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May 20, 2015

**Tata Steel reports Consolidated Financial Results for the fourth quarter
and full year ended March 31, 2015**

Tata Steel Group (the "Company") today declared its Consolidated Financial Results for the full year (FY'15) and fourth quarter (Q4FY'15) ended March 31, 2015. The Company recorded deliveries of 26.32 million tonnes for the year and 7.06 million tonnes for the quarter. Turnover was ₹139,504 crores for the year and ₹33,666 crores for the quarter. The Company declared an equity dividend of ₹8 per share.

Consolidated Performance Highlights:

All figures in ₹crores unless specified

FY'15	FY'14		Q4FY'15	Q3FY'15	Q4FY'14
26.32	26.56	Steel Deliveries (million tonnes)	7.06	6.30	7.62
139,504	148,614	Turnover	33,666	33,633	42,428
12,745	16,377	EBITDA	1,580	3,090	4,917
5,944	5,841	Depreciation	1,513	1,451	1,472
4,848	4,337	Finance Costs	1,195	1,167	1,169
(3,929)	(28)	Exceptional Items	(4,811)	-	(46)
(1,388)	6,722	PBT	(5,837)	578	2,436
(3,926)	3,595	Profit after Taxes, Minority Interest and Share of Associates	(5,674)	157	1,036
(42.24)	35.19	Basic and Diluted Earnings per Share (₹)	(58.88)	1.16	10.20

Indian Operations

The Indian steel industry witnessed subdued demand across steel-consuming industries. There was a surge in low priced imports especially from China, Japan and Korea, which led to a sharp correction in steel prices especially during the last few months of the year.

Despite these challenges, the Indian operations of the Company registered best ever production in Hot Metal, Crude Steel and Saleable Steel and successfully ramped up deliveries across its key business segments.

- Automotive and Special Products sales rose by 15% over the previous year while Branded Products, Retail and Solutions sales increased by 10%. Brands such as Tata Tiscon, Tata Shaktee and Tata Steelium registered best ever sales during the year .

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- The Company's captive iron ore mines were in operation through Q4FY'15 and the mining operations were able to return to their normal levels.
- Turnover in FY'15 was ₹41,785 crores compared to ₹41,711 crores in FY'14 as the benefits of higher volumes were largely offset by lower realisations and weak demand. Q4FY'15 turnover increased by 7% to ₹10,635 crores from ₹9,897 crores in the previous quarter but fell 13% from ₹12,191 crores in Q4FY'14. The quarter-on-quarter improvement in revenue was driven by higher volumes partially offset by lower realisations.
- FY'15 EBITDA declined by 24% to ₹10,102 crores from ₹13,281 crores in FY'14. Q4FY'15 EBITDA was ₹1,661 crores compared to ₹1,979 crores in Q3FY'15 and ₹4,052 crores in Q4FY'14. The decline was driven by a steep fall in realisations combined with an increase in iron ore costs on purchased iron ore that was procured to support the operations during the previous quarters when the captive mining operations were closed due to regulatory actions.
- Profit after tax in FY'15 was flat at ₹6,439 crores compared to ₹6,412 crores in FY'14. Q4FY'15 profit was ₹814 crores compared to ₹881 crores in Q3FY'15 and ₹1,979 crores in Q4FY'14.
- Earnings Per Share (EPS) in FY'15 increased marginally to ₹64.49 from ₹64.21 in FY'14. EPS in Q4FY'15 was ₹7.94 compared to ₹8.61 in Q3FY'15 and ₹19.93 in Q4FY'14.

European Operations

Volume output in Europe was stable, despite being constrained by demand and operational issues. Lower turnover was due to reduced sales prices. Operating profit improved nevertheless, with EBIT turning positive.

Further strong progress was made in the market differentiation strategy in Europe. Differentiated products sales represented more than a third of overall sales for the year as a whole. Sales of new products surged 16% by volume and the company raised the total of new products in its portfolio to 113 by the end of FY15.

