Press Release

Mumbai
February 16, 2010

Tata Steel reports Unaudited Consolidated Results for the first nine months and for the third quarter of Financial Year 2009-10

Tata Steel Limited today declared Unaudited Consolidated Group Financial Results for the first nine months and for the third quarter (Q3) ending December 31, 2009. All the financial numbers in this Press Release are in accordance with Indian GAAP unless otherwise stated.

Group Performance Highlights:

- **Tata Steel Group** reported consolidated EBITDA of Rs.3,401 crores (US$ 731 million) and PAT (after minority interest and share of profit of associates) of Rs.473 crores (US$ 102 million) for the quarter ended December 31, 2009. The above performance was primarily due to the turnaround in Tata Steel Europe, which reported a positive EBITDA of Rs.660 crores (US$ 142 million) compared to the EBITDA loss of Rs.1,802 crores (US$ 387 million) in Q2 FY'10 on account of lower costs, higher prices and benefits from the ongoing restructuring initiatives.
- **Steel Deliveries:** Group deliveries during Q3 FY'10 at 6.212 million tonnes were almost unchanged from Q2 FY'10 (6.222 million tonnes).
- **Turnover (Net sales plus other operating income):** Consolidated turnover for the Group at Rs.26,202 crores (US$ 5,632 million) during Q3 FY'10 was 3% higher than in Q2 FY'10 (Rs.25,395crores, US$ 5,459 million).
- **EBITDA:** EBITDA for the Group increased by Rs.3,001 crores (US$ 645 million) from Rs.402 crores (US$ 86 million) during Q2 FY'10, an increase of around 750%.
- **Net Finance Charges:** Net Finance Charges for the Group at Rs.763 crores (US$ 164 million) in Q3 FY'10 were 6% higher than in Q2 FY'10 (Rs.717 crores, US$ 154 million).
- **PBT:** Consolidated Profit Before Tax in Q3 FY'10 at Rs.1,247 crores (US$ 268 million) increased by 152% over Q2 FY'10 (loss of Rs.2,392 crores, US$ 514 million)
- **PAT**: Profit After Tax (after minority interest and share of profit of associates) during Q3 FY'10 at Rs.473 crores (US$ 102 million) increased by Rs.3,180 crores (US$ 684 million) over Q2 FY'10 (loss of Rs.2,707 crores, US$ 582 million).
- **Liquidity and Net Debt:** The Group continues to enjoy a strong liquidity position (including undrawn credit lines) of Rs.13,063 crores (US$ 2,808 million) as on date, and tight working capital management across all geographies. The Group's net debt at the end of December 2009 stood at Rs.50,921 crores (US$ 10,946 million).

Executive Comments

Tata Steel Europe MD & CEO Mr. Kirby Adams said: "Several achievements were particularly pleasing about Tata Steel Europe's performance in Q3. Most importantly, our solid safety performance continued and the last six months of 2009 was the safest ever. As predicted in November, we sharply reversed the trend of previous quarters by returning to positive EBITDA through improved margins and lower costs. However, trading conditions in Europe remain tough and margin improvement programmes continue. The weakness in the construction sector is a challenge for all long products producers, while the recovery in strip product demand remains moderate and heavily influenced by European GDP growth, government stimulus programmes and automobile production."

Tata Steel MD Mr. Hemant Nerurkar said: “This was the first reporting period in which our production and sales performance fully reflected our expanded capacity at Jamshedpur. We have recently been producing at beyond our new capacity level and are well placed to take advantage of the growth in Indian steel demand, which this year is predicted to be very robust at 8%. Our operations in South East Asia are also in a good position to benefit from the accelerating recovery in the rest of Asia.”

Financial Performance Analysis:

Consolidated financial results summary for the nine months ended December 2009

US$Mn

Q3 FY'09	Q2 FY'10	Q3 FY'10	HIGHLIGHTS	9M FY'09	9M FY'10
6.02	**6.22**	**6.21**	**Steel Deliveries (Mn tons)**	**22.53**	**17.77**
7,137	5,459	5,632	Turnover	25,984	16,098
644	86	731	EBITDA	4,036	861
9.0%	1.6%	13.0%	EBITDA Margin	15.5%	5.4%
(233)	(248)	(248)	Depreciation	(717)	(730)
(196)	(154)	(164)	Net Finance Charges	(550)	(508)
197	(318)	310	PBT before Exceptional Items	2,740	(394)
(48)	(196)	(42)	Exceptional Items	(274)	(285)
149	(514)	268	PBT after Exceptional Items	2,465	(679)
2.1%	-9.4%	4.8%	PBT Margin	9.5%	-4.2%
175	(582)	102	Profit after Taxes, Minority Interest and Share of Associates	2,039	(955)
2.5%	-10.7%	1.8%	PAT Margin	7.8%	-5.9%
0.21	(0.73)	0.11	Diluted EPS (US$)	2.48	(1.20)

