



Standalone Financial Results for the Quarter ended on 30th June 2014

PART I

₹Crores

Particulars	Quarter ended on 30.06.2014	Quarter ended on 31.03.2014	Quarter ended on 30.06.2013	Financial Year ended on 31.03.2014
	Audited	Unaudited	Audited	Audited
1 Income from operations				
a) Net sales / income from operations (net of excise duty)	10,377.73	12,041.92	9,371.40	41,271.24
b) Other operating income	90.53	149.30	83.99	439.79
Total income from operations (net) [1(a) + 1(b)]	10,468.26	12,191.22	9,455.39	41,711.03
2 Expenses				
a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(343.46)	296.41	(329.44)	(155.18)
b) Purchases of finished, semi-finished steel & other products	67.92	54.00	143.07	352.63
c) Raw materials consumed	2,563.99	2,743.23	2,305.51	9,677.71
d) Employee benefits expense	1,130.26	789.02	1,002.78	3,673.08
e) Purchase of power	721.28	617.68	652.53	2,564.61
f) Freight and handling charges	690.92	769.61	634.82	2,755.08
g) Depreciation and amortisation expense	493.26	461.63	459.58	1,928.70
h) Other expenses	2,381.49	2,812.50	2,211.79	10,026.20
Total expenses [2(a) to 2(h)]	7,705.66	8,544.08	7,080.64	30,822.83
3 Profit / (Loss) from operations before other income, finance costs, exceptional items and tax [1 - 2]	2,762.60	3,647.14	2,374.75	10,888.20
4 Other income	143.50	52.95	144.21	787.64
5 Profit / (Loss) from operations before finance costs, exceptional items and tax [3 + 4]	2,906.10	3,700.09	2,518.96	11,675.84
6 Finance costs	492.34	464.64	466.44	1,820.58
7 Profit / (Loss) before exceptional items and tax [5 - 6]	2,413.76	3,235.45	2,052.52	9,855.26
8 Exceptional items :				
a) Profit on sale of non current investments	787.96	-	-	-
b) Provision for diminution in value of investments/doubtful advances	-	(141.76)	-	(141.76)
Total exceptional items [8(a) + 8(b)]	787.96	(141.76)	-	(141.76)
9 Profit / (Loss) before tax [7 + 8]	3,201.72	3,093.69	2,052.52	9,713.50
10 Tax expense				
a) Current tax	893.27	996.61	665.79	3,098.02
b) Deferred tax	40.47	118.44	30.62	203.29
Total tax expense [10(a) + 10(b)]	933.74	1,115.05	696.41	3,301.31
11 Net Profit / (Loss) for the period [9 - 10]	2,267.98	1,978.64	1,356.11	6,412.19
12 Paid-up equity share capital [Face value ₹10 per share]	971.41	971.41	971.41	971.41
13 Reserves excluding revaluation reserves				60,176.58
14 Basic earnings per share (not annualised) - in Rupees (after exceptional items)	22.90	19.93	13.51	64.21
15 Diluted earnings per share (not annualised) - in Rupees (after exceptional items)	22.90	19.93	13.51	64.21

TATA STEEL LIMITED

Registered Office Bombay House 24 Homi Mody Street Mumbai 400 001 India
Tel 91 22 6665 8282 Fax 91 22 6665 7724
Corporate Identity Number L27100MH1907PLC000260 Website : www.tatasteel.com



PART II

Select information for the Quarter ended on 30th June 2014

	Quarter ended on 30.06.2014	Quarter ended on 31.03.2014	Quarter ended on 30.06.2013	Financial Year ended on 31.03.2014
A Particulars of Shareholding				
1 Aggregate of public shareholding				
Number of shares	643,273,897	637,825,723	640,850,241	637,825,723
% of shareholding	67.87%	67.69%	67.79%	67.69%
2 Promoters and promoter group shareholding				
a) Pledged / encumbered				
- Number of shares	27,400,000	22,400,000	20,000,000	22,400,000
- % of shares to total share holding of promoter & promoter group	9.00%	7.36%	6.57%	7.36%
- % of shares to total share capital of the company	2.82%	2.31%	2.06%	2.31%
b) Non-encumbered				
- Number of shares	277,114,362	282,114,362	284,514,362	282,114,362
- % of shares to total share holding of promoter & promoter group	91.00%	92.64%	93.43%	92.64%
- % of shares to total share capital of the company	28.53%	29.04%	29.29%	29.04%

