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**Dear Shareholders,**

The prolonged economic slowdown in the developed world, particularly in the European Union and the UK has resulted in a significant decline in steel consumption in several geographies in the western hemisphere. Steel plants are being closed or mothballed to conserve costs and to control over-supply.

By contrast, the demand for steel is still buoyant in Asia and Africa where growth rates and investment levels are higher than in the West and where new sources of iron ore and coking coal are being developed.

The demand for steel in India remains robust and in fact continues to outstrip supply. Unfortunately, major greenfield projects which would substantially increase domestic steel capacity are facing enormous delays due to hurdles in land acquisition and approvals for the necessary mining rights to feed these new plants.

Tata Steel's 2.9 million tonnes expansion in Jamshedpur is expected to go onstream during the Financial Year 2012-13, taking Jamshedpur's capacity to 9.7 million tonnes/annum. The Company's new 6 million tonnes/annum greenfield steel plant in Odisha is under construction and, subject to essential captive mining approvals from the Government, the first phase of 3 million tonnes is scheduled to commence in 2014. Therefore, Tata Steel by 2014, would have a global steel capacity of 33.5 million tonnes, and will add a further 3 million tonnes on the full implementation of the Odisha project.

While Tata Steel's operations in India are expected to remain strong, its operations in Europe will continue to be under enormous stress for the next year or two until the Western European economy recovers. The unprecedented rise in iron ore and coking coal prices coupled with the acute decline in market demand will continue to negatively impact the Company's European operations. Restructuring and capacity rationalising initiatives are under way

to reduce costs and under-utilisation. The real growth will most likely be in Asia, Africa and Latin America.

Steel will remain the undisputed major foundation material in the world. Its predominance in building construction, infrastructure, ship-building, automobiles has not been substantially challenged and is unlikely to be for the foreseeable future. At the same time, steel consumption will be closely linked to the economic growth and prosperity of a nation or a particular region.

Let me once again record my appreciation to all my colleagues in the Company in India, Europe, UK and Asia for their dedication and commitment to the Company in these difficult times. There is no doubt in my mind that the same spirit and commitment will enable Tata Steel to take its rightful place in the industry as one of the most cost-efficient steel producers – as the supplier of choice in the markets it serves – by differentiating itself, its products, its processes and its service to the customer.



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Chairman

Mumbai, 31st May, 2012