

Results Presentation

Third Quarter Ended 31st December 2014

6th February 2015

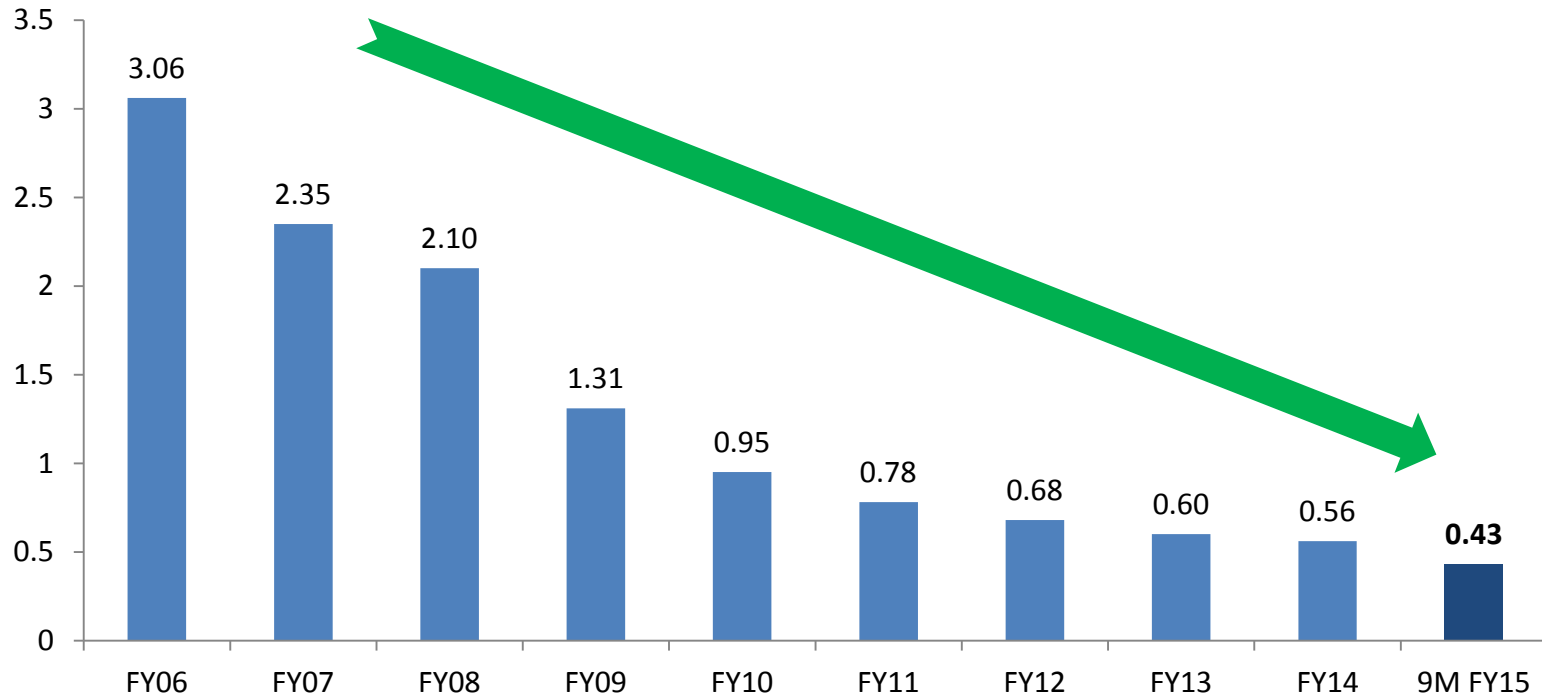


Disclaimer

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

Lost Time Injury Frequency (LTIF)



- Reduction continues in lost time injuries with 9MFY15 performance 22% 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 more than 3 lakh 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
- More than 15,000 adults enrolled in Adult Literacy Programme
- More than 2,500 youth undergoing training in various vocational trades across locations
- Nearly 1,100 solar street lights have been installed covering villages in operational areas of Jharkhand and Odisha