Notes:

1. The Company issued Convertible Alternate Reference Securities (CARS) for an aggregate principal amount of US$ 875 million in September 2007. The Company invited holders of the CARS to offer to exchange their holdings for 4.5% Convertible Bonds due in 2014. The offer closed on November 16, 2009 and Convertible Bonds worth US$ 546.94 million were issued in exchange of CARS with a face value of US$ 493 million. The 4.5% Convertible Bonds are convertible at Rs.605.5325 at a US$/INR rate of 46.36 at any time on or after December 31, 2009 and up to the close of business on November 11, 2014. The aggregate principal amount of CARS remaining outstanding after this exchange is US$ 382 million.

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 principles and as permitted by Accounting Standard 21. This treatment is consistent with the accounting principles followed by Tata Steel Europe and earlier by Corus Group plc under IFRS. Had the company recognised changes in actuarial valuations of pension plans of Tata Steel Europe in the profit and loss account, the

consolidated loss after taxes, minority interest and share of profit of associates for the nine months ended December 31, 2009 would have been Rs.2,464.35 crores (US$ 530 million) higher (profit for the quarter would have been Rs.181.81 crores, US$ 39 million, lower) and the consolidated profit after taxes, minority interest and share of profit of associates for the nine months ended December 31, 2008 would have been Rs.8,204.14 crores (US$ 1,764million) lower (Rs.3,851.79 crores, US$ 828 million, lower for the quarter ended December 31, 2008).

3. The Company and its Indian subsidiaries adopted the Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard AS11 during the last quarter of 2008-09. Accordingly, an exchange translation gain of Rs.36.46 crores (Rs.12.60 crores, US$ 3 million, for the quarter) has been adjusted to the carrying value of capital assets during the nine months ended December 31, 2009 and Rs.163.71 crores (US$ 35 million) (Rs.153.71 crores, US$ 33 million, for the quarter), being amortisation of cumulative net loss, has been charged to the profit & loss account. The amortisation includes a charge of Rs.185.01 crores (US$ 40 million) for debt instruments prematurely extinguished during the current quarter. Had the Company and its Indian subsidiaries followed the previous practice of recognising the translation gain / loss in the profit & loss account, the consolidated loss after taxes, minority interest and share of profit of associates for the nine months ended December 31, 2009 would have been Rs.506.32 crores (US$ 109 million) lower (profit for the quarter would have been Rs.219.23 crores, US$ 47 million higher).

4. The Company changed its accounting policy for the accounting of derivatives from April 1, 2009, in the consolidated accounts. In the absence of any operative Indian Accounting Standard on the subject, changes in the fair value of outstanding derivative instruments designated as cash flow hedges against firm commitments and highly probable forecast transactions which were hitherto accounted in the profit & loss account have now been accounted in “Reserves & Surplus” in accordance with IFRS principles and the proposed Accounting Standard AS30. Had the Company not changed the policy, the consolidated loss after taxes, minority interest and share of profit of associates for the nine months ended December 31, 2009 would have been Rs.79.68 crores (US$ 17million) higher (profit for the quarter would have been Rs.379.33 crores, US$ 82 million, higher).

5. Figures for the previous period have been regrouped and reclassified to conform to the classification of the current period, wherever necessary.

6. The above results have been reviewed by the Audit Committee and were approved by the Board of Directors in their meeting of February 16, 2010.

Tata Steel Group

Performance: Q3 FY’10 as compared to Q3 FY’09

Steel deliveries improved by 3% for the Group in Q3 FY’10 over Q3 FY’09, with an increase of 49% at Tata Steel India, a decline of 13% at Tata Steel Europe and increases of 73% in NatSteel and 16% in Tata Steel Thailand (TSTH) reflecting early signs of recovery in India and South East Asia. However, average selling prices were lower across the Group (other than at TSTH). Group EBITDA improved by 14% on account of higher volumes, cost reduction measures across the Group, profit on the sale of shares by Kalimati Investments (a wholly owned subsidiary) and better performances at both Tata Metaliks Ltd and TSTH, but was partly offset by lower EBITDA at Tata Steel Europe.

