



Current Price: ₹ 367.40

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	646.70/360.75
Mkt. Cap.(Rs Cr)	41391.92
Latest Equity(Subscribed)	1126.62
Latest Reserve (cons.)	65505.14
Latest EPS (cons.) -Unit Curr.	69.60
Latest P/E Ratio -cons	5.28
Latest Bookvalue (cons.) -Unit Curr.	591.43
Latest P/BV - cons	0.62
Dividend Yield -%	3.6
Face Value	10

SHARE HOLDING PATTERN (%)

Description as on	% of Holding (AS ON 30 Jun 2019)
Foreign	15.47
Institutions	30.27
Govt Holding	0.11
Non Promoter Corp. Hold.	1.28
Promoters	33.12
Public & Others	19.75

Consolidated Financial Results

	Qtr Ending Jun.2019	Qtr Ending Jun. 2018	In Cr. Var. (%)
Net Sales	35947.11	35494.08	1
OPM (%)	15.00	17.90	
OP	5376.90	6352.74	-15
Other Income	251.10	352.84	-29
PBDIT	5628.00	6705.58	-16
Interest	1806.43	1657.81	9
PBDT	3821.57	5047.77	-24
Depreciation	2082.84	1747.55	19
PBT before EO	1738.73	3300.22	-47
EO	-16.00	328.64	LP
PBT after EO	1754.73	2971.58	-41
Tax	1123.82	1095.94	3
PAT	630.91	1875.64	-66
Minority Interest	-9.96	-17.93	
Share of profit / (loss) of associates	52.22	47.21	
PAT	693.09	1940.78	-64
EPS (Rs)	6.05	16.93	

Tata Steel missed Street estimates as its consolidated profit in the June quarter fell to 64 per cent to Rs 693.09 crore.

Tata steel consolidated net sales rose 1% to Rs 35947.11 crore in Q1FY20 compared to Q1FY19. Consolidated steel production and deliveries grew 11%YoY and 5%YoY to 7.15 million tonne (mt) and 6.34 mt respectively. The company operating margins fell 290 bps to 15%. As a result operating profits decreased 15% to Rs 5376.90 crore. Cost of material consumed as a percentage of net sales (net of stock adjustment) increased 420 bps to 37.8%. Purchase of stock in trade was up 40 bps to 4.3%, Employee benefit expense fell 10 bps to 12.8% and other expenses decreased 140 bps to 31.1%.

Other income decreased 29% to Rs 251.1 crore. Interest cost was up 9% to Rs 1806.43 crore. Depreciation rose 19% to Rs 2082.84 crore.

PBT before EO reported was 47% lower to Rs 1738.73 crore. The company had net EO income of Rs 16 crore during Q1FY'20 compared net EO expense of Rs 328.64 crore in Q1FY'19. PBT after EO was Rs 1754.73 crore compared to Rs 2971.58 crore, down by 41%.

Tax expenses was up 3% to Rs 1123.82 crore owing to which the company's net profit reported was Rs 630.91 compared to profit of Rs 1875.64 crore, down by 66%. Considering MI and share of profit and loss of Associate bottomline of the company reported profit of Rs 693.09 crore compared to profit of Rs 1940.78 crore, down by 64%.

Tata Steel India revenues from operations for the year increased by 13%YoY to Rs. 21129 crores driven by higher volumes. Domestic steel production and deliveries increased by 23%YoY and 18%YoY in Q1FY20 to 4.5 mt and 3.96 mt respectively. Adjusted EBITDA for the quarter was Rs. 5117 crore. Adjusted EBITDA margin stood at 24.2% and adjusted EBITDA per tonne was Rs.12908 per tonne.

Management Comments

Mr. T V Narendran, CEO & Managing Director: "The steel sector is facing significant headwinds which has affected spreads and overall profitability. However, our strong business model in India has helped us counter the overall market weakness, including the slowdown in the automotive sector, by growing volumes in multiple customer segments. Our focus on operational excellence has also helped in containing the impact on margins. Increased government spending and efforts to address the liquidity crunch should help revive demand and steel prices in India in the second half of the year. While TSE performance has been affected by market and operational issues, we are implementing a transformation plan which aims to reduce operating costs, rationalize capex and working capital and improve overall cash flows.

We are consolidating our presence in India through the proposed merger of Tata Steel BSL with Tata Steel and our ongoing 5 MTPA Kalinganagar Phase II expansion, which will improve our product mix and further rationalize costs. Tata Sponge is focused on the integration and ramp-up of the recently acquired 1 MTPA steel business."

Mr. Koushik Chatterjee, Executive Director and CFO: "Amidst very challenging global economic environment including in India, higher input costs and weak demand conditions, Tata Steel reported a consolidated EBIDTA margin of 15.4% on the back of a robust India performance of EBIDTA margin of 24.2%. The EBIDTA per ton in India business increased from Rs.12,061 to Rs.12,908 that reflected a 7%QoQ increase. The European performance was impacted shutdown and downtime in Netherlands. The UK operations had a stable performance post the major repairs of the Blast Furnace earlier in the year.

Our consolidated gross debt during the quarter increased primarily due to reclassification of lease obligations as per IndAS 116 and short-term acquisition financing of Usha Martins Steel business at Tata Sponge. The Tata Sponge rights issue closed successfully and Tata Steel's holding has increased to 75.9% post the issue. The integration of the acquisition has commenced and synergies are being explored. We are also working on capital release from special initiatives on working capital, portfolio consolidation and recalibration of capital expenditure for the year. Our liquidity is strong at over Rs.12,000 crores. Today the Board has approved the signing of a Memorandum of Understanding with Synergy Metals and Mining fund to divest 70% of our stake in Tata Steel Thailand in a 70:30 partnership for the Thailand business."

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