

Directors' Report
Fiscal Year 2015
(Ended March 31, 2015)
July 31, 2015

- **Economic & Market Situation**

- **TSTH performance in FY'15**
- **Focus Areas for FY'16**

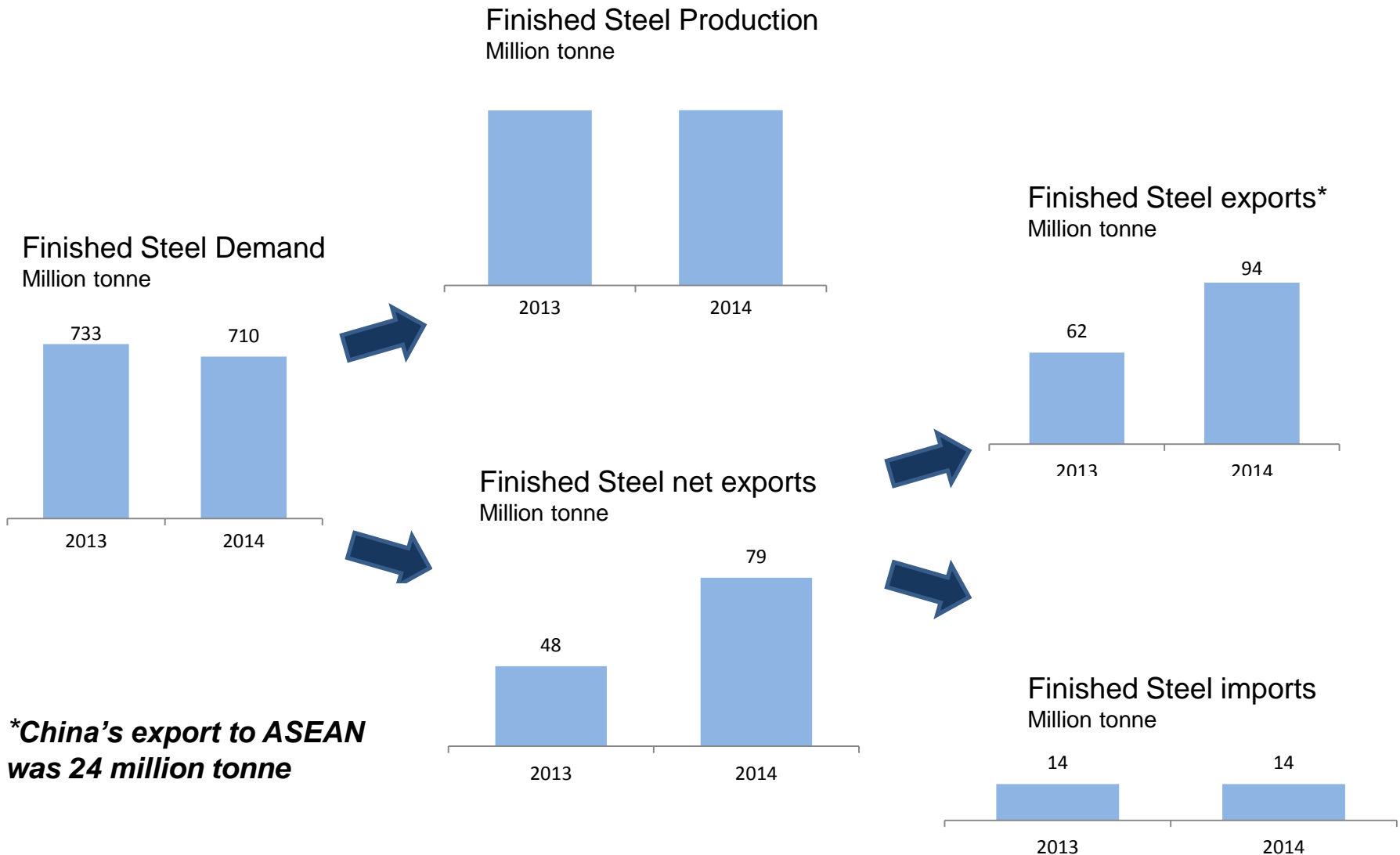
Global steel consumption slowed down in 2014



Area	Consumption (million tonne)	Growth over 2013
World Steel	1537	0.6%
Developed World	412	6.2%
Developing economies	1125	-1.3%
ASEAN (Top 5)	61	4.2%
China	710	-3.3%
Developing (without China)	415	2.3%