Particulars	Quarter ended on 30.06.2014
B Investor complaints	
Pending at the beginning of the Quarter	3
Received during the quarter	32
Disposed off during the quarter	31
Remaining unresolved at the end of the quarter	4

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Standalone Segment Revenue, Results and Capital Employed

₹Crores

Particulars	Quarter ended on 30.06.2014	Quarter ended on 31.03.2014	Quarter ended on 30.06.2013	Financial year ended on 31.03.2014
	Audited	Unaudited	Audited	Audited
Revenue by Business Segment:				
Steel business	9,967.06	11,304.72	8,966.09	38,688.35
Ferro Alloys and Minerals	447.35	825.26	492.75	2,921.66
Others	589.26	616.84	522.12	2,209.58
Total	11,003.67	12,746.82	9,980.96	43,819.59
Less: Inter segment revenue	535.41	555.60	525.57	2,108.56
Net sales / income from operations	10,468.26	12,191.22	9,455.39	41,711.03
Segment results before finance costs, exceptional items and tax:				
Steel business	2,801.69	3,453.36	2,477.45	10,724.95
Ferro Alloys and Minerals	106.01	255.93	107.95	800.74
Others	16.44	24.49	7.53	43.25
Unallocated income / (expenditure)	(18.04)	(33.69)	(73.97)	106.90
Total Segment results before finance costs, exceptional items and tax	2,906.10	3,700.09	2,518.96	11,675.84
Less: Finance costs	492.34	464.64	466.44	1,820.58
Profit / (Loss) before exceptional items and tax	2,413.76	3,235.45	2,052.52	9,855.26
Exceptional items:				
Profit on sale of non current investments	787.96	-	-	-
Provision for diminution in value of investments/doubtful advances	-	(141.76)	-	(141.76)
Profit / (Loss) before tax	3,201.72	3,093.69	2,052.52	9,713.50
Less: Tax expense	933.74	1,115.05	696.41	3,301.31
Net Profit / (Loss)	2,267.98	1,978.64	1,356.11	6,412.19
Segment Capital Employed:				
Steel business	40,732.32	38,860.47	33,071.44	38,860.47
Ferro Alloys and Minerals	323.91	288.96	260.66	288.96
Others	142.55	131.36	225.07	131.36
Unallocated	(1,644.84)	(83.16)	1,782.43	(83.16)
Total	39,553.94	39,197.63	35,339.60	39,197.63

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Consolidated Financial Results for the Quarter ended on 30th June 2014

PART I

₹Crores

Particulars	Quarter ended on 30.06.2014	Quarter ended on 31.03.2014	Quarter ended on 30.06.2013	Financial Year ended on 31.03.2014
	Unaudited	Unaudited	Unaudited	Audited
1 Income from operations				
a) Net sales / income from operations (net of excise duty)	36,143.27	42,017.63	32,558.61	147,347.28
b) Other operating income	283.94	410.42	246.18	1,266.27
Total income from operations (net) [1(a) + 1(b)]	36,427.21	42,428.05	32,804.79	148,613.55
2 Expenses				
a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(592.64)	2,275.19	(1,466.03)	(514.67)
b) Purchases of finished, semi-finished steel & other products	4,128.80	4,238.53	4,204.06	17,008.21
c) Raw materials consumed	11,010.12	12,602.67	10,440.58	46,242.98
d) Employee benefits expense	5,634.28	5,355.35	4,791.17	20,303.41
e) Purchase of power	1,606.67	1,595.19	1,463.41	6,035.77
f) Freight and handling charges	2,190.28	2,643.65	1,985.29	9,007.92
g) Depreciation and amortisation expense	1,550.28	1,471.87	1,403.27	5,841.22
h) Other expenses	8,177.13	8,706.39	7,698.27	34,118.92
Total expenses [2(a) to 2(h)]	33,704.92	38,888.84	30,520.02	138,043.76
3 Profit / (Loss) from operations before other income, finance costs, exceptional items and tax [1 - 2]	2,722.29	3,539.21	2,284.77	10,569.79
4 Other income	216.14	111.70	183.63	516.81
5 Profit / (Loss) from operations before finance costs, exceptional items and tax [3 + 4]	2,938.43	3,650.91	2,468.40	11,086.60
6 Finance costs	1,252.37	1,169.35	992.44	4,336.83
7 Profit / (Loss) before exceptional items and tax [5 - 6]	1,686.06	2,481.56	1,475.96	6,749.77
8 Exceptional items :				
a) Profit on sale of non current investments	1,314.17	-	17.76	18.20
b) Provision for diminution in value of investments		(0.42)	-	(0.42)
c) Provision for impairment of non-current assets	(1,576.65)	(45.42)	-	(45.42)
Total exceptional items [8(a) to 8(c)]	(262.48)	(45.84)	17.76	(27.64)
9 Profit / (Loss) before tax [7 + 8]	1,423.58	2,435.72	1,493.72	6,722.13
10 Tax expense				
a) Current tax	1,026.78	1,060.07	766.63	3,482.64
b) MAT credit	-	(0.21)	-	(0.21)
c) Deferred tax	53.63	304.67	(415.24)	(424.27)
Total tax expense [10(a) to 10(c)]	1,080.41	1,364.53	351.39	3,058.16
11 Net Profit / (Loss) for the period [9 - 10]	343.17	1,071.19	1,142.33	3,663.97
12 Minority interest	(14.40)	(38.10)	2.92	(69.92)
13 Share of profit / (loss) of associates	8.56	2.78	(6.24)	0.84
14 Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates [11 + 12 + 13]	337.33	1,035.87	1,139.01	3,594.89
15 Paid-up equity share capital [Face value ₹10 per share]	971.41	971.41	971.41	971.41
16 Reserves excluding revaluation reserves				39,560.55
17 Basic earnings per share (not annualised) - in Rupees (after exceptional items)	3.02	10.20	11.28	35.19
18 Diluted earnings per share (not annualised) - in Rupees (after exceptional items)	3.02	10.20	11.28	35.19

