Organisational Overview of the Business Model

The business model of the Tata Steel Group is aligned to its vision of "Becoming the Benchmark in Value Creation and Corporate Citizenship" in the steel industry. Through this it maintains a strategic focus on continuous value creation for all its stakeholders. The Company is one of the largest steel producers in the world and one of the world's most geographically diversified, with operations in 26 countries and a commercial presence in over 50 countries. With a focus on continuous improvement, the Company meets diverse customer requirements across multiple segments globally.

India

The Company successfully implemented its 2.9 mtpa brownfield expansion at Jamshedpur which increased its total crude steel capacity to 9.7 mtpa.

India witnessed an economic slowdown with GDP growth of 5% in Financial Year 2012-13. Lacklustre demand coupled with increasing imports impacted profitability of the Indian operations. Increasing share of bought out material, volatility in steel prices and increased cost due to stabilisation of the 2.9 mtpa brownfield expansion project at Jamshedpur in the first year of commissioning put further pressure on profitability.

The recently commissioned LD#3 furnace has exceeded 1 million tonnes of liquid steel production in the first year of operation.

The Indian operations, notwithstanding the enormity of the internal and external challenges faced, posted a robust EBITDA of ₹11,698 crores as against ₹11,559 crores in the previous year. The Indian operations recorded best ever performance in Hot Metal, Crude Steel, Saleable Steel production and sales. The recently commissioned LD#3 furnace has exceeded 1 million tonnes of liquid steel production in the first year of operation.

Crude Steel production of 8.13 million tonnes in Financial Year 2012-13 registered a 14% increase over the previous year while achieving best ever sales of 7.48 million tonnes. Flat product deliveries increased by 20% over the previous year due to the capacity expansion in Indian operations. The Company expanded its marketing efforts to sectors such as

Hot metal coil, Jamshedpur, India

Lifting & Excavation, Railways, Ship building and Defence. “Tata Astrum”, the recent addition to the Company's branded portfolio was developed to penetrate the SME market, earlier serviced by opportunistic brokers. Long Products achieved highest ever sales of 2.98 million tonnes with an all time high channel sales of 1.7 million tonnes in Financial Year 2012-13, primarily leveraging the Company's retail presence through its distribution network and offering better value propositions to its customers. Superior quality long products and just-in-time inventory practices ensured premium pricing over secondary steel manufacturers. The Ferro Alloys and Minerals Division (FAMD) continued to support the steel division's profitability in spite of lower production and sales compared to the previous year. FAMD increased its focus on domestic sales of ferro chrome recognising the shift in the pattern of global ferro chrome production on account of increased chrome ore exports from South Africa to China.

The Tubes Division, a Strategic Business Unit (SBU) of the Company, manufactures and markets a wide range of steel tubes and pipes. It is the only tube manufacturer with a pan India presence in three product segments namely Conveyance, Structural and Precision. It is the domestic market leader in Conveyance and Structural Tubes, with a significant national presence in Precision Tubes catering to the automotive and engineering segments. The products and services of the SBU are differentiated in the market with the brands such as Tata Pipes in conveyance, Tata Structura in construction and Tata Precision Tubes in the automotive segments. The Company's upstream growth in capacity is synchronised with the downstream expansion of the product portfolio such as Tubes and Cold Rolled products. The SBU's growth is linked with the expansion of the Flat Product value chain. Going forward, in line with the expansion of the Flat Product's capacity, the Tubes SBU is poised to increase capacity by around 0.6 million tonnes in the next five years to grow to 1 million tonnes, consolidating its leadership position in the chosen market segment with its value added downstream products and best in class service to its customers.

The Company is now embarking on its next phase of growth and is setting up a 6 mtpa greenfield steel project in Odisha. A new subsidiary, Tata Steel Odisha Limited, has been set up

Brownfield expansion at Jamshedpur, India

IT-enabled production process at Tata Steel, Europe

specifically for this project. The project will be implemented in 2 phases of 3 mtpa each. The Company has successfully finalised the project financing of ₹ 22,800 crores with a consortium of 21 banks and financial institutions.

The Company continued its pursuit of value creation for all stakeholders following the Total Quality Management (TQM) approach systematically. In 2012, the Company became the first integrated steel company in the world to win the "Deming Grand Prize" awarded by JUSE, Japan.

Europe

The manufacturing facilities at Tata Steel Europe comprise of manufacturing hubs (Strip Products Mainland Europe, Strip Products UK, Long Products Europe and Downstream Operations) and Integrated Businesses (Plating, Cogent Power, Speciality and Bar).