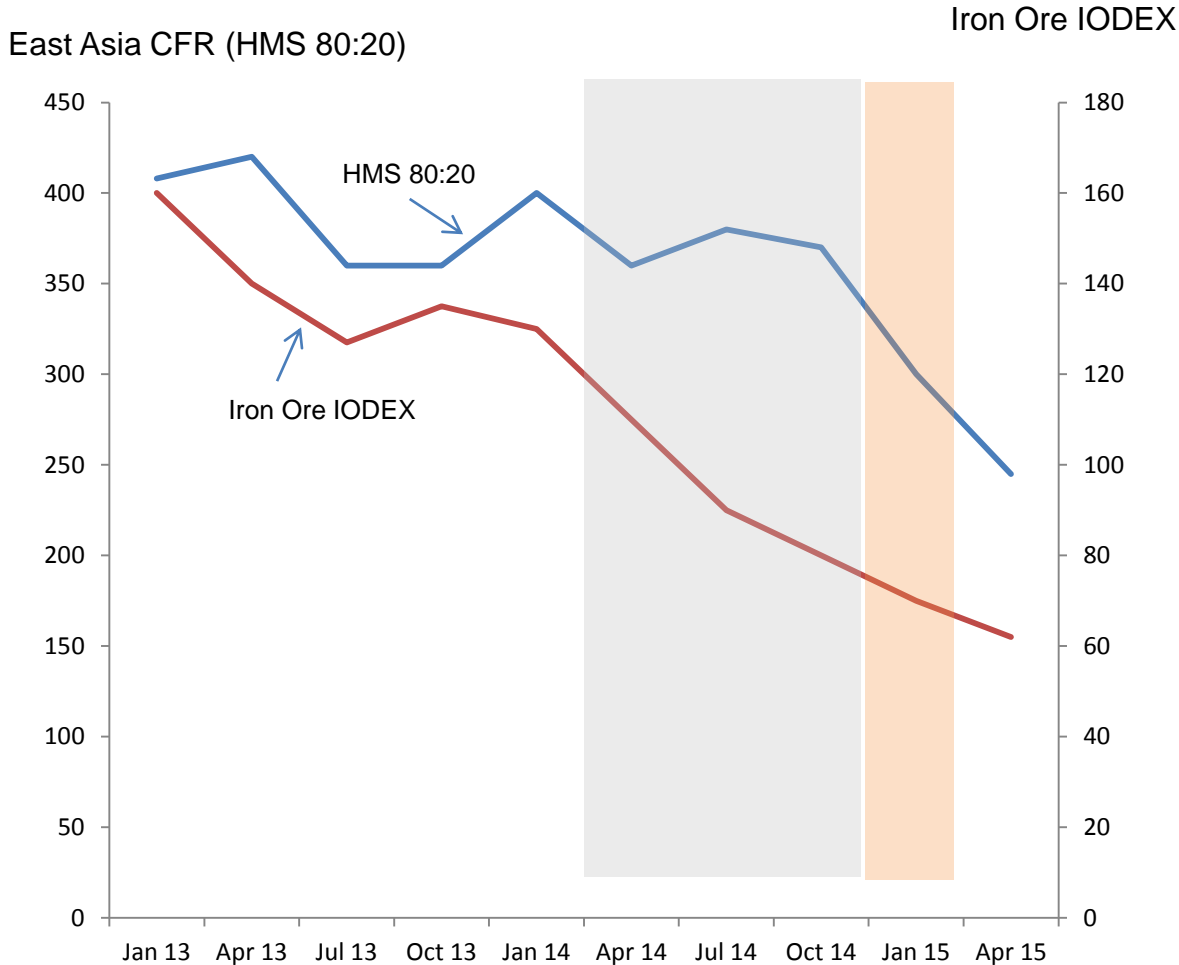
- China's industrialization and urbanization has been key steel demand growth driver. Last year China demand saw first decline in two decades
- Going ahead, Developing nations will continue to drive steel demand growth due to increase in per capita consumption, whilst China is expected to peak
- For next two years, Global steel consumption expected to grow in the range of 0.6-1.4%

Chinese Steel demand decreased by 3.3% in 2014 resulting in 50% increase in exports