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Consolidated Segment Revenue, Results and Capital Employed

₹Crores

Particulars	Quarter ended on 30.06.2014	Quarter ended on 31.03.2014	Quarter ended on 30.06.2013	Financial Year ended on 31.03.2014
	Unaudited	Unaudited	Unaudited	Audited
Revenue by Business Segment:				
Steel business	34,960.49	40,573.36	31,349.23	142,115.87
Others	3,400.63	3,995.37	3,244.60	14,346.56
Unallocated	337.42	247.30	239.36	1,120.94
Total	38,698.54	44,816.03	34,833.19	157,583.37
Less: Inter segment revenue	2,271.33	2,387.98	2,028.40	8,969.82
Net sales / income from operations	36,427.21	42,428.05	32,804.79	148,613.55
Segment results before finance costs, exceptional items and tax:				
Steel business	3,268.68	4,046.66	2,639.47	12,470.70
Others	109.07	181.06	216.72	829.74
Unallocated income / (expenditure)	599.76	452.54	269.30	1,835.59
Less: Inter segment eliminations	1,039.08	1,029.35	657.09	4,049.43
Total Segment results before finance costs, exceptional items and tax	2,938.43	3,650.91	2,468.40	11,086.60
Less: Finance costs	1,252.37	1,169.35	992.44	4,336.83
Profit / (Loss) before exceptional items and tax	1,686.06	2,481.56	1,475.96	6,749.77
Exceptional items:				
Profit on sale of non current investments	1,314.17	-	17.76	18.20
Provision for diminution in value of investments	-	(0.42)	-	(0.42)
Provision for impairment of non-current assets	(1,576.65)	(45.42)	-	(45.42)
Profit / (Loss) before tax	1,423.58	2,435.72	1,493.72	6,722.13
Less: Tax expense	1,080.41	1,364.53	351.39	3,058.16
Net Profit / (Loss)	343.17	1,071.19	1,142.33	3,663.97
Segment Capital Employed:				
Steel business	105,267.87	105,554.03	94,107.20	105,554.03
Others	2,849.54	4,306.79	5,327.04	4,306.79
Unallocated	(4,426.04)	(1,375.57)	2,581.24	(1,375.57)
Inter segment eliminations	47.50	3.41	2.32	3.41
Total	103,738.87	108,488.66	102,017.80	108,488.66

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Notes:

