



December 29, 2014

STATEMENT BY TATA STEEL LIMITED

Tata Steel has been operating its mines in Odisha and Jharkhand for several decades with all statutory clearances such as environmental clearances, forest clearances, consent to operate etc. The Company had also submitted the applications for renewal of its mines in Jharkhand and Odisha well before the expiry of the leases as stipulated under the law. The Company's operation in Jamshedpur is dependent equally on its mines in Jharkhand and Odisha.

Following the Supreme Court Order on May 16, 2014 regarding mining activities in the state of Odisha, the State Government of Odisha had issued Express Orders under Section 8(3) of the MMDR Act, 1957 on May 31, 2014 for Joda East, Katamati, Bamebari and Joda West iron ore and manganese mines in the interest of mineral conservation and development. Based on the above order, these mines were operating since June 2014. While the compliances of the conditions for the renewal of the lease execution were substantially completed, the State Government stopped issuing despatch notes from November 15, 2014 due to their interpretations of the Honourable Supreme Court order of May 16, 2014 and the relevant notifications of the Ministry of Mines and the Ministry of Environment and Forests, Government of India. In view of the above, the Company has approached the Honourable High Court of Odisha requesting for the resumption of mining operations and clarity on the MOEF circular. Following the hearing on December 3, 2014, the Honourable High Court passed an interim order directing the resumption of mining of the above mines. The mining operations have commenced in the above four mines on December 15, 2014 after remaining suspended for one month.

The Express Orders for Khondbond iron mine and three manganese mines are still awaited from the State Government of Odisha. Consequently, the mining operations in these mines and the project for expansion of mining capacity in Khondbond have been suspended since May 2014. The State is expected to take a decision on these renewal applications by middle of February 2015 based on the extension provided by the Honourable Supreme Court of India.

The Sukinda Chromite mines in Odisha has also been closed since May 17, 2014. The suspension of mining operations at Sukinda Chromite mine has led to stoppage of operations of the Company's Ferro Alloys Plants at Bamnipal and the wholly owned subsidiary T S Alloys Limited since the first week of August 2014. In a recent development during this quarter, the Government of Odisha has issued the Express Order on December 1, 2014. However, the State Government did not allow resumption of mining due to its interpretation of the gazette notification dated July 18, 2014 of the Ministry of Mines, Government of India as mentioned in the above paragraph. The Company subsequently filed a writ petition in the Honourable High Court of Odisha with regard to the above gazette notification of the Ministry of Mines Government of India and also requesting for resumption of mining operations. The High Court of Odisha on December 24, 2014 has given interim order to the State Government of Odisha to allow resumption of mining till the next hearing in end January 2015. Following the above order, the mining operations in Sukinda Chromite mines and the processing operations in the Ferro Alloys Division are expected to resume soon.



In Jharkhand, the State Government had issued stop mining order on September 4, 2014 following its interpretation of the gazette notification dated July 18, 2014 of the Ministry of Mines, Government of India. In response to the Company's petition to the Honourable High Court of Jharkhand for resumption of mining, the Government of Jharkhand stated that on certain terms and conditions, the Cabinet has approved the renewal of the lease to Tata Steel in the interest of mineral conservation and mineral development as per the MMDR Act. Following the hearing, the Honourable High Court of Jharkhand has passed its order directing the Government of Jharkhand to issue an Express Order by December 18, 2014 after which the Company can resume mining. The matter is currently pending with the State Government of Jharkhand. The Company is in continued engagement with the Government of Jharkhand and is also reviewing its legal options. The Company has also approached the Honourable High Court, Jharkhand in a separate case to decide on the legality of some of the terms and conditions.

Tata Steel's operations in Jamshedpur is locationally designed to operate from its iron ore mines in the vicinity of its operations. Further, the local sources of iron ore in the region has also been deeply impacted as most merchant mining operations in the country are currently suspended. For the current quarter, mining operations in the Noamundi Iron Ore Mine in Jharkhand was suspended for the entire period and four mines in Odisha including the Joda Iron Ore Mine was suspended for a month. This compelled the Company to curtail production by suspending operations of one of its Blast Furnaces and was forced to operate below its capacity for more than a month during this quarter. To ensure continuity of its operations, the Company had to procure iron ore from domestic and imported sources for Jamshedpur operations despite severe logistics challenges at the port and the availability of railways capacity. All the above factors have impacted the stability of operations, cost structure and the profitability of the Company during this quarter. Following the resumption of iron ore and manganese mining in Odisha on December 15, 2014, the steel operations of the Company have been ramped up. While the uncertain iron ore mining situation has affected the operations of the Company, Tata Steel remains committed to serve its customers and fulfil customer commitments and expectations.

The Company continues to be fully engaged with the Government of India and the State Governments of Odisha and Jharkhand to pursue the renewal of the leases of the mines and is also pursuing appropriate legal recourse in the matter. While the Company has been disclosing the status of the mining situation as part of the quarter end financial performance including the last disclosure on November 12, 2014, the above statement is being made following a review of the business and the raw material situation (including the recent related legal developments) by the Board of Directors of the Company.