***China's export to ASEAN was 24 million tonne**

2014 saw anomaly in scrap and iron ore price gap

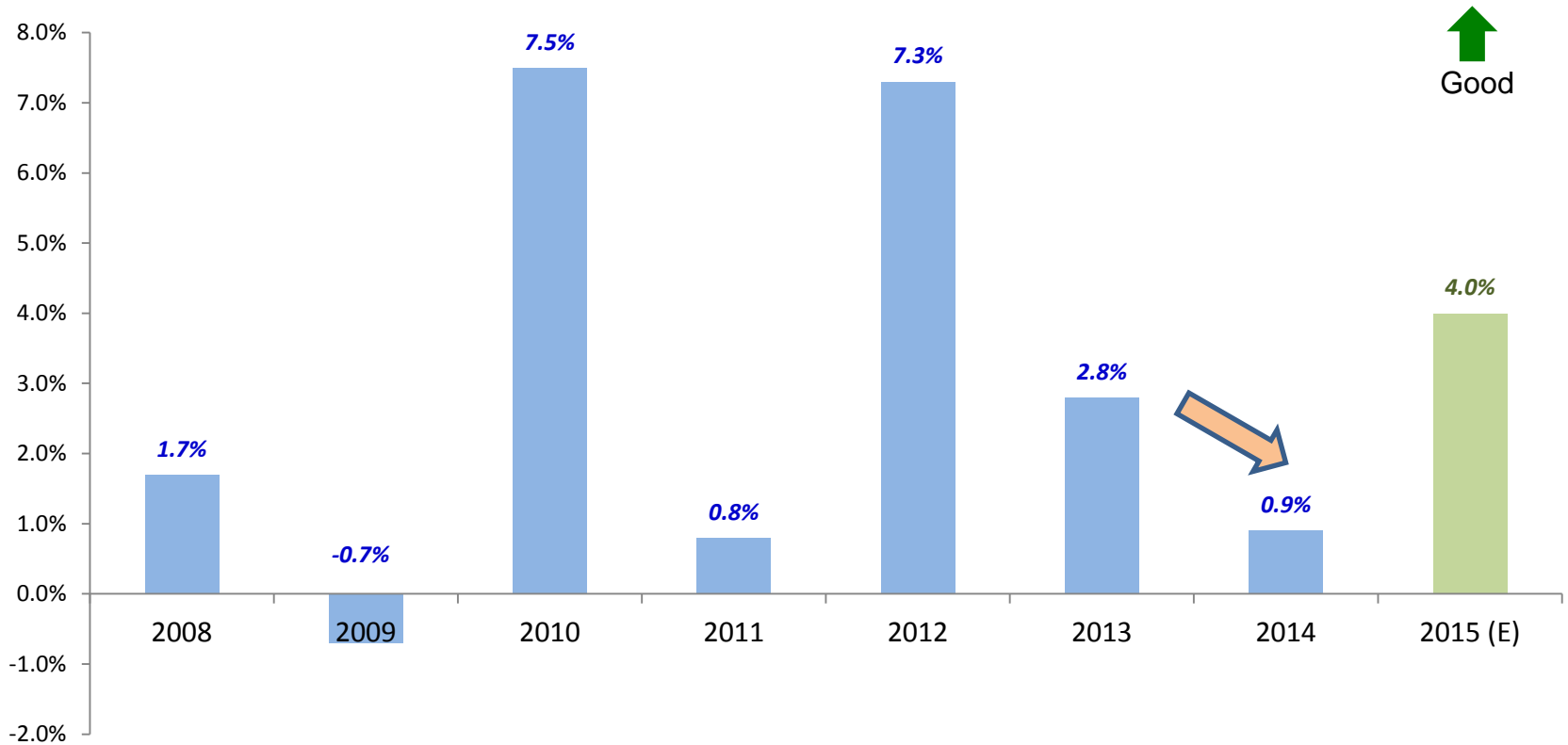


- Till March 14, scrap and iron ore prices were well correlated globally
- Mar-Sep'14: scrap prices remained strong while Iron ore price declined
- Oct-Nov'14: First partial correction of scrap price
- Jan'15: Second downward correction of scrap prices coming back to typical correlation with iron ore prices