Tata Steel has organised its European business into strategic market sectors. The sector teams develop the commercial plan of the business taking into account its differentiated product strategy to secure long-term relationships with its customers. The single pan-European supply chain allocates demand across the manufacturing facilities and distribution channels to maximise operational efficiencies and minimise costs.

The European operations have made good progress in moving to a customer-focused, market sector-based operating model with a cost competitive asset base. Tata Steel Europe has increased the proportion of high-value differentiated products and services in its sales by almost 20% over the last two years. It has also succeeded in taking £200 million of fixed cost out of the business and reduced its steel stocks to record lows by the year-end.

The product differentiation strategy secured some notable successes during the year, including:

- Recognition as a Core Supplier by PSA Peugeot Citroën in the Automotive sector.
- Supplier Performance Award 2012 from JCB for the Lifting & Excavating sector.

Tata Steel Europe undertook several measures during the year to focus on cash flow management including working capital initiatives, controlling functional costs and overheads.

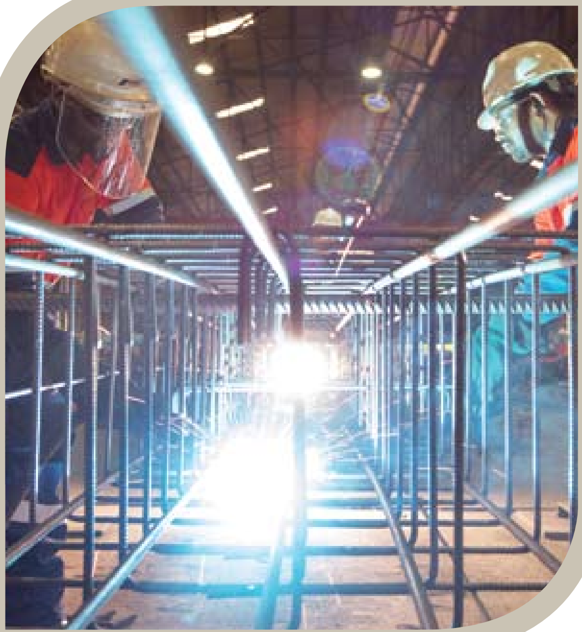
The Company continued to play its part within the European Steel Association to engage and discuss with the European Commission on the emerging regulations on carbon emissions while also addressing the issues that are required to enhance the competitiveness of the steel industry in Europe.

> In 2012, the Company became the first integrated steel company in the world to win the "Deming Grand Prize".

South East Asia

The South East Asian operations performed well with improving demand, product differentiation, efficiency improvements and restructuring measures.

Riding on buoyant construction demand, operations in Singapore performed exceedingly well with an overall sales volume of 900 ktpa despite increased competition and pressure on margins. Implementation of energy saving technologies made NatSteel's Electric Arc Furnace (EAF) one of the most energy efficient arc furnaces worldwide. In its journey towards becoming a specialist construction solutions company, NatSteel has enriched its mix to 66% of value added products. During the year, NatSteel was awarded the World Steel Association Safety & Health Recognition, the Energy Efficiency Partnership Award, the Singapore Compact Green Champion Award and the Singapore Platinum Health Award.



Riding on buoyant construction steel demand, Natsteel, Singapore

NatSteel's operations in China performed remarkably inspite of volatility in steel prices, weakening construction demand and competition amongst several players. The recent capacity expansion from the new Fuzhou plant increased coverage in China's Fujian province where demand is expected to be relatively stronger. NatSteel also started its downstream operations in Xiamen in March 2013. Thailand posted a y-o-y GDP growth of 6.4% staging a recovery from floods that affected the country in 2011.

Tata Steel Thailand (TSTH) recorded a modest increase in sales volume by 3%, though lower prices in 2012 versus 2011 caused revenues to fall 5% y-o-y. TSTH has further strengthened its leadership position in rebars by increasing its market share from 25% to 29%, helped by strong construction growth in upcountry regions of Thailand while the wire rod product line was adversely affected by cheaper imports from China.

In terms of significant achievements, TSTH has recorded its lowest ever Lost Time Injury Frequency Rate (LTIFR) of 0.46 with zero fatality and has improved its EBITDA performance by 2.5 times compared to the previous year. TSTH has continued its focus on development of new products and launched siesmic rebars, an earthquake resistant rebar, for the first time in Thailand.