

January 30, 2024



Current Price: ₹ 164.20

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	178.00/105.65
Mkt. Cap.(Rs Cr)	204979.52
Latest Equity(Subscribed)	1248.35
Latest Reserve (cons.)	90074.75
Latest EPS (cons.) -Unit Curr.	0.00
Latest P/E Ratio -cons	0.00
Latest Bookvalue (cons.) -Unit Curr.	73.15
Latest P/BV - cons	2.24
Dividend Yield -%	2.19
Face Value	1.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2024
Foreign	20.33
Institutions	24.33
Govt Holding	0.01
Non Promoter Corp. Hold.	0.95
Promoters	33.19
Public & Others	21.19

Consolidated Financial Results

Particulars	Qtr Ending	Qtr Ending	In Cr.
	Mar. 24	Mar. 23	Var. (%)
Net Sales	58,687.31	62,961.54	-7
OPM (%)	11.25	11.47	-22bps
OP	6,600.63	7,219.20	-9
Other Inc.	175.91	169.54	4
PBIDT	6,776.54	7,388.74	-8
Interest	1,842.25	1,793.60	3
PBDT	4,934.29	5,595.14	-12
Depreciation	2567.95	2382.21	8
PBT	2,366.34	3,212.93	-26
Share of Profit/(Loss) from Associates	37	96.25	-62
PBT before EO	2403.34	3309.18	-27
EO Income	-594.47	11.59	PL
PBT after EO	1808.87	3320.77	-46
Taxation	1254.31	1754.53	-29
PAT	554.56	1566.24	-65
Minority Interest (MI)	-56.92	-138.62	59
Net profit	611.48	1704.86	-64
EPS	0.61	1.38	

Tata Steel Q3FY24, PAT down by 64% to Rs.611.48, in line with estimates

Consolidated net sales (including other operating income) of Tata Steel has declined 6.79% to Rs 58687.31 crore. Sales of Tata Steel India segment has gone down 4% to Rs 36,634.78 crore (accounting for 47.96% of total sales). Sales of Other Indian Operations segment has gone up 11% to Rs 3,199.11 crore (accounting for 4.19% of total sales). Sales of Tata Steel Europe segment has gone down 10.05% to Rs 19,820.50 crore (accounting for 25.95% of total sales). Sales of Other Trade Related Operations segment has gone down 20.65% to Rs 13,654.12 crore (accounting for 17.88% of total sales). Sales of Rest of the world has gone up 26.00% to Rs 33.73 crore (accounting for 0.04% of total sales). Sales of South East Asian operations has gone down 12.99% to Rs 1,912.96 crore (accounting for 2.50% of total sales). Inter-segment sales came down from Rs 20694.86 crore to Rs 17,694.30 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 3.25% to Rs 7,523.34 crore. PBIT of Tata Steel India segment fell 5% to Rs 8,190.23 crore (accounting for 108.86% of total PBIT). PBIT of Other Indian Operations segment rose 66% to Rs 264.49 crore (accounting for 3.52% of total PBIT). PBIT of Tata Steel Europe segment fell 59.83% to Rs -659.26 crore (accounting for -8.76% of total PBIT). PBIT of Other Trade Related Operations reported loss of Rs 193.48 crore compared to profit of Rs 355.47 crore. PBIT of Rest of the World fell 42.09% to Rs -184.70 crore (accounting for -2.46% of total PBIT). PBIT of South East Asian operations fell 44.41% to Rs 35.44 crore (accounting for 0.47% of total PBIT).

PBIT margin of Tata Steel India segment fell from 22.7% to 22.4%. PBIT margin of Other Indian Operations segment rose from 5.5% to 8.3%. PBIT margin of Tata Steel Europe segment rose

Tata Steel : Consolidated Segment Results

In Cr.

	Qtr Ending March' 24	Qtr Ending March' 23	Var.(%)	% of (Total)
Sales				
Tata Steel India	36,634.78	38,048.07	-4	48
Other Indian Operations	3,199.11	2,879.65	11	4
Tata Steel Europe	19,820.50	22,036.15	-10	26
Other Trade Related Operations	13,654.12	17,207.12	-21	18
Rest of the World	33.73	26.77	26	0
South East Asian operations	1,912.96	2,198.52	-13	3
Neelachal Ispat Nigam Limited	1,126.41	1259.14	-11	1
Total Reported Sales	76,381.61	83,655.42	-9	100
Less: Inter segment revenues	17,694.30	20,694.86	-14	
Net Sales	58,687.31	62,960.56	-7	
PBIT				
Tata Steel India	8,190.23	8,642.05	-5	109
Other Indian Operations	264.49	159.5	66	4
Tata Steel Europe	-659.26	-1,641.19	-60	-9
Other Trade Related Operations	-193.48	355.47	PL	-3
Rest of the World	-184.7	-129.99	42	-2
South East Asian operations	35.44	63.75	-44	0
Neelachal Ispat Nigam Limited	70.62	-158.63	LP	1
Total PBIT	7,523.34	7,290.96	3	100
Less : Interest	1,842.25	1,793.60	3	
Add: Other un-allcoable	-3,872.22	-2,176.59	78	
PBT	1,808.87	3,320.77	-46	

from negative 7.45% to negative 3.33%. PBIT margin of Other Trade Related Operations segment fell from 2.07% to negative 1.42%. PBIT margin of REst of the world fell from negative 485.58% to negative 547.58%. PBIT margin of South east ASia operations fell from 2.90% to 1.85%. Overall PBIT margin rose from 8.7% to 9.8%.

