

February 08, 2023



Current Price: ₹ 111.45

STOCK DATA

| | |
|------------|-----------|
| BSE Code | 500470 |
| NSE Symbol | TATASTEEL |
| Reuters | TISC.BO |
| Bloomberg | TATA IN |

VALUE PARAMETERS

| | |
|--------------------------------------|--------------|
| 52 W H/L(Rs) | 138.63/82.71 |
| Mkt. Cap.(Rs Cr) | 136114.52 |
| Latest Equity(Subscribed) | 1221.31 |
| Latest Reserve (cons.) | 105380.67 |
| Latest EPS (cons.) -Unit Curr. | 14.78 |
| Latest P/E Ratio -cons | 7.54 |
| Latest Bookvalue (cons.) -Unit Curr. | 87.29 |
| Latest P/BV - cons | 1.28 |
| Dividend Yield -% | 4.58 |
| Face Value | 1.00 |

SHARE HOLDING PATTERN (%)

| Description as on | % of Holding 31/12/2022 |
|--------------------------|----------------------------|
| Foreign | 22.58 |
| Institutions | 20.5 |
| Govt Holding | 0.01 |
| Non Promoter Corp. Hold. | 1.12 |
| Promoters | 33.90 |
| Public & Others | 21.90 |

Consolidated Financial Results

| Particulars | Qtr Ending | Qtr Ending | In Cr. |
|--|------------|------------|----------|
| | Dec. 22 | Dec. 21 | Var. (%) |
| Net Sales | 57,083.56 | 60,783.11 | -6 |
| OPM (%) | 7.10 | 26.20 | |
| OP | 4,047.84 | 15,893.67 | -75 |
| Other Inc. | 270.60 | 59.61 | 354 |
| PBIDT | 4,318.44 | 15,953.28 | -73 |
| Interest | 1,767.92 | 1,532.49 | 15 |
| PBDT | 2,550.52 | 14,420.79 | -82 |
| Depreciation | 2,368.38 | 2,244.09 | 6 |
| PBT | 182.14 | 12,176.70 | -99 |
| Share of Profit/(Loss) from Associates | 60.49 | 182.28 | -67 |
| PBT before EO | 242.63 | 12,358.98 | -98 |
| EO Income | 160.34 | -193.40 | LP |
| PBT after EO | 402.97 | 12,165.58 | -97 |
| Taxation | 2,904.92 | 2,567.42 | 13 |
| PAT | -2,501.95 | 9,598.16 | PL |
| Minority Interest (MI) | -278.11 | 25.49 | LP |
| Net profit | -2,223.84 | 9,572.67 | PL |
| EPS (Rs) | -ve | 7.96 | |

Tata Steel Q3 FY23 Results: Report loss of Rs 2223.84 crore - Below Estimates

Tata Steel consolidated net sales declined 6.09% to Rs 57083.56 crore in Q3FY2023 compared to Q3FY2022. Sales of Tata Steel India segment has gone down 4.69% to Rs 30,465.29 crore (accounting for 40.13% of total sales). Sales of Tata Steel Long Products segment has gone up 25.95% to Rs 2,112.54 crore (accounting for 2.78% of total sales). Sales of Other Indian Operations segment has gone down 2.78% to Rs 5,635.63 crore (accounting for 7.42% of total sales). Sales of Tata Steel Europe segment has gone down 8.89% to Rs 20,744.61 crore (accounting for 27.32% of total sales). Sales of Other Trade Related Operations segment has gone down 12.22% to Rs 14,788.82 crore (accounting for 19.48% of total sales). Sales of segment has gone up 113.11% to Rs 231.61 crore (accounting for 0.31% of total sales). Sales of segment has gone down 11.59% to Rs 1,945.63 crore (accounting for 2.56% of total sales). Inter-segment sales came down from Rs 20,581.01 crore to Rs 18,840.57 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 73.44% to Rs 4,166.99 crore. PBIT of Tata Steel India segment fell 56.16% to Rs 5,334.35 crore (accounting for 128.01% of total PBIT). PBIT of Tata Steel Long Products reported loss of Rs 351.85 crore compared to profit of Rs 254.99 crore. PBIT of Other Indian Operations segment fell 72.90% to Rs 116.37 crore (accounting for 2.79% of total PBIT). PBIT of Tata Steel Europe reported loss of Rs 1,550.98 crore compared to profit of Rs 2,942.30 crore. PBIT of Other Trade Related Operations reported profit of Rs 876.94 crore compared to loss of Rs 9.81 crore. PBIT of Rest of the world segment rose 21.08% to Rs -256.15 crore (accounting for -6.15% of total PBIT).

Tata Steel : Consolidated Segment Results

In Cr.

| | Qtr Ending Dec.22 | Qtr Ending Dec.21 | Var.(%) | % of (Total) |
|--------------------------------|-------------------|-------------------|------------|--------------|
| Sales | | | | |
| Tata Steel India | 30,465.29 | 31,964.25 | -5 | 40 |
| Tata Steel Long Products | 2,112.54 | 1,677.22 | 26 | 3 |
| Other Indian Operations | 5,635.63 | 5,796.93 | -3 | 7 |
| Tata Steel Europe | 20,744.61 | 22,768.76 | -9 | 27 |
| Other Trade Related Operations | 14,788.82 | 16,847.63 | -12 | 19 |
| Rest of the world | 231.61 | 108.68 | 113 | 0 |
| South East Asian Operations | 1,945.63 | 2,200.65 | -12 | 3 |
| Total Reported Sales | 75,924.13 | 81,364.12 | -7 | 100 |
| Less: Inter segment revenues | 18,840.57 | 20,581.01 | -8 | |
| Net Sales | 57,083.56 | 60,783.11 | -6 | |
| PBIT | | | | |
| Tata Steel India | 5,334.35 | 12,167.10 | -56 | 128 |
| Tata Steel Long Products | -351.85 | 254.99 | PL | -8 |
| Other Indian Operations | 116.37 | 429.48 | -73 | 3 |
| Tata Steel Europe | -1,550.98 | 2,942.30 | PL | -37 |
| Other Trade Related Operations | 876.94 | -9.81 | LP | 21 |
| Rest of the world | -256.15 | -324.57 | 21 | -6 |
| South East Asian Operations | -1.69 | 230.42 | PL | 0 |
| Total PBIT | 4,166.99 | 15,689.91 | -73 | 100 |
| Less : Interest | 1,767.92 | 1,532.49 | 15 | |
| Add: Other un-allcoable | -1,996.10 | -1,991.84 | 0 | |
| PBT | 402.97 | 12,165.58 | -97 | |