Europe

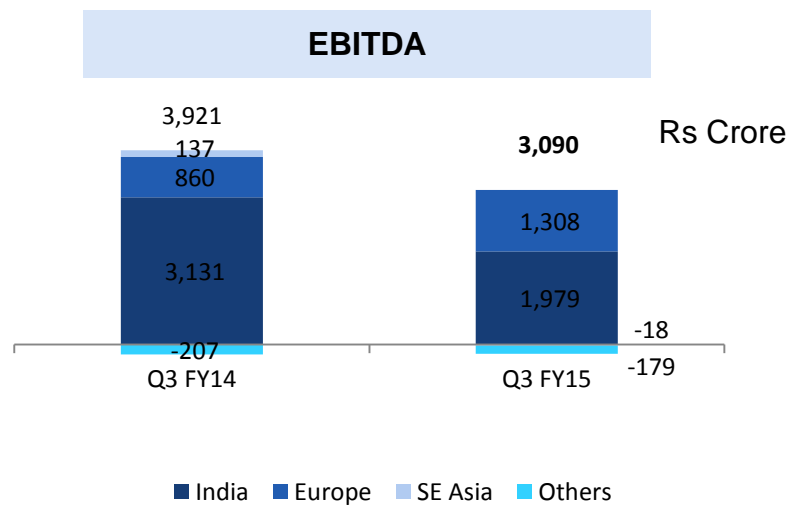
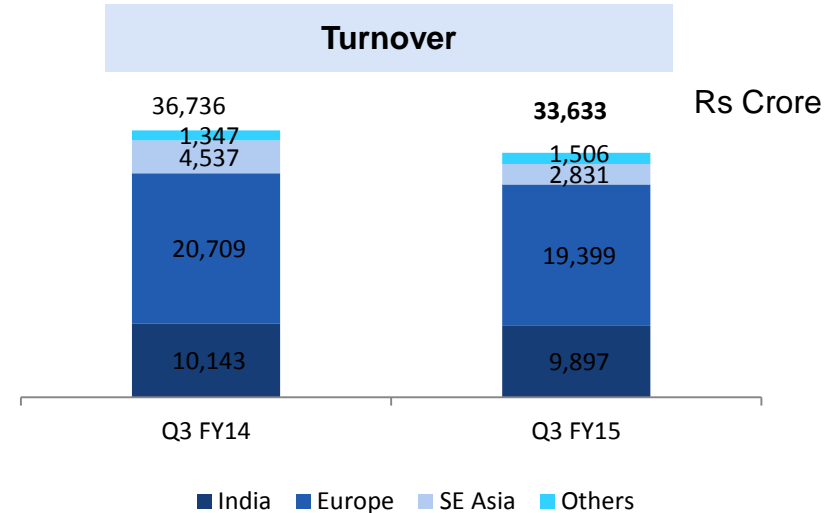
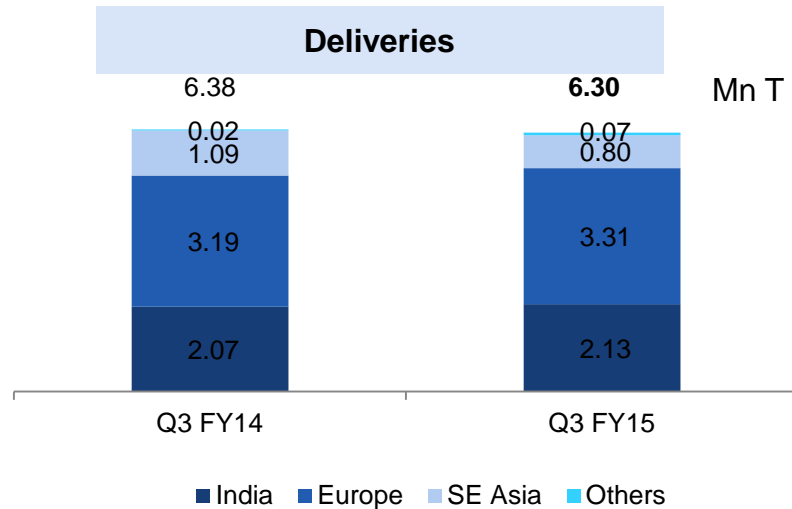
- 1,000 people participated in the Tata Steel Richard Burton 10km charity run in Wales
- In Wales and northern England, a Christmas initiative led to employees donating hundreds of gifts for disadvantaged people living close to sites
- A new Industrial Cadets scheme started in Scotland to encourage youngsters to study science subjects
- Tata Steel in IJmuiden celebrated 75th anniversary of its training school which provides young people with a technical education
- 40th anniversary of Tata Steel's subsidiary, UK Steel Enterprise, which supports economic regeneration of communities affected by changes in the steel industry