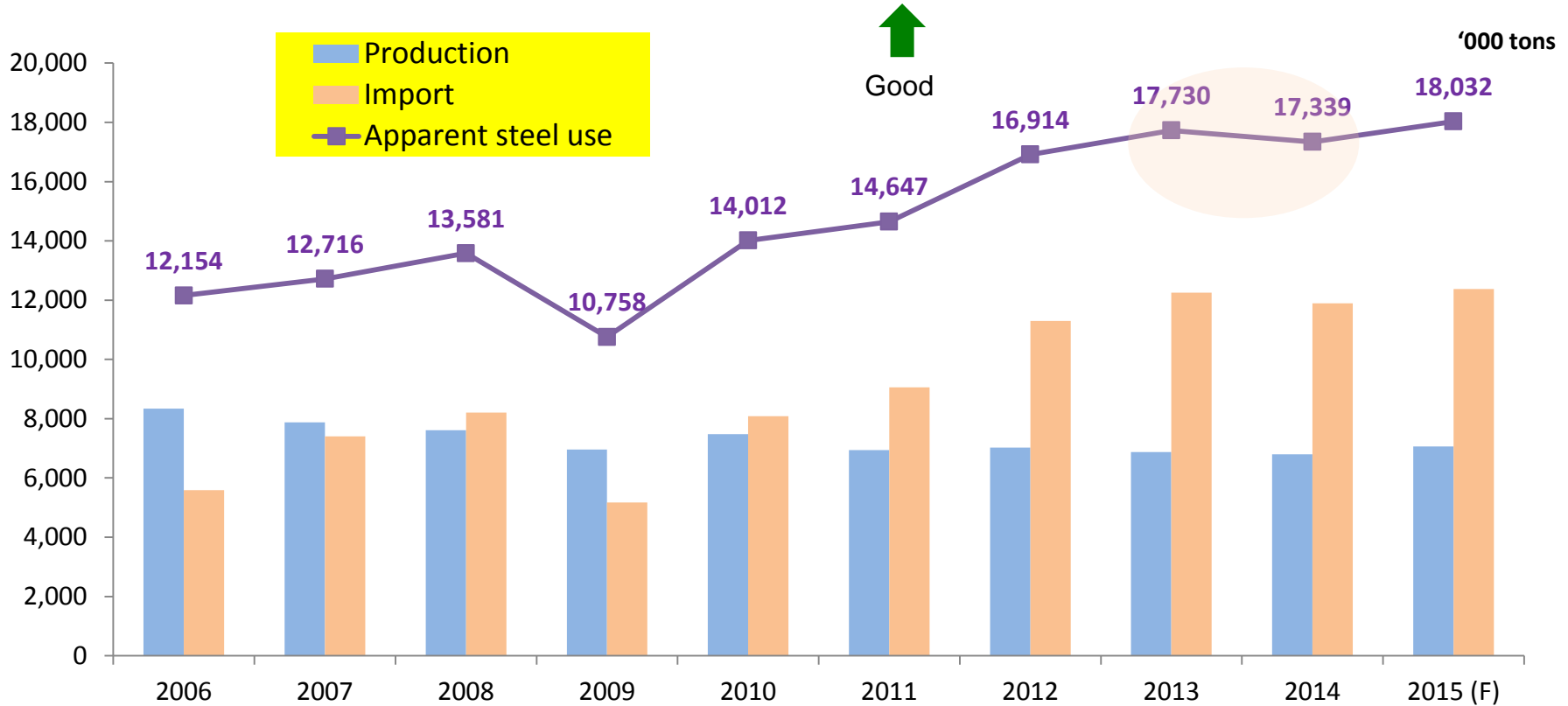
Scrap based steel plant's profitability got severely impacted

Political uncertainty in H1 impacted GDP growth in Thailand



- Latest forecast for GDP growth in 2015 : 3-3.2%
- Thai Industrial Sentiment Index consistently below 100