1. The results have been reviewed by the Audit Committee in its meeting held on August 12, 2014 and were approved by the Board of Directors in its meeting of date.
2. The actuarial gains and losses on funds for employee benefits (pension plans) of Tata Steel Europe Limited for the period from April 1, 2008 have been accounted in "Reserves and Surplus" in the consolidated financial statements in accordance with IFRS/IND AS principles and as permitted by Accounting Standard 21. Had the Company recognised changes in actuarial valuations of pension plans of Tata Steel Europe in the statement of profit and loss, the consolidated profit after taxes, minority interest and share of profit of associates for the quarter ended June 30, 2014 would have been lower by ₹452.46 crores and the consolidated profit after taxes, minority interest and share of profit of associates for the quarter ended June 30, 2013 would have been higher by ₹854.99 crores.
3. During the quarter, the Company divested its entire stake in its joint venture The Dhamra Port Company Limited (DPCL) to Adani Ports and Special Economic Zone Limited. Exceptional item 8(a) in the consolidated results includes profit of ₹1,270.21 crores (₹787.96 crores in the stand-alone) on sale of this non-current investment. Exceptional item 8(c) in the consolidated results represents the non-cash write down of goodwill and other assets of ₹ 451.25 crores and ₹1,125.40 crores respectively in its joint venture Rio Tinto Benga (Mauritius) Limited.
4. During the quarter, the Company and some of its subsidiaries have revised depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013 or re-assessed by the Company based on technical evaluation. Accordingly, depreciation of ₹136.82 crores (net of deferred tax ₹69.64 crores) [₹129.01 crores (net of deferred tax ₹66.43 crores) in the stand-alone] on account of assets whose useful life is already exhausted as on 1st April, 2014 has been adjusted to retained earnings. Had there been no change in useful life of assets, depreciation for the quarter would have been lower by ₹22.74 crores (₹22.33 crores in the stand-alone).
5. The Company has been operating its mines with all statutory clearances, such as environmental clearance, forest clearances, consent to operate etc. and also submitted applications for the renewal of the mining leases as per the time stipulated under law. The applications are presently pending before the respective State Governments of Odisha and Jharkhand.

During the quarter under review, the mining operations in Odisha were suspended for a fortnight following the interim order by the Honourable Supreme Court of India. This led to some disruption in the iron ore availability from the mines covered under the order for use in Jamshedpur operations. Pending renewal of the mining leases, the State Government issued Express Orders that enabled the Company to resume its mining operations within the quarter in two iron ore mines and two manganese mines in Odisha.

The Express Orders for the Khondbond Iron Ore Mines and Sukinda Chromite Mines are still pending with the State Government. Consequently, the mining operations and expansion of the mining capacity have been suspended and this has led to the stoppage of the operations of Ferro Alloys plants at Bamnibal and its wholly owned subsidiary, TS Alloys since the first week of August 2014.

6. The Company, through its Singapore based wholly owned subsidiary, ABJA Investment Co. Pte. Ltd. has issued US\$ 500 million 4.85% Unsecured Bonds due 2020 and US\$ 1,000 million 5.95% Unsecured Bonds due 2024 which are listed on the Frankfurt Stock Exchange. The issue is guaranteed by the Company.

TATA STEEL LIMITED



7. Figures for the quarter ended March 31, 2014 represent the difference between the audited figures in respect of the full financial year and the published figures of nine months ended December 31, 2013 respectively.
8. The consolidated financial results have been subjected to limited review and the stand-alone financial results have been audited by the statutory auditors.
9. Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.

Tata Steel Limited

A handwritten signature in black ink, appearing to read 'C. P. Mistry'.

Cyrus P Mistry
Chairman

Mumbai: August 13, 2014

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TATA STEEL LIMITED

1. We have audited the Standalone Financial Results of **TATA STEEL LIMITED** ("the Company") and reviewed the Unaudited Consolidated Financial Results of the Company, its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") and its share of the profit/loss of its associates for the quarter ended June 30, 2014 presented in the accompanying statement of Financial Results ("the Statement") being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II – Select Information referred to in Paragraph 7 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our audit/review of the related interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.
2. (i) We conducted our audit of the Standalone Financial Results presented in the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Standalone Financial Results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Standalone Financial Results. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Standalone Financial Results presentation. We believe that our audit provides a reasonable basis for our opinion.
- (ii) We conducted our review of the Unaudited Consolidated Financial Results presented in the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Consolidated Financial Results are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. (i) The Unaudited Consolidated Financial Results include (a) total revenue of Rs. 24,725.87 crore for the quarter ended June 30, 2014; and (b) total Loss after Taxes, Minority Interest and Share of loss of Associates of Rs. 977.04 crore for the quarter ended June 30, 2014, relating to five overseas subsidiaries whose financial results and other financial information have been reviewed by the auditors in their respective countries.
- (ii) The Unaudited Consolidated Financial Results include group's share of profit of associates of Rs. 0.28 crore for the quarter ended June 30, 2014, relating to an associate whose financial results and other financial information have been reviewed by another auditor.