Financial Performance

Financial Highlights

Quarter Ended 31st December'14



Financial Performance

Quarter Ended 31st December'14

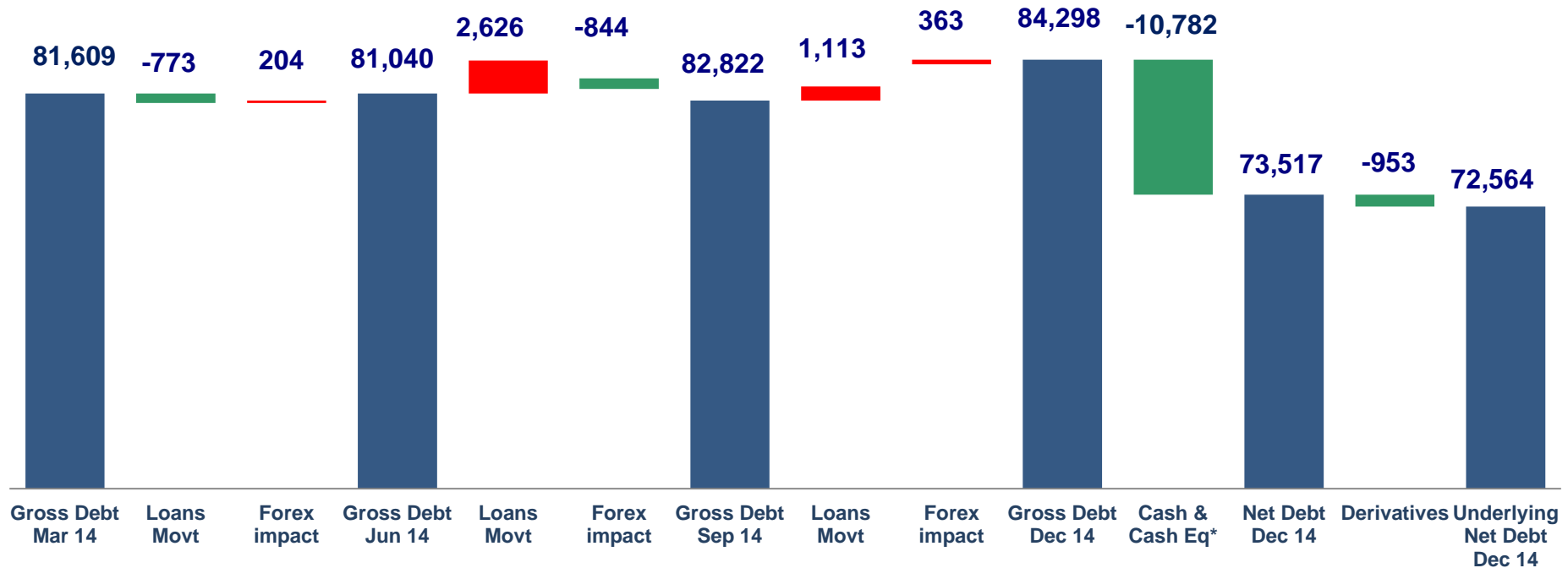
Figures in Rs. Crore unless specified

Figures in Rs. Crore unless specified	Q3 FY15				Q2 FY15	Q3 FY14	
	India	Europe	SE Asia	Others & Elimn	Group	Group	
Deliveries (Mn T)	2.13	3.31	0.80	0.07	6.30	6.50	6.38
Turnover	9,897	19,399	2,831	1,506	33,633	35,777	36,736
Raw Mat consumed	3,709	6,389	63	394	10,553	10,396	11,633
EBITDA	1,979	1,308	(18)	(179)	3,090	3,750	3,921
EBITDA/tonne (Rs.)	9,294	3,953	n.m.	n.m.	4,905	5,772	6,149
EBIT	1,521	485	(78)	(290)	1,639	2,321	2,399
					Q3 FY15	Q2 FY15	Q3 FY14
Profit Before Tax*					578	2,447	1,395
Profit After Tax, Minority Interest and Associates' Income *					157	1,254	503

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

Debt Movement and Pension update

Rs Crores



- Strong liquidity of Rs.21,700 crores apart from the undrawn KPO project finance
- Capex incurred in Q3 FY15: Rs. 3,549 crores
- BSPS and SPH pension funds: Net surplus[#] of £163 million at the end of Q3 FY'15

