarter higher by 2% compared to Dec 2015 quarter and 7% over December 2014 quarter
- Sales Volume up by 16% compared to December 2015 quarter and 13% over December 2014 quarter
- Underlying EBITDA at Rs 2188 crores is 43% higher compared to December 2015 quarter
- EBITDA margin increase over sequential quarter by 400 bps
- Underlying pre-exceptional Profit Before Tax higher by 92% over previous quarter
- Underlying pre-exceptional Profit After Tax higher by 105% over previous quarter
- Exceptional charges primarily relate to the Voluntary Employee Separation Scheme accepted by 608 people during the quarter.
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All figures in Rs. crores unless specified

<table>
<thead>
<tr>
<th></th>
<th>FY’16</th>
<th>FY’15</th>
<th>Q4FY’16</th>
<th>Q3FY’16</th>
<th>Q4FY’15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Deliveries (MT)</td>
<td>9.54</td>
<td>8.75</td>
<td>2.72</td>
<td>2.35</td>
<td>2.41</td>
</tr>
<tr>
<td>Turnover</td>
<td>38,210</td>
<td>41,785</td>
<td>10,522</td>
<td>9,064</td>
<td>10,635</td>
</tr>
<tr>
<td>EBITDA</td>
<td>10,896</td>
<td>10,102</td>
<td>2,188</td>
<td>1,525</td>
<td>1,661</td>
</tr>
<tr>
<td>EBITDA Underlying*</td>
<td>7,388</td>
<td>10,102</td>
<td>2,188</td>
<td>1,523</td>
<td>1,661</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,933</td>
<td>1,998</td>
<td>493</td>
<td>491</td>
<td>572</td>
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<tr>
<td>Finance Costs</td>
<td>1,460</td>
<td>1,976</td>
<td>383</td>
<td>350</td>
<td>532</td>
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<tr>
<td>Exceptional Items</td>
<td>(1,583)</td>
<td>1,891</td>
<td>(327)</td>
<td>(40)</td>
<td>(44)</td>
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<tr>
<td>PBT</td>
<td>6,127</td>
<td>8,509</td>
<td>1,087</td>
<td>700</td>
<td>599</td>
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<tr>
<td>Profit after Taxes</td>
<td>4,901</td>
<td>6,439</td>
<td>677</td>
<td>453</td>
<td>814</td>
</tr>
<tr>
<td>Basic and Diluted Earnings per Share (Rs.)</td>
<td>48.67</td>
<td>64.49</td>
<td>6.52</td>
<td>4.21</td>
<td>7.94</td>
</tr>
</tbody>
</table>

* excludes profit on sale of quoted investments

- Despite muted market environment, Tata Steel India operations recorded strong growth in the quarter and grew by 16% on the back of surge in volumes in high value segments like Auto (19% q-o-q growth) and Branded Products (19% q-o-q growth).
- For FY16, India deliveries increased by 9% with best ever sales of 9.54MT far in excess of the market which grew at 4.5% over the period. This growth was achieved despite heightened competition as India saw an increase in net imports by over 200% in this period and a reduction in the share of domestic players to 84%. Domestic steel prices in India declined compared to previous quarter and the impact of the MIP did not reflect in the market prices.
- Tata Steel India saw strong growth across segments. Automotive & Special products sales reached highest ever sales of 1.43MT and contributed 15% of total sales. Branded Products and Retail sales surged to 3.35MT and contributed around 35% of total sales. Our largest brand ‘TISCON’ registered highest ever sales of 2.51MT for FY16, a growth of 13%. Our retail customers increased to around 30 lakh households across India.
Tata Steel Group Consolidated Performance Highlights:

- The underlying EBITDA reported was Rs 2270 crores which was 171% higher than the previous quarter of Rs 838 crores.
- The EBITDA margin expanded by 470 bps to 7.7 % compared to 3% in the December 2015 quarter.
- Underlying pre-exceptional Profit Before Tax improved to Rs 85 crores compared to a loss of Rs 1227 crores in the December quarter.
- Exceptional items comprise redundancy provisions of Rs 441 crores in Tata Steel Europe and non cash impairment in some of the downstream businesses in Tata Steel Europe and Tata Steel Minerals Canada.

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<td>Steel Deliveries (MT)</td>
<td>25.92</td>
<td>26.32</td>
<td>6.94</td>
<td>6.37</td>
<td>7.06</td>
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<tr>
<td>Turnover</td>
<td>117,152</td>
<td>139,504</td>
<td>29,508</td>
<td>28,039</td>
<td>33,666</td>
</tr>
<tr>
<td>EBITDA</td>
<td>11,301</td>
<td>12,745</td>
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<td>841</td>
<td>1,580</td>
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<tr>
<td>Depreciation</td>
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<td>13,027</td>
<td>2,270</td>
<td>838</td>
<td>1,915</td>
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<td>Finance Costs</td>
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<td>5,944</td>
<td>1,232</td>
<td>1,133</td>
<td>1,513</td>
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<tr>
<td>Exceptional Items</td>
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<td>4,848</td>
<td>1,018</td>
<td>964</td>
<td>1,195</td>
</tr>
<tr>
<td>PBT</td>
<td>(3,975)</td>
<td>(3,929)</td>
<td>(2,858)</td>
<td>(712)</td>
<td>(4,811)</td>
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<tr>
<td>Profit after Taxes, Minority Interest and Share of Associates</td>
<td>(1,674)</td>
<td>(1,388)</td>
<td>(2,773)</td>
<td>(1,937)</td>
<td>(5,837)</td>
</tr>
<tr>
<td>(3,049)</td>
<td>(3,926)</td>
<td>(3,214)</td>
<td>(2,127)</td>
<td>(5,674)</td>
<td></td>
</tr>
<tr>
<td>Basic and Diluted Earnings per Share (Rs.)</td>
<td>(33.23)</td>
<td>(42.24)</td>
<td>(33.58)</td>
<td>(22.38)</td>
<td>(58.88)</td>
</tr>
</tbody>
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* excludes one offs and profit on sale of quoted investments