Performance: Q3 FY'10 as compared to Q2 FY'10

Steel deliveries for the Group during Q3 FY'10 were almost at the same level as in Q2 FY'10. The average selling prices during Q3 FY'10 in Tata Steel India and South East Asia remained almost at the same level as in Q2 FY'10, while there was an increase of 6% in Tata Steel Europe. Group EBITDA improved by Rs.3,000 crores (US$ 645 million) over Q2 FY'10, because of cost reduction measures at Tata Steel India and Tata Steel Europe, along with profit from the sale of shares by Kalimati Investments.

Tata Steel India

Turnover at Tata Steel India rose by 33% to Rs.6,375 crores (US$ 1,370 million) in Q3 FY'10 compared to Q3 FY'09 and by 12% compared to Q2 FY'10. EBITDA rose by 63% to Rs.2,420 crores (US$ 520 million) in Q3 FY'10 compared to Q3 FY'09 and by 21% compared to Q2 FY'10.

Finished steel production at Tata Steel India for Q3 FY'10 at 1.69 million tonnes rose by 37% compared to Q3 FY'09 and by 11% compared to Q2 FY'10. Sales volumes at 1.60 million tonnes for Q3 FY'10 were up by 49% compared to Q3 FY'09 and by 10% compared to Q2 FY'10.

The operational achievements during the third quarter of the current financial year were:

- Successful commissioning of the Top Gas Recovery Turbine at 'G' Blast furnace
- Hot metal production in December '09 was the highest ever at 0.651 million tonnes (equivalent to 7.81mtpa)
- Crude steel production in December '09 crossed the 0.600 million tonnes mark for the first time (which is equivalent to 7.2mtpa compared to the rated capacity of 6.8mtpa)
- Saleable steel production in December '09 was the highest ever at 0.592 million tonnes (equivalent to 7.1mtpa)
- December '09 production from LD converter No.1 was the highest ever at 0.272 million tonnes (equivalent to 3.26mtpa)
- October '09 production from LD converter No.2 and the Slab Caster was the highest ever at 0.336 million tonnes (equivalent to 4.03mtpa compared to the rated capacity of 3.5mtpa)
- December '09 production on the Hot Strip Mill was the highest ever at 0.339 million tonnes (equivalent to 4.068mtpa)
- October '09 production in New Bar Mill was the highest ever at 62,448 tonnes (equivalent to 0.74mtpa against the rated capacity of 0.6mtpa)
- Launch of new brand called "Tata Tiscon-Ready build" in the cut and bend segment of the rebar markets.

Tata Steel Europe

Turnover in Q3 FY'10 at Tata Steel Europe of Rs.16,755 crores (US$ 3,602 million) remained at much the same level as in Q2 FY'10, but dropped by 36% compared to Q3 FY'09. EBITDA of a positive Rs.660 crores (US$ 142 million) in Q3 FY'10 was a substantial turnaround from the EBITDA loss of Rs.1,802 crores (US$ 387 million) recorded in Q2 FY'10.

Liquid steel production at Tata Steel Europe for Q3 FY'10 rose by 1% to 4.209 million tonnes compared to Q3 FY'09 (4.149 million tonnes) and by 6% compared to Q2 FY'10 (3.962 million tonnes). Steel deliveries for Q3 FY'10 were 13% lower at 3.759 million tonnes compared to Q3 FY'09 (4.338 million tonnes) and 4% lower compared to Q2 FY'10 (3.917 million tonnes).

During the quarter the company achieved the financial turnaround that had been predicted at the time of announcement of the half-yearly results. In addition to lower annual benchmark costs for certain raw materials, Tata Steel Europe benefited from bringing the No 4 Blast Furnace at Port Talbot back on stream, from de-mothballing the Llanwern Hot Strip Mill and from reduced losses at TCP. The company was thus able to raise its capacity utilisation for the quarter to more than 80%.

The 'Weathering the Storm' and 'Fit for the Future' programmes also continued to deliver benefits. In the period April 2009 to December 2009, total savings amounted to more than £750 million, well on target to achieve the £1 billion target this fiscal year. These programmes were a key factor in the turnaround in financial performance during the quarter.