Apparent Steel consumption in Thailand



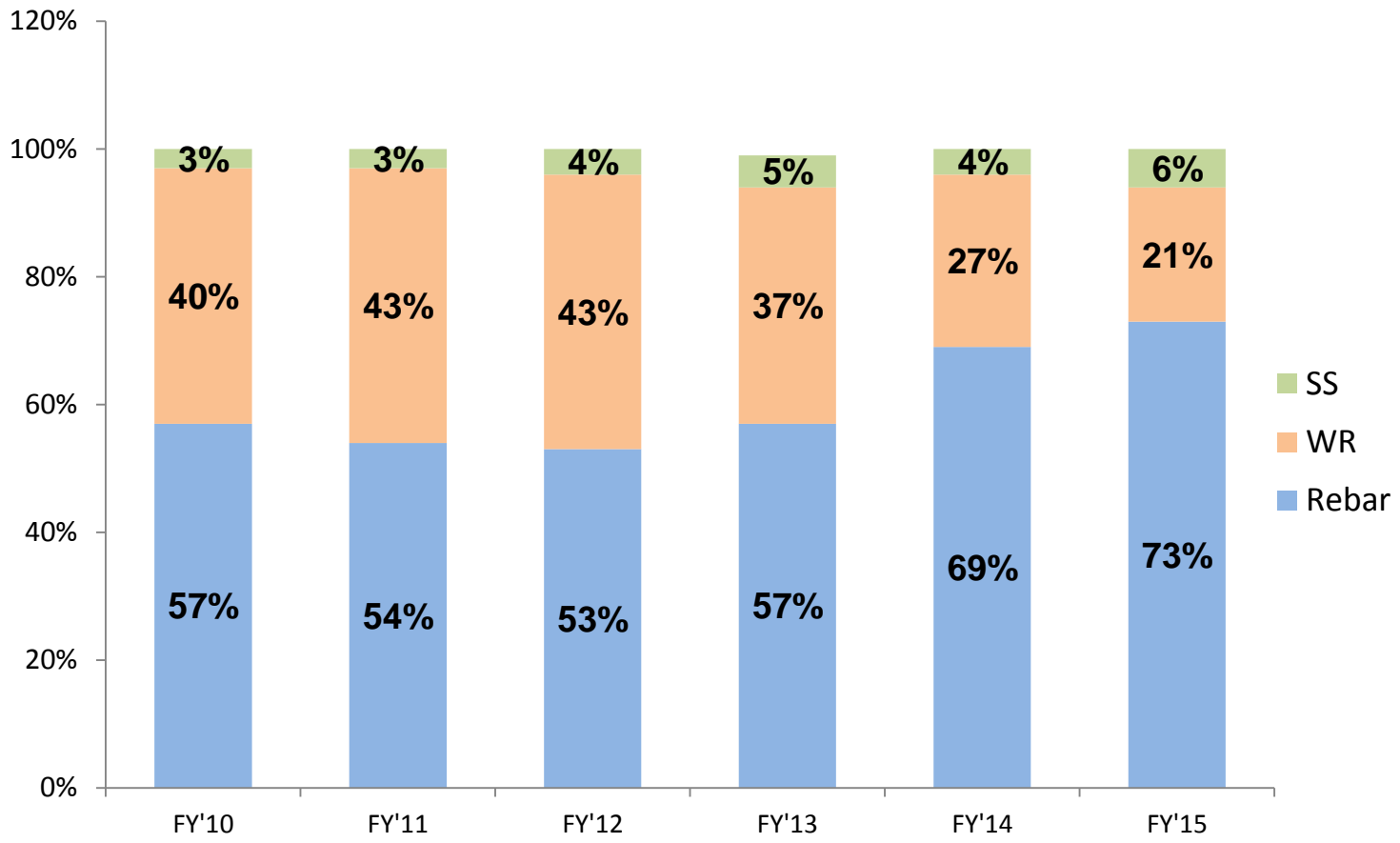
- **Steel consumption declined in 2014**
- **Imports continue unabated (Alloy wire rods increased by 20% y-o-y to 1.2 million tonne)**

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Product mix revised to negate rising imports impact

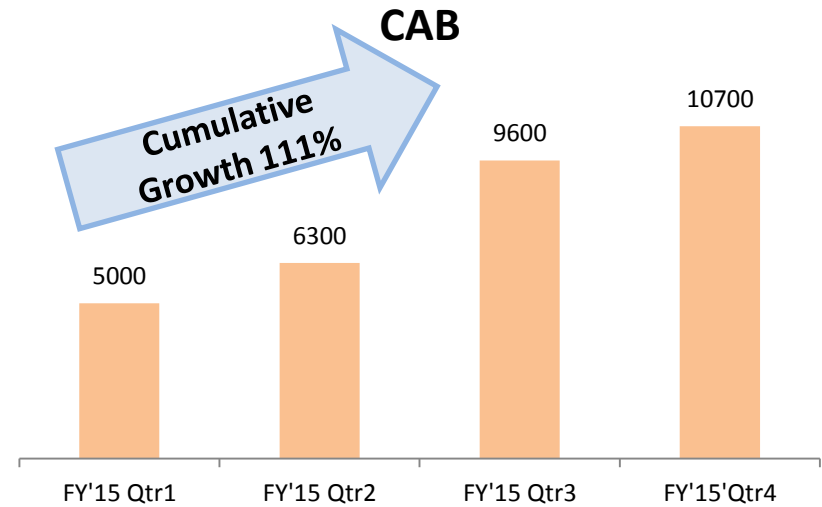
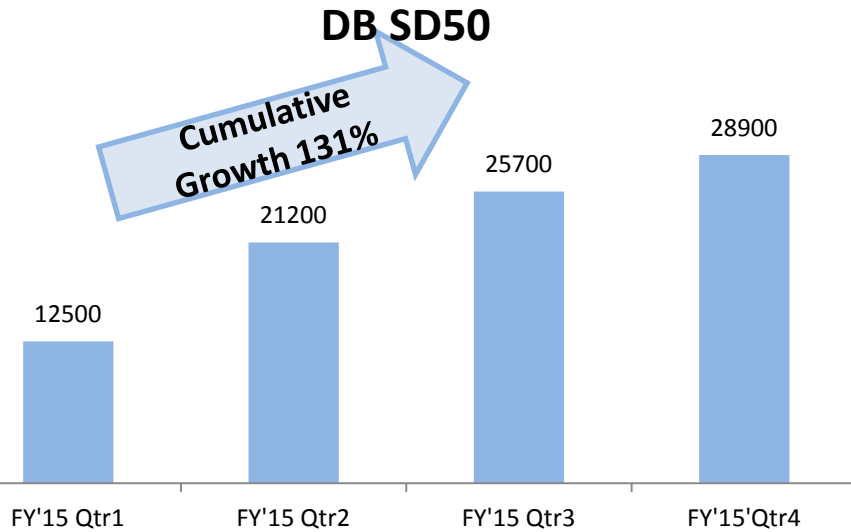


