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NEWS RELEASE

November 5, 2015

Tata Steel reports Consolidated Financial Results for the quarter and half yearended September 30, 2015

Tata Steel Group (the "Company") today declared its Consolidated Financial Results for the second quarter (Q2 FY'16) ended September 30, 2015. The Group recorded consolidated Turnover of ₹29,305 crores and Profit After Tax of ₹1,529 crores for the quarter ended September 30, 2015. For the half year ended September 30, 2015, the Group recorded consolidated Turnover of ₹59,605 crores and Profit After Tax of ₹2,292 crores

Consolidated Performance Highlights:

All figures in ₹crores unless specified

H1 FY'16	H1 FY'15		Q2 FY'16	Q1 FY'16	Q2 FY'15
12.62	12.95	Steel Deliveries (million tons)	6.33	6.33	6.50
59,605	72,204	Turnover	29,305	30,300	35,777
8,190	8,075	EBITDA	4,694	3,496	3,750
4,785	8,322	EBITDA Underlying*	1,985	2,799	3,997
2,717	2,980	Depreciation	1,371	1,346	1,430
2,147	2,485	Finance Costs	1,049	1,098	1,233
(405)	883	Exceptional Items	(564)	158	1,145
3,036	3,871	PBT	1,785	1,250	2,447
2,292	1,592	Profit after Taxes, Minority Interest and Share of Associates	1,529	763	1,254
22.72	15.48	Basic and Diluted Earnings per Share (₹)	15.31	7.42	12.46

*excludes one offs and profit on sale of quoted investments

India

During the quarter under review, domestic realisations in India continued to witness increasing pressure. Subdued manufacturing activity in the country adversely affected the underlying domestic steel demand which decreased by 5% over the previous quarter. Further the relatively strong currency exacerbated the problem. India continued to see strong imports from China and other FTA countries like Japan and Korea with net imports rising by over 100% over corresponding period last year. Towards end September, the government raised tariff barriers but the subsequent slide in steel prices has negated the impact of the same. The overall demand of the material intensity sectors in the economy remained muted and it is

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expected that the policy reforms undertaken by the Government will manifest gradually in the underlying domestic steel demand over the next 2 years.

- Despite these headwinds, the Indian operations reported strong growth in production and deliveries in this quarter. Deliveries increased by 9% to 2.33 million tonnes, a testament to the strong marketing franchise of the company.
- The Blast Furnaces in Jamshedpur achieved best ever coke rate and pulverised coal injection (PCI) rate. The value-added sales increased by over 30% quarter on quarter as also compared to the previous year. The Automotive, LPG and Tiscon rebars segment registered their best ever Q2 sales while Branded sales contributed 48% of total revenues.
- The underlying EBIDTA for Q2 FY'16 increased by 14% to ₹1,963 crores. Reported EBITDA for Q2 FY'16 increased to ₹4,771 crores including a gain of ₹2,808 crores on the sale of quoted investments.
- Profit after tax in Q2 FY'16 was at ₹2,523 crores and Earnings Per Share was ₹25.53

Europe

Market conditions in Europe, primarily in the UK significantly worsened in the quarter as UK continues to witness surge in imports and declining competitiveness of the manufacturing sector due to weak industrial demand, strengthening of the sterling and adverse regulatory and business conditions. In response to the above market and business conditions in the UK, the Company continues to restructure its UK business and has recently announced the closure of some of the sites in the UK. Further during the quarter under review, Tata Steel UK has taken significant impairment charges in the UK Strip business as explained later in the note under the Exceptional Items below.

Key points on the operational performance of TSE

- Liquid steel production in Q2 FY'16 production was lower at 3.58 million tonnes. Increasing imports along with the restructuring initiatives led to decline in Q2 FY'16 deliveries to 3.27 million tonnes.
- Turnover in Q2 FY'16 turnover was ₹16,948 crores. Sharp deterioration in the market conditions affected performance in the UK and the Company reported an EBITDA loss of ₹238 crores.
- The European operations maintained their long-term customer-oriented strategy, with a focus on maximising differentiated and new product sales. The Company maintained its strong pace of innovation with a further 14 new products in the first six months including a

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full-finish MagiZinc galvanized product for exposed vehicle panels and a lightweight sandwich panel, called Coretinium®, for walls and flooring in transport and construction.

South East Asia

The South East Asian operations continue to witness drop in rebar-scrap spreads and intense pricing pressure on back of imports from China. However, the renewed focus on cost saving initiatives, new markets, downstream sales and exports, led to improved profitability. The Company has also decided to restructure its Chinese operations in Xiamen and consequently have taken a charge of ₹158 crores during this quarter. .

- Turnover in Q2 FY'16 was ₹2,001 crores. Reported EBITDA for Q2 FY'16 was ₹70 crores.