Accordingly, our report on the Unaudited Consolidated Financial Results in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the reports of such other auditors which have been furnished to us by the management.

4. (i) In our opinion and to the best of our information and according to the explanations given to us, the Statement in so far as it relates to the Standalone Financial Results:
- (a) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
- (b) gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Company for the quarter ended June 30, 2014.
- (ii) Based on our review conducted as stated above and based on the consideration of the reports of the other auditors referred to in paragraph 3 above and based on the consideration of the unaudited interim financial statements of subsidiaries, jointly controlled entities and associates referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement in so far as it relates to the Unaudited Consolidated Financial Results, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other recognised accounting practices and policies for the quarter ended June 30, 2014, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Attention is invited to the Note 2 to the Statement regarding accounting policy for recognition of actuarial valuation debit of Rs. 452.46 crore in the pension funds of Tata Steel Europe Limited, a subsidiary, for reasons specified therein. Had the company recognised actuarial valuation changes in the Unaudited Consolidated Statement of Profit and Loss:
- i) the consolidated Profit Before Tax for the quarter ended June 30, 2014 would have been Rs. 971.12 crore;
- ii) the consolidated Profit After Taxes, Minority Interest and Share of Associates for the quarter ended June 30, 2014 would have been resulted in a loss Rs. 115.13 crore.

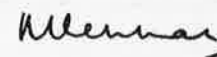
Our conclusion is not qualified in respect of this matter.

6. (i) The Unaudited Consolidated Financial Results include (a) total revenue of Rs. 754.10 crore for the quarter ended June 30, 2014; and (b) Loss after Taxes, Minority Interest and Share of Associates of Rs. 208.94 crore for the quarter ended June 30, 2014, relating to sixteen subsidiaries and six jointly controlled entities whose financial results and other financial information have not been reviewed by their auditors.
- (ii) The Unaudited Consolidated Financial Results reflect the Group's share of profit after taxes, minority interest and share of associates of Rs 0.11 crore for the quarter ended June 30, 2014, as considered in the Unaudited Consolidated Financial Results relating to two associates whose financial results and other financial information have not been reviewed by their auditors.
- (iii) In case of one associate, the financial statements as at June 30, 2014 are not available. The Group's share of loss after taxes and minority interest and share of associates of Rs. 4.64 crore for the quarter ended June 30, 2014 as considered in the Unaudited Consolidated Financial Results are based on the reviewed financial statements as at March 31, 2014;
- (iv) In case of one associate having a carrying value of Rs. 20.76 crore as at March 31, 2014 has not been considered for consolidation as on June 30, 2014, as the same is not available for consolidation.
- (v) In the case of six associates the financial statements as at June 30, 2014 are not available. The investments in these companies are carried at Re. 1 each as at June 30, 2014. In the absence of their financial statements as at June 30, 2014 the Group's share of profit/loss of these associates have not been included in the Unaudited Consolidated Financial Results.

Our conclusion is not qualified in respect of these matters.

7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoter and promoter group shareholding, in terms of Clause 35 of the Listing Agreements with the stock exchanges from the details furnished by the Management and the particulars relating to the investor complaints disclosed in Part II – Select information for the quarter ended June 30, 2014 of the Statement, from the details furnished by the Registrars.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Registration No. 117366W/W-100018)



N.VENKATRAM
(Partner)
(Membership No. 71387)

Mumbai, August 13, 2014



For immediate use **NEWS RELEASE**

August 13, 2014

Tata Steel reports Consolidated Financial Results for the quarter ending June 30, 2014

Tata Steel Group today declared its Consolidated Financial Results for the quarter ended June 30, 2014. Operating performance improved across all geographies as Group EBITDA for the first quarter ended June 30, 2014 rose to ₹4,325 crores from ₹3,755 crores the year before. Net profit for the quarter came in at ₹337 crores affected by exceptional charges of ₹262 crores.