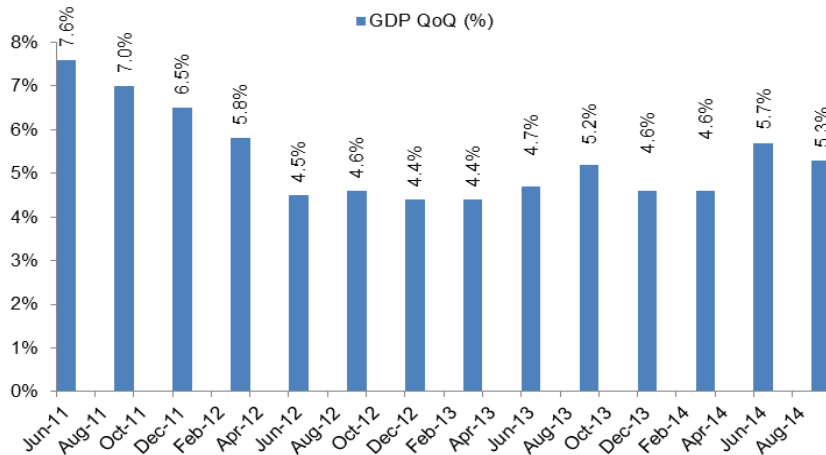
As per IAS 19 (2008) Valuation



Operating Performance : India and South East Asia

India and SE Asia – Business environment

India GDP growth (QoQ) yet to signal positive momentum



India apparent demand flat, import rise sharp



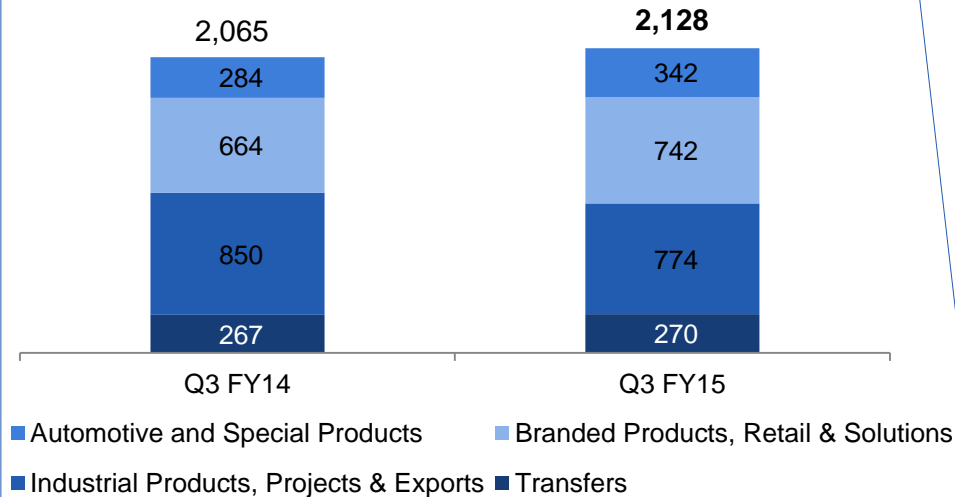
Source: JPC, WSA

- Steel demand flat:
 - Lower government spending
 - Liquidity crunch
 - Lower rural consumption
- Imports rose sharply and the relative appreciation of the Indian rupee increased competitive pressure
- Ongoing reforms by the government and reversal in interest rate cycle should spur growth
- Demand outlook steady in SE Asia. However, increasing low priced imports hurting the domestic steel players

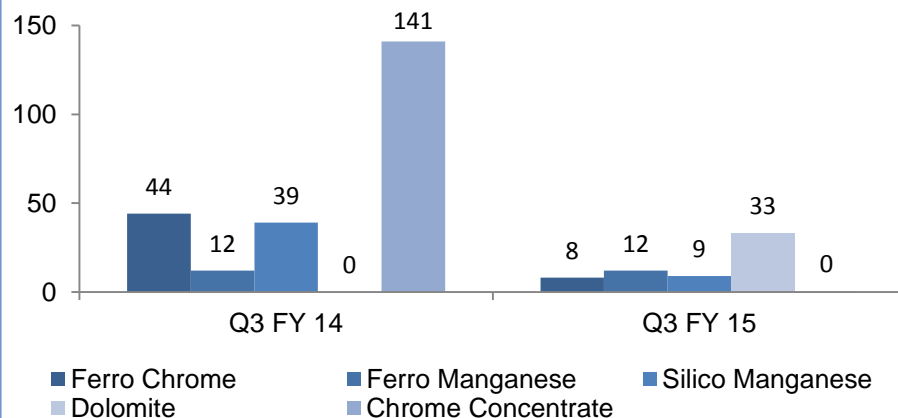
Indian steel demand remains subdued, SE Asia under imports pressure