Other Highlights:

- The project execution of the Phase-I Kalinganagar Steel Plant is nearing completion and several facilities like the Coke Ovens and the Hot Strip Mill have commenced initial trial production. The Company will continue to progress with facility wise trial runs before the full commissioning of the integrated steel plant. The 3 mtpa plant will enhance the Company's capability to meet the increasing requirement for high-strength automotive & API grades and develop unique grades with tighter tolerances.
- The Company has reduced ₹2903 crores of gross debt during the quarter. The gross debt has reduced from ₹82,380 crores in end June 2015 to ₹80,903 crores after taking into account the foreign currency translation impact of ₹1,213 crores.

Exceptional items

- Tata Steel in the UK is facing a structurally challenging environment of weak domestic manufacturing demand, surging imports, a strong pound and steep regulatory and business costs. Given the rapid and sharp deterioration in the underlying business environment in the UK, Tata Steel UK, an indirect subsidiary of Tata Steel has taken a non cash impairment charge of the Strip and other businesses in the UK. The impact of the above along with restructuring charges and other provisions of the UK business has been reflected in the consolidated financial statements of the company to the extent of ₹8,669 crores.
- The triennial valuation process of British Steel Pension Scheme has been completed. The consequential treatment of the same has been incorporated in the consolidated financial statements of the Company as a one time credit of ₹8,570 crores during the

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quarter. The main pension scheme in the Netherlands, Stichting Pensioenfonds Hoogovens, is now being considered as a defined contribution scheme which has also resulted into a one time credit of ₹1,113 crores in the consolidated financial statements.

- Tata Steel India stand alone financial results also includes provision/charge of ₹1,322 crores which included demand and claims by the state governments of ₹880 crores, provision for employee separation of 800 people of the Indian operations amounting to ₹293 crores and impairment of assets of around ₹125 crores of relating to the expenses incurred for the proposed Chattisgarh project and closure of Malda manganese mines.
- The consolidated financial statements also include Impairment and restructuring provisions in South Africa and China led to a charge of ₹302 crores.

Executive Comment

Mr T V Narendran, Managing Director of Tata Steel India and South East Asia, said:

"Despite the ongoing downturn in global commodity prices and the seasonal weakness in demand, we were able to increase our deliveries by 9% during the quarter on the back of strong sales to the auto sector and a higher proportion of value added products. We continue investing in delivering value to our customers and in our brands and distribution network across India. This coupled with better operational efficiencies has helped us partially counter the headwinds of increasing imports and lower steel prices.

While we welcome the recent support extended by the government through increase in import levies, the deteriorating global demand-supply equation threatens to negate the benefits of the same.

The South East Asian operations continue to be impacted by rising imports from China. However, our renewed focus on cost savings and increasing downstream sales & exports has helped offset the declining realisations and generated a turnaround in performance.

We are making good progress on our 3MTPA greenfield expansion Project at Kalinganagar"

Dr Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: "Dr Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: "Our operating result has turned negative this year, reflecting the huge challenges the global steel industry is facing. In the UK these issues have been compounded by unhelpful exchange rates and regulatory costs that are destroying competitiveness.

We have made three restructuring announcements in the UK since July leading to reduced volume and costs. We are working with the UK government to urgently secure a more

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competitive trade and regulatory environment and we will support our employees affected by restructuring. We are also continuing to assess all the strategic options for our Long Products business.

Across Europe we are calling on governments to ensure the European Commission upholds international trade rules firmly and more speedily. Surging volumes of dumped imports, including from countries that subsidise their steelmakers, are massively distorting competition.

But we will not let this challenging marketplace divert us from our objective of making advances for our customers by developing higher-value products which give them a competitive edge. We will continue to optimise our Strip Products business and look to realise the world-class potential and strategic locational advantages at our IJmuiden facility."

Mr Koushik Chatterjee, Group Executive Director (Finance and Corporate), said: "The underlying operating performance of the Tata Steel Group in this quarter has been impacted by weak economic environment, relative currency movements and a surge in imports in key geographies such as the UK, India and Europe. In these challenging times, we have continued our efforts to strengthen our operations, widen and deepen the marketing franchise and manage the balance sheet effectively.

The Indian business has done well operationally but continues to bear the brunt of declining global steel realisations, weak domestic demand, a relatively strong currency and significant regulatory charges especially on our mining activity in Jharkhand. While our IJmuiden performance continues to be competitive and profitable, the business in the UK faces significant structural headwinds that witnessed rapid deterioration in the market prices in the last few months due to surge in imports.. This has compelled us to continue to restructure the business and as a consequence take very significant impairment in the asset value of Tata Steel UK and provide for further restructuring costs. . .

During the first half of the current fiscal, we have raised internal equity of ~₹4,200 crores by continuing to monetise our non-core assets. We have also successfully restructured the British Steel Pension Scheme and completed the trinennial valuation of the Scheme. . Despite incurring a capex of over ₹5,800 crores in the last 6 months, the gross debt has been stable and the company has reduced its net leverage levels by around ₹3,000 crores compared to the previous quarter end. "

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,

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Government regulations, laws, statutes, judicial pronouncements and/or other incidental factors.

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