Group Performance Highlights:

All figures in ₹ Crore, unless specified	Q1 FY'15	Q4 FY'14	Q1 FY'14
Steel Deliveries (million tonnes)	6.46	7.62	6.08
Turnover	36,427	42,428	32,805
EBITDA	4,325	4,917	3,755
Depreciation	1,550	1,472	1,403
Finance Costs	1,252	1,169	992
PBT	1,424	2,436	1,494
Profit after Taxes, Minority Interest and Share of Associates	337	1,036	1,139
Basic and Diluted Earnings per Share (₹)	3.02	10.20	11.28

India

The Indian operations continued to perform strongly and improved over the previous year on all parameters.

Hot metal and crude steel production reached 2.53 million tonnes and 2.33 million tonnes respectively in Q1 FY'15 while saleable steel production increased to 2.25 million tonnes. The Cold Rolling Mill (CRM) and New Bar Mill achieved best ever quarterly production. The new CGL#3 and CAPL lines have started commercial operations while the Coke Oven Battery #11 fully ramped up during the quarter.

- Deliveries in Q1 FY'15 increased to 2.1 million tonnes versus 2 million tonnes in Q1 FY'14. We continued to increase our deliveries to our target segments in the domestic markets, with exports constituting barely 1% of total sales in Q1 FY'15. Sales of Automotive and Special Products increased by 16% over the last year and the share of value added and high-end products increased further. We made further inroads in the Branded Products, Retail and Solutions segment with sales in Q1 FY'15 increasing by 12% over Q1 FY'14. Sales to Industrial Products, Projects and Exports remained steady with increases in the share of value added products.
- Turnover in Q1 FY'15 increased by 11% to ₹10,468 crores from ₹9,455 crores in Q1 FY'14. This improvement was driven by higher volumes and better realisation.
- Q1 FY'15 EBITDA was ₹3,266 crores, 13% higher compared to ₹2,897 crores in Q1 FY'14. The EBITDA margin improved by 56 basis points compared to the previous year.



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- Profit after tax in Q1 FY'15 was ₹2,268 crores compared to ₹1,356 crores in Q1 FY'14. Profits included exceptional gains of ₹788 crores from the sale of the stake in The Dhamra Port Company Limited.

Europe

Despite a reduction in the market spread compared with the year-earlier quarter, profitability improved. Production and deliveries were similar to the year-before level.

European steelmakers have been contending this year with rising imports, which are limiting their ability to take advantage of growing European demand.

The European operations pursued their objective of supporting customer success in their own markets through product and service improvement. Ten new products have been launched so far this year, such as a new automotive steel grade which combines strength and formability, making it ideal for the crash-protection structure of vehicles. These efforts have resulted in the proportion of differentiated products in the operations' sales rising by around a fifth compared to last year.

The Company started processing centres in the Netherlands and Germany during the quarter to support customers by supplying them with lighter, stronger steels. Both facilities will be supporting customers in Germany – a strategic market for Tata Steel.

The focus on costs was also maintained, leading to year-on-year savings of £30 million in Q1 FY'15.

- Liquid steel production in Q1 FY'15 was virtually unchanged at 3.7 million tonnes from the level in Q1 FY'14. Deliveries increased by 2% to 3.2 million in Q1 FY'15 from 3.14 million tonnes in Q1 FY'14.
- Turnover in Q1 FY'15 was ₹20,741 crores compared to ₹18,432 crores in Q1 FY'14.
- EBITDA increased by 28% to ₹995 crores from ₹777 crores in Q1 FY'14 while the EBITDA margin improved by 58 basis points.
- Q1 FY'15 EBIT improved to ₹136 crores versus ₹12 crores in Q1 FY'14.

South East Asia

Deliveries increased at NatSteel while the operations in Thailand reported steady performance despite continued weak market conditions. During the quarter a new 'Cut and Bend' facility was introduced into the Thai markets to improve our value added product offerings to the customers.

- Q1 FY'15 deliveries were 1.08 million tonnes, 26% higher than the 0.86 million tonnes in Q1 FY'14. This volume growth was achieved by the NatSteel operations as deliveries from the Thai operations were similar to the previous year.
- Turnover in Q1 FY'15 was ₹4,045 crores versus ₹3,908 crores in Q1 FY'14. This increase was primarily a result of higher volumes offset by a decline in steel prices.
- EBITDA for Q1 FY'15 was ₹30 crores, lower than the ₹93 crores in Q1 FY'14 due to a severe price-cost squeeze, especially for the NatSteel operations.



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The Group continues to undertake several financial initiatives to strengthen the balance sheet. Non-core assets such as Dhamra Port and Borivali land are being monetised.