Product-mix optimisation to stem adverse price movements

Steel sales (in kt)



FAMD sales (in kt)



- Higher deliveries despite flat markets and surge in low priced imports
- Sales to Auto segment increased by 20% yoy
 - Hi-End sales (Skin panel, Hi-tensile, GA) increased by 22% yoy
- Branded Retail segment grew by 12% yoy
- Dealers network increased by 576 while 3 new service centers set up
- FAMD segment operations were adversely impacted due to the mining shutdown, now resumed.

South East Asia – Operational improvement ongoing

NatSteel Holdings



- Deliveries moderated due to China slowdown
- Profitability improved sequentially due to spread improvement and higher proportion of value added sales
- Strategy to focus on export markets, value added products and cost reduction initiatives

Tata Steel Thailand



- Deliveries declined due to lower wire rods sales while the domestic rebar sales increased marginally over the last quarter. Wire rods imports surged in the region.
- Higher proportion of value-add products in rebar sales
- Profitability impacted due to lower volumes and surge in low priced imports from China.
- Tight cost control and working capital management

KPO Phase-1 project update

Coke Ovens



RMHS



- We have spent about Rs. 19,800 crores on the project by the end of Q3 FY'15 of which about Rs. 900 crores was spent in the third quarter
- We continue to engage with the local community to improve their livelihood, education, health and vocational skills