- Greater focus on Rebar and Small Sections
- Proportion of Wire Rods reduced

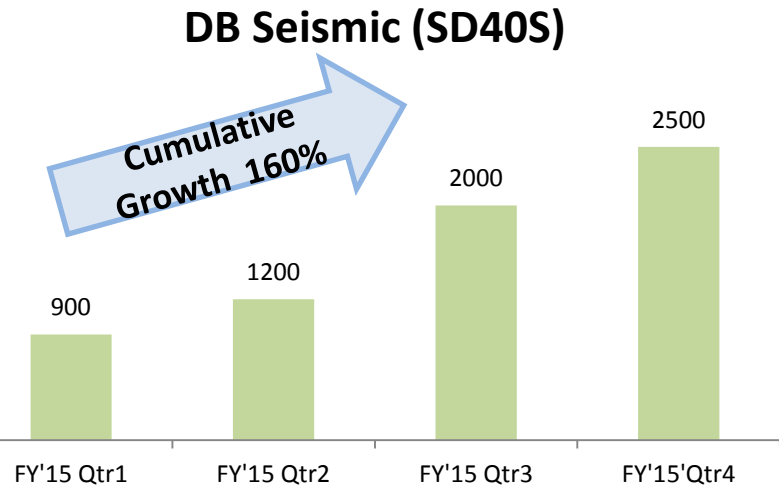
Steady increase in value added Rebar sales



Unit : Tonne



Penetration of high strength and ready to use steel in Construction segment within Thailand is below 10% : good opportunity for Tata Steel Thailand



Key Achievements during FY15



- Launched ready to use stirrups for retail Customers.
- Small sections sales increased by 28% over last year.
- Inventory reduced by over 1000 million Baht.
- Under Project 'SAVE', Specific Energy Consumption came down by 4% in spite of lower production.
- Achieved lowest steel plant conversion costs in last four years.
- Under Procurement Excellence Program launched during second half of the year, EBITDA improvement ideas worth 150 million baht have been identified.



Awards & Accolades during FY15



**NTS : Prime Minister Awards 2014
Quality Management**



**TSTH : SET Awards 2014
Outstanding CSR Awards**



TSTH : CSR Recognition Award



**SCSC : EIA Monitoring Awards 2014
Excellent Environment Management**



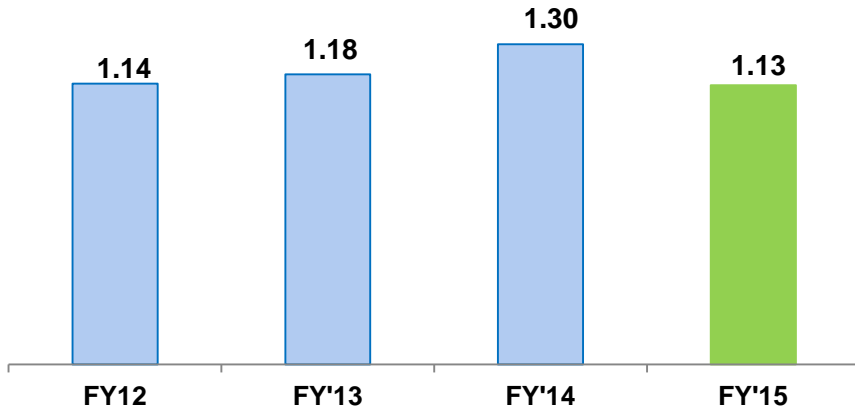
**SISC : EIA Monitoring Awards 2014
Consolation prize for Environment Management**