- Liquid steel production in FY'15 declined by 2.5% to 15.16 million tonnes from 15.55 million tonnes in FY'14. Q4FY'15 production of 3.91 million tonnes was 4.5% higher than the 3.74 million tonnes produced in Q3FY'15 and 3% lower than the 4.04 million tonnes produced in Q4FY'14.

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- Deliveries declined marginally to 13.67 million tonnes in FY'15 from the 13.86 million tonnes in FY'14. Q4FY'15 deliveries of 3.81 million tonnes were 15% higher than the 3.31 million tonnes in Q3FY'15 and 6.5% lower than the 4.07 million tonnes in Q4FY'14.
- Turnover in FY'15 was ₹79,878 crores versus ₹84,666 crores in the previous year. Q4FY'15 turnover was ₹19,537 crores compared to ₹19,399 crores in Q3FY'15 and ₹24,376 crores in Q4FY'14. The drop in turnover was driven by falling raw materials prices, which dampened realisations.
- FY'15 EBITDA rose by 42% to ₹4,285 crores from ₹3,008 crores in FY'14, reflecting improved margins and better market positioning. Q4FY'15 EBITDA of ₹1,053 crores, though down from ₹1,308 crores in Q3FY'15, was 29% higher than the ₹817 crores in Q4FY'14.
- FY'15 EBIT was a profit of ₹1,015 crores and a turnaround on the loss of ₹158 crores in the previous year. Q4FY'15 EBIT of ₹280 crores was also a turnaround on the loss of ₹16 crores in Q4FY'14, though down from ₹485 crores in Q3FY'15. Wider market spreads and the increase in premium product volumes again lay behind the improved figures.

South East Asia

The South East Asian operations were affected by weak demand and a contraction in the rebar-scrap spread on the back of a significant increase in imports from China.

Deliveries increased at NatSteel's operations in Singapore though they declined in China. Tata Steel Thailand also recorded an increase in sales, including value-added domestic rebar sales, during the fourth quarter.

- FY'15 deliveries declined to 3.59 million tonnes from 3.98 million tonnes in FY'14. Q4FY'15 deliveries declined to 0.76 million tonnes, from 0.80 million tonnes in Q3FY'15 and 1.07 million tonnes in Q4FY'14.
- Turnover in FY'15 declined to ₹13,048 crores compared to ₹16,988 crores in FY'14. Q4FY'15 turnover was ₹2,461 crores versus ₹2,831 crores in Q3FY'15 and ₹4,365 crores in Q4FY'14.

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- EBITDA in FY'15 was a loss of ₹500 crores compared to the profit of ₹439 crores in FY'14 due to compression of rebar-scrap spreads and one-off provisions. Q4FY'15 EBITDA was a loss of ₹232 crores compared to the loss of ₹18 crores in Q3FY'15 and profit of ₹80 crores in Q4FY'14.

Corporate Developments

Kalinganagar Project (KPO) update

The construction of KPO has progressed well and heating of the coke ovens commenced in the second week of May after all clearances were received. The project will follow a commissioning sequence over the next six months as each facility gets commissioned. Commercial production is expected to commence in H2FY'15. The Kalinganagar Steel Plant is a state-of-the-art 3 million tonnes plant that will increase production capacity, widen the product portfolio and diversify the customer base.

Impairment update

The Company recognized a non-cash write-down of goodwill and assets in the consolidated financial results in Q4FY'15 of ₹4,951 crores, mainly relating to the Long Products UK business in Tata Steel Europe which is now fully impaired.

The impairment included a write-down of investments in overseas raw materials projects in Mozambique and Ivory Coast and the Taconite project in Canada because the economic viability of these projects remains uncertain at the current level of commodity prices.

Additionally, the Company undertook a non cash impairment charge of ₹1,577 cores in the first quarter of FY'15 related to its investment in the Mozambique Coal Project. The total impairment charge for FY'15 is ₹6,391 crores in the consolidated financial results.

The Company's liquidity position and financial covenants are unaffected by the above non-cash write-down.

Mining update

All our iron ore and chromite mines are operating.