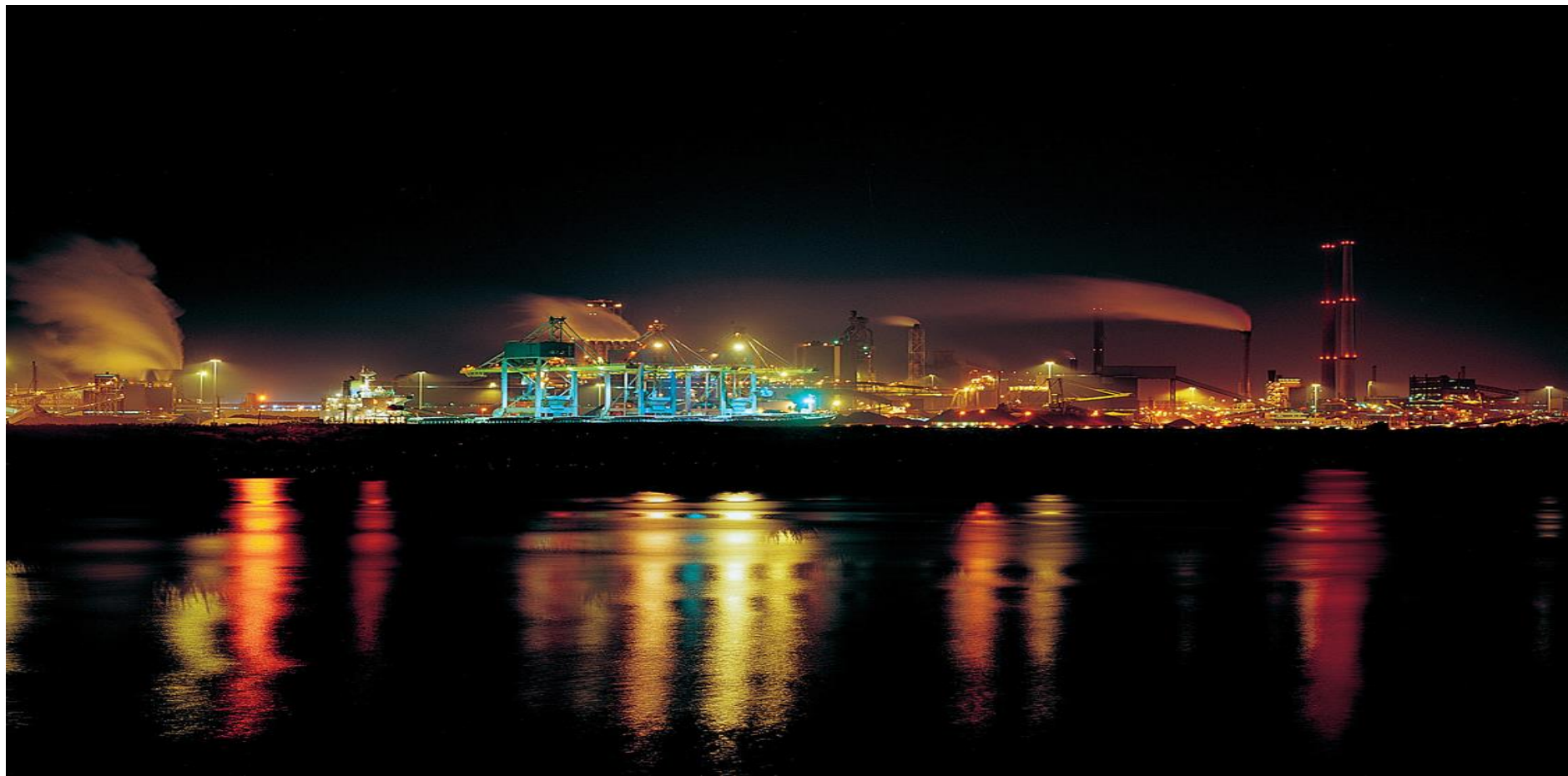
Business Outlook

India

- Steel demand is expected to be subdued in the traditionally strong fourth quarter, amidst rising liquidity concerns
- Softening of the global commodity prices and surge in exports from China and Russia to intensify pressure on the domestic steel prices.
- Relative over performance of Indian rupee versus other currencies a cause of concern
- New Mining ordinance and coal auction policy to help improve the raw material sourcing

South East Asia

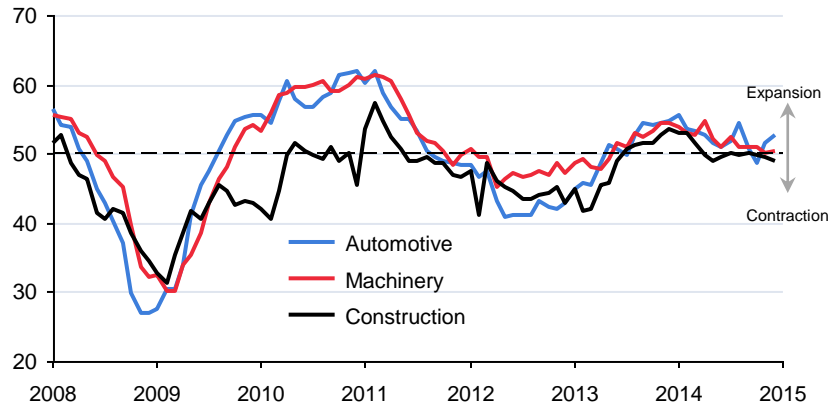
- Regional markets experiencing some slowdown though the construction activity remains steady. Contraction in new project pipeline, lower demand outlook in some regions and higher imports to keep the prices under pressure
- Thailand steel industry is awaiting the kickstart of government infrastructure projects



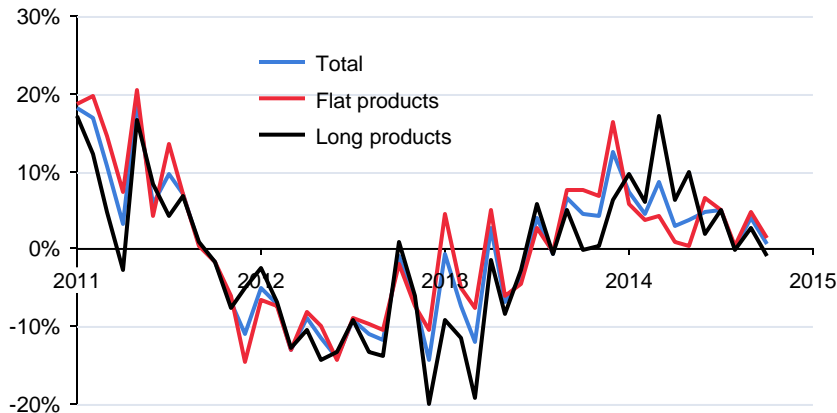
Operating Performance:
Europe

Europe – Business environment

PMIs for main steel-using sectors in EU



EU market supply growth (y/y% change)