Key Performance Indicators



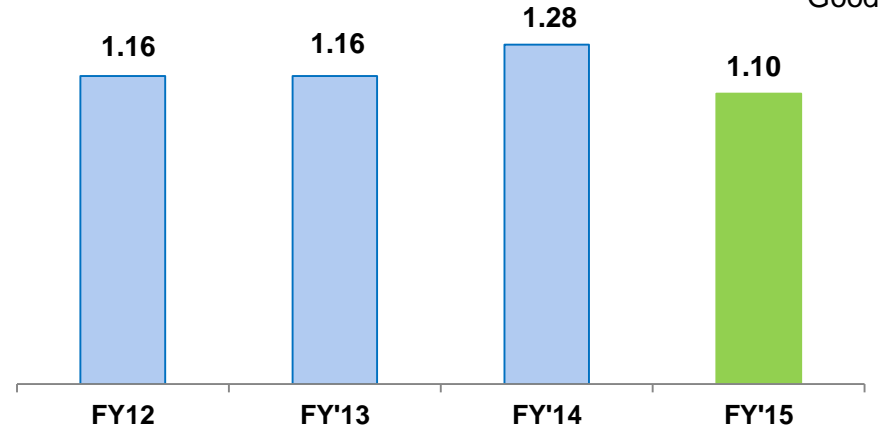
Sales vol.(Million Tons)

↑
Good



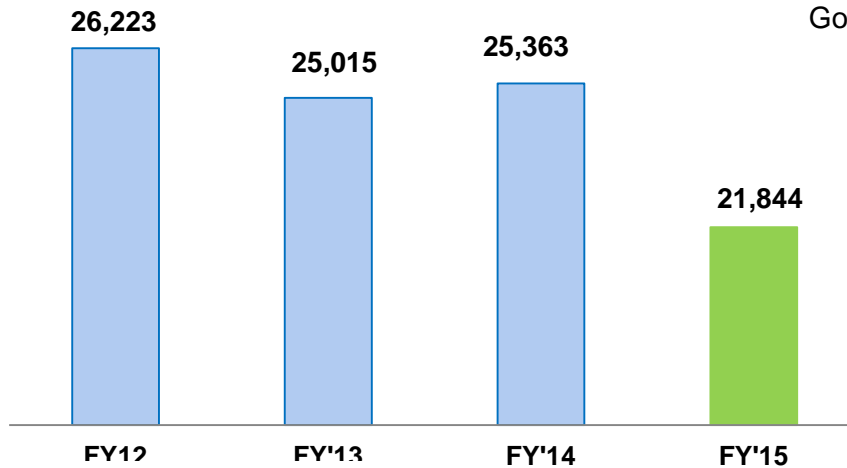
Production(Million Tons)

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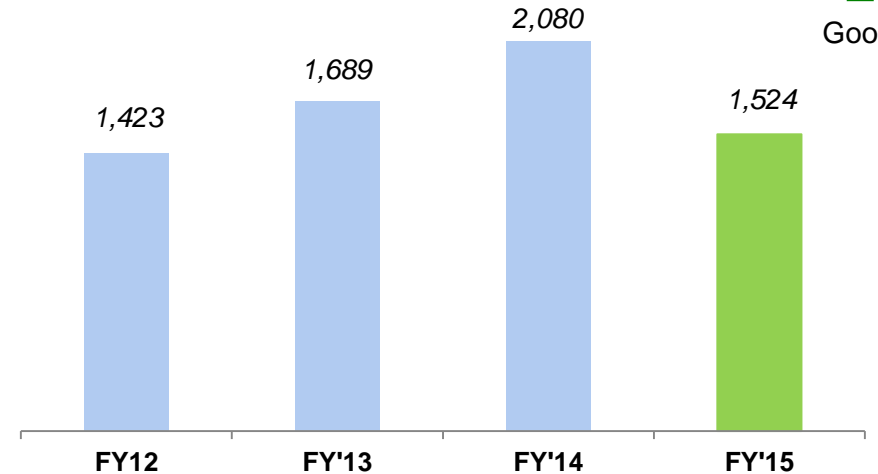
Revenue(Million Baht)

↑
Good



Contribution (Million Baht)

↑
Good



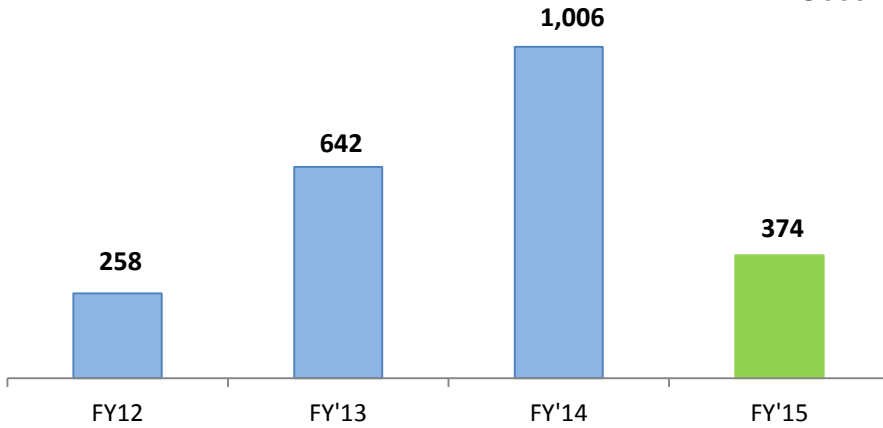
Key Performance Indicators (continued)