In December 2009 Tata Steel Europe announced a €35 million investment in its rail production facility at Hayange in France after winning a major six-year contract with SNCF. The investment will enable Hayange to produce rails up to 108 metres in length.

During the quarter, the decision was announced to partially mothball the Teesside Cast Products (TCP) facility as a direct result of the illegal withdrawal of business in April 2009 by a group of four companies representing almost 80% of the plant's sales. It has not been possible to secure sufficient short-term sales of slab so as to enable TCP to operate at other than a cash loss. The timing of the mothballing is dependent on the consumption of the remaining iron ore stockpiles and is expected to take place later this week.

The assets belonging to TCP that will remain in operation will make the Tata Steel Group self-sufficient in coke and will open up the potential for third-party sales. The viability of this coke-making operation is dependent on continuing attractive market conditions.

In January 2010 the company embarked on a US$ 114 million four-year programme of order fulfillment enhancements to realise world-class standards in the Tata Steel Europe supply chain. The programme is designed to improve customer service while at the same time reducing working capital requirements.

In late March 2010 the company will carry out a planned outage of its No 7 blast furnace at IJmuiden in the Netherlands in order to undertake a maintenance and repair programme. The outage is expected to be short-lived and the furnace to be back in operation within four weeks. Slab stocks are being built so that deliveries to our customers during this period will not be affected.

NatSteel

Turnover at NatSteel was 1% higher at Rs.1,632 crores (US$ 351 million) in Q3 FY'10 compared to Q3 FY'09 (Rs.1,619 crores, US$ 348 million) and 7% lower than in Q2 FY'10 (Rs.1,761 crores, US$ 378 million). EBITDA was Rs.69 crores (US$ 15 million) in Q3 FY'10, compared to a loss of Rs.97 crores (US$ 21 million) in Q3 FY'09 and a positive Rs.88 crores (US$ 19 million) in Q2 FY'10.

Finished steel production at NatSteel for Q3 FY'10 was 32% higher at 0.456 million tonnes compared to 0.346 million in Q3 FY'09 and was at the same level as in Q2 FY'10. Steel deliveries for Q3 FY'10 were up 73% to 0.643 million tonnes compared to Q3 FY'09 (0.373 million tonnes) but lower by 5% compared to Q2 FY'10 (0.680 million tonnes).

Tata Steel Thailand

Turnover at Tata Steel Thailand was 29% higher at Rs.796 crores (US$ 171 million) in Q3 FY’10 compared to Q3 FY’09 (Rs.619 crores, US$ 133 million) and was 3% lower compared to Q2 FY’10 (Rs.817 crores, US$ 176 million). EBITDA was up by 110% to Rs.35 crores (US$ 8 million) in Q3 FY’10 compared to Q3 FY’09 (loss of Rs.367 crores, US$ 79 million), but 57% lower compared to Q2 FY’10 (Rs.82 crores, US$ 18 million).

Finished steel production at Tata Steel Thailand for Q3 FY’10 was 43% higher at 0.275 million tonnes compared to Q3 FY’09 (0.192 million tonnes), but 10% lower compared to Q2 FY’10 (0.306 million tonnes). Steel deliveries for Q3 FY’10 rose 16% to 0.294 million tonnes compared to Q3 FY’09 (0.253 million tonnes), but fell by 1% compared to Q2 FY’10 (0.298 million tonnes).

The company’s Mini Blast Furnace started up on October 17, 2009.

M&A Activity / Raw Materials Strategy

The Company continued to implement its long-term strategy to secure ownership of assets that will increase its raw materials security and share of value-added products.

- In January 2010 Tata Steel crossed an important milestone in the development of its Mozambique Coal Project when the Government of Mozambique approved the Environment Impact Study (EIS) for the Benga Coal Project and Power Plant.
- On January 22, 2010 Tata Steel entered into an MOU with National Mineral Development Corporation (NMDC) to explore the possibility of a strategic alliance for the exploration and development of mines, the extraction and processing of minerals, the setting up of integrated steel plants, and any other business of mutual interest.
- On January 28, 2010 the Tata Steel Board approved the formation of a joint venture with Nippon Steel Corporation for the production of cold rolled flat products in India through the setting up of a Continuous Annealing and Processing Line (CAPL) with a capacity of 600,000 tonnes. Tata Steel will hold a 51% stake in the JV Company and Nippon Steel the rest.

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 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.

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