The Mines and Minerals Development and Regulation (MMDR) Amendment Act 2015 was passed by the Indian Parliament and notified in the Gazette on March 27, 2015. The Company has since been working with the respective State Governments of Jharkhand and Odisha on completing the necessary documentation for the extension of its mining leases as provided in the MMDR Act.

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Regarding the Company's mines in Odisha, Supplementary Lease Deeds have been executed for the Joda East (Iron ore), Khonbond (Iron and Manganese), Joda West (Manganese), Manmora (Manganese), Bamebari (Manganese), Tiringhpahar (Manganese) and Gomardih (Dolomite) mines. All the leases have been extended upto March 31, 2030 except Gomardih, a non-captive mine, which is extended upto 2020. The lease execution process is ongoing for Katamati (Iron) mines. A decision on Sukinda (Chrome) and Malda (Manganese) is awaited.

The Company is engaged in discussions with the Government of Jharkhand on the extension of the mining lease for Noamundi Iron Ore Mine. The operations of Noamundi Iron Ore mines are continuing as per the order of the Honourable High Court of Jharkhand.

Dividend

The Board of Directors of the Company has recommended a equity dividend of ₹8 per share for FY'15.

Executive Comment

Mr T V Narendran, Managing Director of Tata Steel India and South East Asia, said: "It has been a very challenging year for the steel industry with several macro headwinds at play. Despite this, we continued to outperform the industry and registered growth in deliveries in a relatively flat steel market. Our focus on our marketing franchise, strong customer relationships and various cost saving initiatives has helped us weather the weak business environment.

Steel realisations fell sharply during the second half of the year due to the deluge of imports combined with sluggish domestic demand. In addition, our performance was impacted by mining disruptions during the year. We are hopeful that steel demand will rebound this fiscal year on the back of higher investments across key industrial and infrastructure sectors as the government's "Make-In-India" campaign starts yielding results.

Performance of the South East Asian operations was also impacted by higher imports and lower market spreads.

We are focused on implementing our 3mtpa greenfield expansion at Kalinganagar, Odisha, which we expect to commission this year. In addition, the first phase of our Gopalpur ferro-chrome plant will start operation by October-2015."

Dr Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: "We continued to make steady progress on our strategic transformation to become a customer-orientated,

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financially sustainable company despite weakening market conditions in the last six months.

Our financial performance improved due to our market differentiation strategy, as well as wider market spreads and continued cost control. We launched 35 new products for customers during the year, including a premium quality surface finish for car body panels, a lighter-weight construction steel and a new steel grade for tractor wheels.

We also invested in our customers through the opening of a new heavy-gauge decoiler in South Wales, a new finishing line in IJmuiden, a new light gauge centre in the UK's West Midlands and the acquisition of several service centres in the Nordic region.

Our European production and deliveries were stable, despite being constrained by reduced demand in the second half and operational issues such as a power blackout in the Netherlands in the fourth quarter.

In the coming year we see opportunities to further improve sales through higher precision. EU demand is forecast to grow modestly again and the EU steel industry is in a stronger position to benefit than it was pre-crisis. But surging Chinese exports look set to remain a serious concern.”

Mr Koushik Chatterjee, Group Executive Director (Finance and Corporate), said: “Our performance this year in India was impacted by surging imports, declining commodity prices, muted demand and regulatory uncertainties in our captive mining operations. Going forward, we expect the regulatory uncertainties on mining to be behind us, thus focusing on the phased commissioning of the greenfield steel plant in Kalinganagar. The European business continued its improvement journey on the back of robust IJmuiden performance which has been significantly better than previous years.

In the last year, the Company continued to actively pursue proactive risk management by focusing on group cashflow management, treasury and currency volatility management across geographies, diversification of funding sources and lengthening of our debt profile. We spent ₹13,492 crores on capex during the year, with a large proportion deployed on the greenfield Kalinganagar project. Despite this significant spend, we were able to keep the gross debt level stable over the year. The Company's liquidity remains strong at ₹21,000 crores including undrawn lines.

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The Company also continues to pursue its strategy of exiting non-core assets and has initiated action on de-risking its exposure to the UK Pension scheme that would help the long term sustenance of the UK business amidst difficult business environment.”

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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