PBIT of south east operations reported loss of Rs 1.69 crore compared to profit of Rs 230.42 crore.

PBIT margin of Tata Steel India segment fell from 38.06% to 17.51%. PBIT margin of Tata Steel Long Products segment fell from 15.20% to 16.66%. PBIT margin of Other Indian Operations segment fell from 7.41% to 2.06%. PBIT margin of Tata Steel Europe segment fell from 12.92% to 7.48%. PBIT margin of Other Trade Related Operations segment rose from negative 0.06% to 5.93%. PBIT margin of rest of the world segment rose from negative 298.65% to negative 110.60%. PBIT margin of south east operations segment fell from 10.47% to 0.09%. Overall PBIT margin fell from 19.28% to 5.49%.

Operating profit margin has declined from 26.15% to 7.09%, leading to 74.53% decline in operating profit to Rs 4,047.84 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 31.74% to 44.66%. Purchase of finished goods cost rose from 5.47% to 6.39%. Employee cost increased from 8.78% to 9.66%. Other expenses rose from 29.47% to 31.96%.

Other income rose 353.95% to Rs 270.6 crore. PBIDT fell 72.93% to Rs 4318.44 crore. Provision for interest rose 15.36% to Rs 1767.92 crore. PBDT fell 82.31% to Rs 2550.52 crore. Provision for depreciation rose 5.54% to Rs 2368.38 crore. Profit before tax down 98.50% to Rs 182.14 crore. Share of profit/loss was 66.81% lower at Rs 60.49 crore. PBT before EO was

down 98% to Rs 242.63 crore. The company reported EO income of Rs 160.34 crore compared to EO expense of Rs 193.4 crore. PBT after EO was down 97% to Rs 402.97 crore. Provision for tax was expense of Rs 2904.92 crore, compared to Rs 2567.42 crore. Effective tax rate was 720.88% compared to 21.10%. The company reported loss of Rs 2223.84 crore compared to profit of Rs 9572.67 crore.

Management Comments:

Mr. T V Narendran, Chief Executive Officer & Managing Director: "Tata Steel has delivered steady growth in India volumes despite the volatile operating environment. Domestic deliveries stood at around 13.7 million tons in the first nine months of the financial year and were up 4% YoY. Broad based growth was witnessed across most segments. For the quarter, domestic deliveries were up 11% YoY and grew at a faster pace than India apparent steel consumption aiding in retaining market leadership position across chosen segments. Our crude steel production touched 5 million tons in 3QFY23 for the first time in India, with Neelachal Ispat Nigam limited commencing operations. We are presently expanding our capacities across multiple sites at Tata Steel Kalinganagar, Neelachal Ispat Nigam Limited and the Electric Arc Furnace at Ludhiana in Punjab and at our downstream plants across India. Moving to Europe, our deliveries were lower in 9MFY23 due to slowdown in demand. Recession concerns weighed on steel prices, which coupled with elevated energy costs affected our performance. Looking ahead, there is visible pick up in steel prices across key regions on improved China demand outlook and sustained spending on infrastructure in India. We continue to progress on our sustainability journey to achieve net zero by 2045 through multiple pathways. Finally, I am happy to share that World Economic Forum has recognised Tata Steel as Global Diversity Equity & Inclusion Lighthouse and we have also been awarded Great Place to Work certification for the sixth time in a row."

Mr. Koushik Chatterjee, Executive Director & Chief Financial Officer: "Global steel prices have witnessed steady moderation amidst inflationary pressures and concerns about economic slowdown in the first nine months of the financial year. Despite this, our consolidated revenues were up 3% YoY to Rs 1,80,391 crores and EBITDA stood at Rs 25,472 crores, which translates to an EBITDA margin of 14%. Standalone EBITDA margin was higher at 21%. During the quarter, Consolidated revenues stood at Rs 57,084 crores and EBITDA was Rs 4,154 crores. In India, steel prices were subdued even as raw material costs moved lower. While this increased margins at standalone operations from around 16% in 2Q to ~18% in 3Q, European operations witnessed margin compression due to lower realisations and elevated input costs. Free cash flow generated for the quarter stood at Rs 1,588 crores largely due to favourable movement in working capital. We continue to invest in capacity growth in India, taking our capital expenditure to Rs 3,632 crores for the quarter and Rs 9,746 crores for the year to date. Our net debt has remained broadly stable on QoQ basis at Rs 71,706 crores and our liquidity position remains strong. We made further progress on derisking the British Steel Pension Scheme (BSPS) by expanding our insurance coverage on liabilities from 30% to 60%. Depending on market conditions, the residual insurance of 40% of liabilities will be completed in the first half of the calendar year 2023 and there will be a commensurate non-cash deferred tax expense. We continue to remain focused on cost optimisation, operational improvements and working capital management to maximise cashflows and are making progress on proposed merger of seven listed and unlisted entities."

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