- Tata Steel Group recorded a 9% increase in deliveries for the quarter largely driven by higher sales in India. Tata Steel Europe saw stable operational performance and deliveries in Q4 increased by 6% compared to Q3. In response to the import and price pressure, a tactical decision was made to focus on higher-value sales in the UK, rather than volume.
- There was a drop in realisations across the Group as steel prices slid to 10-year lows. However, despite these challenges, the Consolidated EBITDA for 4QFY’16 increased to Rs. 2,270 crores on the back of higher deliveries and better operating margins in...
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India, cost benefits from European restructuring and improved performance of the South East Asia operations.

- The Company incurred capex of Rs. 11,486 crores in FY’16 of which ~Rs. 3,695 crores was spent on Kalinganagar greenfield project.
- The liquidity position of the Company remains strong with Rs. 20,514 crores of cash & cash equivalents including drawn and undrawn bank lines. The Company continued to divest its non-core assets and raised ~Rs. 4,478 crores through monetisation of same.
- Given the challenging situation faced in Europe, the Company has taken several steps to restructure the European operations:
  - Tata Steel UK Limited signed an agreement with Greybull Capital to sell its Long Products Europe business. The deal will be completed once a number of outstanding conditions have been resolved, including transfer of contracts, certain Government approvals and the satisfactory completion of financing arrangements.
  - The Tata Steel Europe Board under the advise of the Tata Steel Board is actively reviewing all options for the Tata Steel UK Business including a potential sale of the business.

Start of commercial production at Kalinganagar Steel Plant

The Tata Steel Kalinganagar Steel Plant has been commissioning various facilities over the last few months. While the trials at the Hot Strip Mill had commenced in Oct’15, the sinter plant commenced production on 14th Jan’16 and the hot metal production was initiated on 2nd March ’16.

Tata Steel today announced the start of commercial production at the 3MTPA Kalinganagar Steel Plant. The stabilisation process is currently underway. The facility will produce flat steel for high end applications enabling the Company to expand its product portfolio in the ship building, defence equipment, energy & power, infrastructure, and aviation sectors. It will also consolidate Tata Steel’s leadership position in the domestic automotive segment.

Executive Comment

Mr T V Narendran, Managing Director of Tata Steel India and South East Asia, said: “Tata Steel recorded its highest ever sales at 9.54MT in FY16 and successfully consolidated its market share despite extremely challenging market conditions. Sales in 4Q increased by 16% with strong growth in key segments such as Automotive and Branded products.

We continue to invest and build on the equity we have in the market place. Cost improvement initiatives and downstream value addition across product/market segments remain an area of focus. The Kalinganagar facility is stabilizing fast and will enable us to
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further consolidate our presence in existing ‘high’ end market segments with additional volumes in FY’17. We are well positioned to serve the increase in demand due to overall economic growth and the expected thrust on infrastructure in FY’17.

Our SEA operations have turned in encouraging performance in FY’16 as our focus on cost rationalisation starts delivering results.”

Mr Koushik Chatterjee, Group Executive Director (Finance and Corporate), said: “While the pressure on the product prices continued during the quarter both in India and in Europe, our operations during the quarter were very resilient across most of the geographies and have reported much improved underlying performance compared to the previous quarter. The subsidiaries and affiliates of the Tata Steel Group have also reported improved performance and have contributed to the consolidated earnings. As a result of better underlying performance, the EBIDTA earnings expanded by 470 basis points even under challenging market conditions. While government intervention against unfairly priced imports in India has helped markets stabilise, the UK steel operations continued to be exposed to volatile currency and low priced imports into the country.

Apart from the sale of some of the portfolio holdings during the year, the company has been actively reshaping its European portfolio. In April 2016, the Company signed a conditional sale agreement with Greybull Capital for the Long Products business of Europe, the process of the sale is currently ongoing. The Company through the Tata Steel Europe Board is also reviewing all options for the UK Strip supply chain including a potential sale process which is under active consideration.

The Company also continued to actively focus on group cashflow management including sale of non-core assets of Rs. 4,478 crores, better working capital management and improving financing terms. We spent Rs. 11,486 crores on capex during the year including on completion of the greenfield Kalinganagar project and capability enhancement project in Ijmuiden. The Board has approved the commercial production of the plant today.”

Mr Hans Fischer, MD & CEO of Tata Steel in Europe, said: “We continued to invest in our customers over the last year by developing our manufacturing capability and by launching more than 30 new products. Our portfolio of new products is now approaching 150. We made further strides to improve the efficiency of our operations resulting in record productivity in various plants. We also took action to focus on higher-value sales and sales of differentiated products, which are now above a third of our total sales.

Growing European steel demand was undermined by continued surging imports in 2015 – imports into the EU rose so fast that domestic deliveries declined, and prices came under further pressure. That’s why it is vital the European Commission and national governments continue to strengthen action against unfair trade.”
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.

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