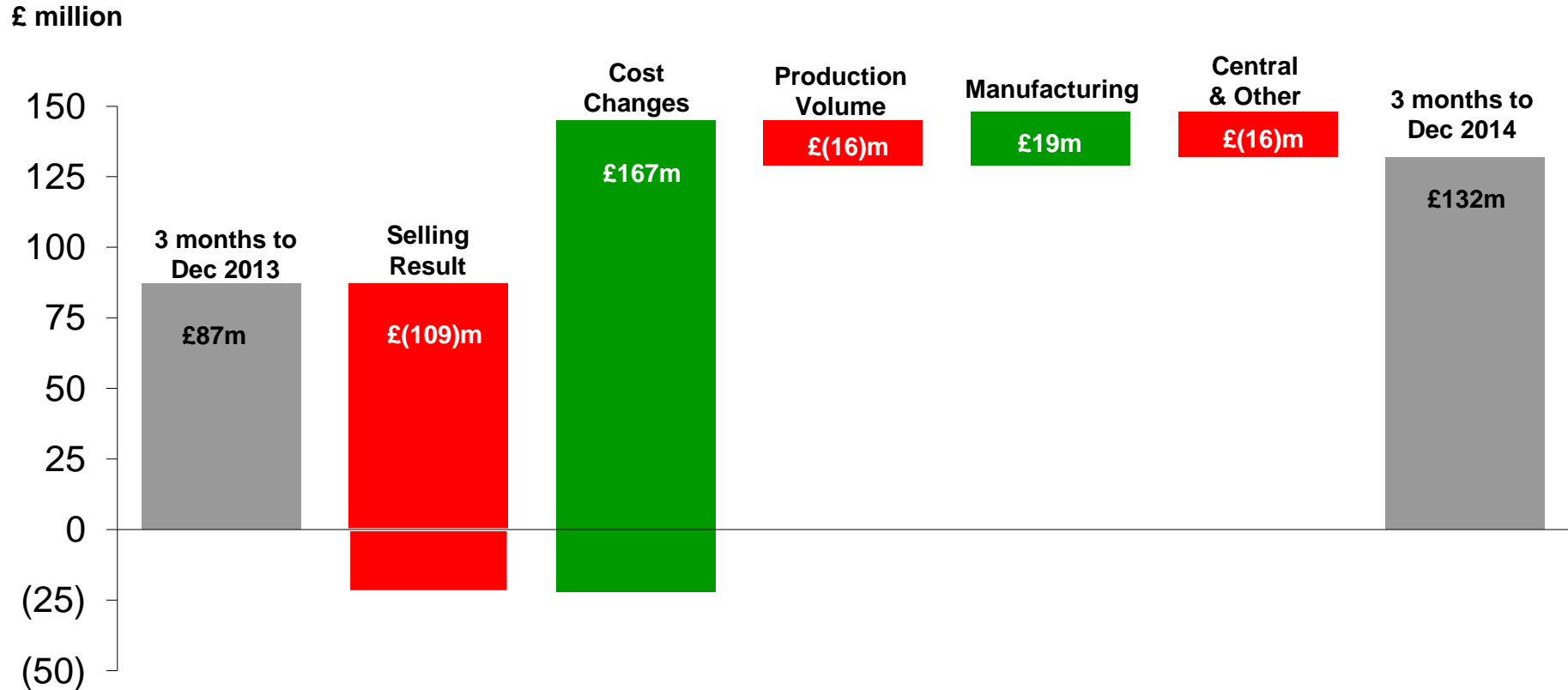


Source: Markit, Eurofer

- Economic activity in the EU has been gradually recovering. However, PMIs suggest economic recovery continues to struggle to gain momentum
- The depreciation of the euro, lower oil prices and the measures taken by the European Central Bank should help strengthen the European economy
- EU steel demand grew more strongly than production in 2014, though this attracted increased levels of imports

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

EBITDA bridge Q3 FY2015 vs. Q3 FY2014



- EBITDA improved by more than 50% from prior year Q3
- Selling Result impacted by lower selling prices but strengthened by higher-value steel sales
- Lower input costs benefited Cost Changes and helped improve spread
- Manufacturing gains outweighed slight fall in Production Volume
- Central & Other costs worsened (due to higher level of one-offs in prior year)

Financial and product mix improvements drive performance



Financial improvements continue

- Year-on-year EBITDA and EBIT improvement
- Improved spread from low levels due to lower input prices, plus benefit from enhanced product mix
- Continued focus on advanced high-value steels supports journey towards sustainable financial performance
- Due diligence on potential Long Products Europe sale continues