In July 2014, Tata Steel successfully did a dual tranche debut USD bond of US\$ 1.5 billion. The issue comprised US\$ 500 million 4.85% Unsecured Bonds due on January 31, 2020 and US\$ 1 billion 5.95% Unsecured Bonds due on July 31, 2024 by Abja Investment Co Pte Ltd, a wholly owned subsidiary of Tata Steel Limited incorporated in Singapore.

On 30th July, 2014, Rio Tinto reached an agreement for sale of Rio Tinto Coal Mozambique which includes the Benga Project in which the Company has a 35% stake. Consequently the Company undertook an impairment review exercise of its investment in the Benga Project and the Board approved a non-cash write-down of ₹1,577 crores.

During the quarter under review, the mining operations in Odisha were suspended for a fortnight following the interim order by the Honourable Supreme Court of India. This led to some disruption in the iron ore availability from the mines covered under the order for use in Jamshedpur operations. Pending renewal of the mining leases, the State Government issued Express Orders that enabled the Company to resume its mining operations within the quarter in two iron ore mines and two manganese mines in Odisha. The Company was able to implement various mitigation plans such that there was minimal impact on the deliveries of saleable steel.

The Express Orders for the Khondbond Iron Ore Mines and Sukinda Chromite Mines are still pending with the State Government. Consequently, the mining operations and expansion of the mining capacity have been suspended and this has led to the stoppage of the operations of Ferro Alloys plants at Bamnipal and its wholly owned subsidiary, TS Alloys since the first week of August 2014.

The Company continues to engage with the State Governments and the Ministry of Mines, Government of India for processing the express order and the renewal of the mining leases.

Executive Comment

Mr T V Narendran, Managing Director of Tata Steel India and South East Asia, said: "The economic sentiment has improved in India after the general elections and the new government has been clearly communicating its intentions to bring the economy back to the growth path. Government's thrust on development of core industries like housing and infrastructure should boost steel demand in the coming quarters. We continue to grow our delivery volumes with enrichment of the overall product mix. During the quarter we have started commercial operations of our continuous annealing line and a new galvanising line. In addition, the Coke Oven Battery#11 has been commissioned and the facility was ramped up in record time. Our KPO Phase 1 project is progressing as per schedule and will be operational by the end of this fiscal. In South East Asia, we are focussing on improving our product offering, expanding our customer reach and optimising costs to improve the performance."

Dr Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: "European steel demand is moving in the right direction. Though demand remains well below levels we would regard as healthy, we can see greater stability emerging in the markets we serve. Our quarterly financial performance improved slightly, despite market spreads tightening compared to the previous year. This would not have happened without the work we are doing to reduce costs and improve our products and services. We maintained the good pace set last year in our portfolio enhancement programme. We have launched ten new products and increased the proportion of differentiated sales by almost 20%.



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Our operational performance matched that of a year ago, when we restored output to more normal levels. But Europe's position as the world's most open market is bringing in a rising tide of imports. While we fully support free trade, all trade must be fair and international rules fully respected and enforced. Our focus on operational reliability and costs will continue as we pursue further progress towards sustainable financial performance."

Mr Koushik Chatterjee, Group Executive Director (Finance and Corporate), said: "With the new government in India announcing measures to put the economy back on the growth track, the business sentiment has improved. However, we expect the visible changes in the economy to flow through only on the back of higher government spending over the next few months. Tata steel's profitability has improved in key geographies with Indian and European operations registering EBITDA margin expansion as compared to the last year. Despite significant capex spend during the quarter, mainly for the greenfield project in Odisha, we were able to reduce the net debt. The Company continued to pursue its strategy of monetising its non-core assets as demonstrated by the sale of its stake in Dhamra Port. We have recently issued a dual-tranche debut USD bond of US\$1.5 billion to diversify our capital base and increase debt maturity."

Disclaimer

Statements in this press release describing the Groups' 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 Group's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Group operates, changes in Government regulations, tax laws and other statutes and incidental factors.

For investor enquiries contact:

Samita Shah

Tel: +91 22 6665 7307

email: samita.shah@tatasteel.com

For media enquiries contact:

Kulvin Suri

Tel: +91 657 664 5512/+91 92310 52397

email: kulvinsuri@tatasteel.com

Subhra Kanti Das

Tel: +91 22 6665 7382

email: subhra.das@tatasteel.com

Bob Jones

Tel: +44 207 717 4532

email: bob.jones@tatasteel.com