EBITDA (MB)



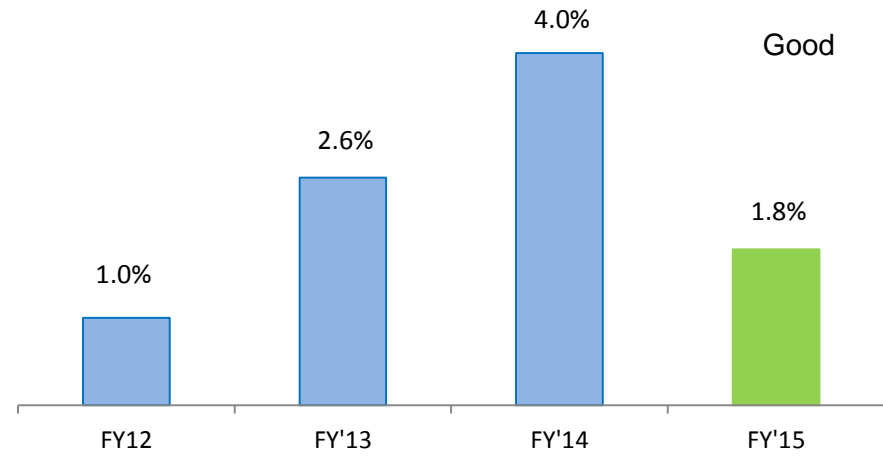
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EBITDA (%)



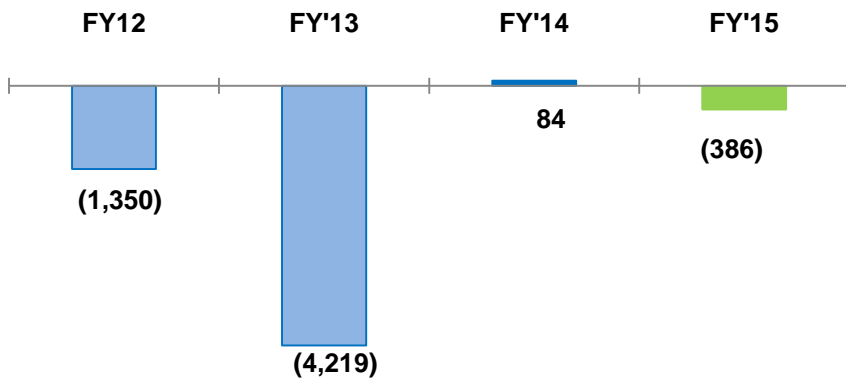
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PBT (MB)



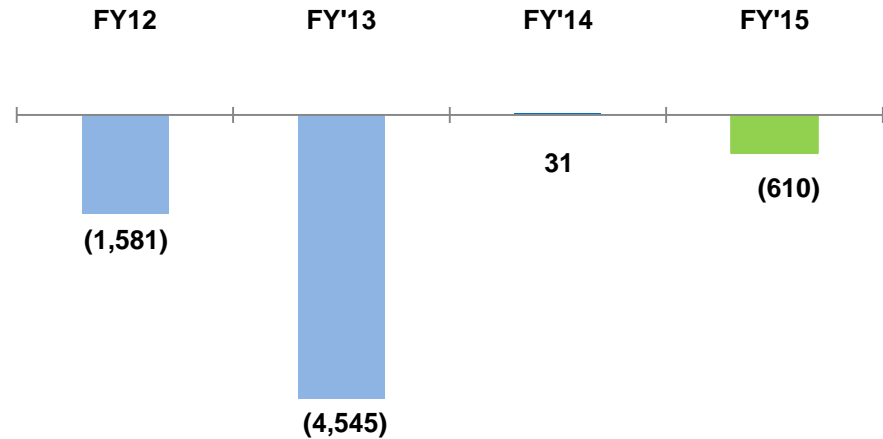
Good



PAT (MB)



Good



Note : FY'13 figures include one time impact
 FY'13 & FY'15 include DTA write-off 286 MB. and 200 MB.

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- **Focus Areas for FY'16**

- Increase sales in upcountry Thailand and neighboring Countries
- Increase capacity and sales of downstream business
- Continue ruthless implementation of operational excellence
- Enhance metallic sourcing capability
- Institutionalize “FAH@8” initiative to consolidate all the improvement initiatives and increase the speed of improvement.

Thank You for the attention