Customer-focused approach

- Added 100th new product to European portfolio
- Maintained strong pace of new product launches – 22 in the first three quarters
- More than a third of the company's overall sales are now differentiated steels
- New products include lighter-weight construction steel grade and a new steel grade for tractor wheels
- New heavy-gauge decoiler in South Wales helps Strip customers improve their products by supplying stronger steels

Business outlook

- Steel demand is expected to have grown by +2.6% in 2014 according to Eurofer
- Modest EU demand growth expected in 2015 to continue 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, including from China and Russia, maintaining margin pressure on EU steel mills
- European operations will continue to improve:
 - Customer focus supported by innovative new products and reliable operations
 - Competitiveness by relentlessly reducing costs



Key Developments

Raw Material Projects

Direct Shipping Ore Project, Canada



- Despatches re-commenced since August 2014 and 275 Kt has been dispatched by end of Q3 FY15.
- Wet Processing plant to be commissioned in Q2 2015 which will facilitate year-long operations
- Enhancement in iron reserves underway through exploration of deposits of the Howse JV.

Benga Project, Mozambique



- 137kt of HCC shipped in Q3 FY'15 and 626kt of HCC for 9MFY15
- Logistic issues and security considerations continue to affect dispatches in Q3 FY'15

Regulatory update

- Mines restarted across multiple locations
 - Iron ore mines at Joda East, Katamati, Bamebari and Joda West in Odisha
 - Iron ore mine at Noamundi in Jharkhand
 - Sukinda Chromite mines in Odisha
- Mining operations and expansion of mining capacity in Khondbond continues to be suspended
- The Mines and Minerals Development and Regulation (MMDR) Amendment Ordinance 2015 promulgated on 12th Jan.'15 provides for extension of the above mines till 31st March, 2030 in case of captive consumption.
- The company continues to engage with the Government of India and the respective state governments on matters relating to the operational issues of the above ordinance.

Thank You



Appendix

Standalone Results – QoQ Variations

Particulars	Q3 FY15	Q2 FY15	Key Reasons
Net sales	9,821	10,701	Lower net realisation per tonne offset slightly higher sales volume; Lower operations at FAMD
Other operating income	76	84	At par with the previous quarter
Changes in inventories	(662)	(304)	Increase in Inventories
Purchases of finished, semis & other products	232	176	Higher imports of rebar from NatSteel for resale
Raw materials consumed	3,709	2,722	Increased consumption of purchased iron ore and pellets
Employee benefits expenses	1,167	1,143	Increased due to reduction in discount rate
Purchase of power	537	677	Lower consumption due to reversal on RPO liability and lower operations at Steel & FAMD
Freight and handling	727	694	Increase in freight rates and impact of destination mix
Depreciation and amortisation	457	475	At par with the previous quarter
Other expenses	2,207	2,582	Declined mainly in store and spares, royalty, repairs, conversion charges and lower forex losses. Previous quarter also included one time provision for de-allocation of coal block
Other income	108	262	Declined as previous quarter included dividend income and lower income from redemption of mutual funds
Finance costs	462	489	Lower due to repayment of FCCB and repayment of Non-convertible debentures
Exceptional Items	-	1,147	Previous quarter includes sale of Borivali land
Taxes	288	1,064	Declined in line with lower profitability . Also, due to investment allowance for KPO project

Consolidated Results – QoQ Variations

Particulars	Q3 FY15	Q2 FY15	Key Reasons
Net sales	33,324	35,503	Declined in India and lower volumes in Europe and South East Asia and lower realisations in South East Asia
Other operating income	309	274	At par with the previous quarter
Changes in inventories	(512)	33	Increased mainly in India
Purchases of finished, semis & other products	3,549	3,667	Lower purchases at South East Asia partially offset by higher purchases at Europe
Raw materials consumed	10,553	10,396	Higher consumption at India mostly offset by lower raw material costs at Europe and South East Asia
Employee benefits expenses	4,953	5,401	Declined mainly in Europe and NatSteel
Purchase of power	1,344	1,528	Declined mainly in India, Europe and South East Asia partially offset by KZN operations
Freight and handling	2,130	2,190	Declined in Europe and South East Asia partially offset by India
Depreciation and amortisation	1,451	1,430	At par with the previous quarter
Other expenses	8,539	8,918	Declined mainly in India and South East Asia
Other income	119	322	Declined mainly in India and Europe
Finance costs	1,167	1,233	Declined in Europe and India
Exceptional Item	-	1,145	Declined in India
Tax	447	1,175	Declined mainly in India

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