Operating profit margin has declined from 11.47% to 11.25%, leading to 8.57% decline in operating profit to Rs 6,600.63 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 37.61% to 36.36%. Purchase of finished goods cost rose from 5.49% to 6.32%. Employee cost increased from 9.61% to 10.80%. Other expenses fell from 35.31% to 34.91%.

Other income rose 3.76% to Rs 175.91 crore. PBIDT fell 8.29% to Rs 6776.54 crore. Provision for interest rose 2.71% to Rs 1842.25 crore. Loan funds rose to Rs 87,082.12 crore as of 31 March 2024 from Rs 84,893.05 crore as of 31 March 2023. Inventories declined from Rs 54,415.33 crore as of 31 March 2023 to Rs 49,157.51 crore as of 31 March 2024. Sundry debtors were lower at Rs 6,263.53 crore as of 31 March 2024 compared to Rs 8,257.24 crore as of 31 March 2023. Cash and bank balance declined from Rs 13,357.26 crore as of 31 March 2023 to Rs 8,677.72 crore as of 31 March 2024. Investments declined from Rs 8,410.31 crore as of 31 March 2023 to Rs 6,257.57 crore as of 31 March 2024.

PBDT fell 11.81% to Rs 4934.29 crore. Provision for depreciation rose 7.80% to Rs 2567.95 crore. Fixed assets declined from Rs 1,72,232.83 crore as of 31 March 2023 to Rs 1,64,494.22

crore as of 31 March 2024. Intangible assets increased from Rs 5,601.65 crore to Rs 18,675.69 crore.

Profit before tax down 26.35% to Rs 2,366.34 crore. Share of profit/loss was 61.56% lower at Rs 37 crore. Provision for tax was expense of Rs 1254.31 crore, compared to Rs 1754.53 crore. Effective tax rate was 69.34% compared to 52.84%.

Minority interest increased 58.94% to Rs -56.92 crore. Net profit attributable to owners of the company decreased 64.13% to Rs 611.48 crore.

Other Highlights

- The company has spent Rs 4,850 crores on capital expenditure during the quarter and Rs 18,207 crores for the full year. The phased commissioning of the 5 MTPA expansion at Kalinganagar is progressing.
- Net debt stands at Rs 77,550 crores. Our group liquidity remains strong at Rs 31,767 crores, which includes cash & cash equivalents of Rs 9,532 crores.
- India revenues were Rs 1,42,902 crores for the full year and were marginally higher on YoY basis

Achieved highest ever crude steel production of ~20.8 million tons as well as deliveries of ~19.9 mn tons. Domestic deliveries were up 9% YoY leveraging India steel demand growth and agile business model.

EBITDA was higher by 10% YoY to Rs. 31,057 crores, which translates into an EBITDA margin of 22%.

In 4QFY24, India deliveries were up 5% YoY to 5.42 million tons. Revenues were at Rs 36,864 crores and EBITDA was at Rs 8,261 crores with an EBITDA margin of around 22%.

UK annual revenues were £2,706 million and EBITDA loss stood at £364 million. Liquid steel production was 2.99 million tons while deliveries stood at 2.80 million tons. For the quarter, revenues were £647 million and EBITDA loss stood at £34 million.

Netherlands annual revenues were £5,276 million and EBITDA loss stood at £368 mn, largely due to the reline of BF6 which was completed in early February. Liquid steel production was 4.81 mn tons and deliveries were 5.33 mn tons. For the quarter, revenues were £1,324 mn and EBITDA loss was at £27 mn.

Following seven months of formal and informal national level discussions with the UK trade unions, Tata Steel will commence closure of heavy end assets in June and proceed with its plan to invest in a state-of-the-art Electric Arc Furnace at Port Talbot.

The Board of Directors recommends a dividend of Rs. 3.60 per fully paid-up equity share of face value of Rs 1/- each

Full year results analysis

Net sales (including other operating income) of Tata Steel has declined 5.83% to Rs 229170.78 crore. Sales of Tata Steel India segment has gone down 1.35% to Rs 1,40,987.43 crore (accounting for 46.74% of total sales). Sales of Other Indian Operations segment has gone up 7.60% to Rs 11,751.30 crore (accounting for 3.90% of total sales). Sales of Tata Steel Europe segment has gone down 13.46% to Rs 78,144.00 crore (accounting for 25.91% of total sales). Sales of Other Trade Related Operations segment has gone down 23.38% to Rs 56,681.06 crore (accounting for 18.79% of total sales). Sales of Rest of the World segment has gone up

104.99% to Rs 1,329.89 crore (accounting for 0.44% of total sales). Sales of South east asia operations has gone down 17.22% to Rs 7,227.88 crore (accounting for 2.40% of total sales). Sales of Neelachal Ispat Nigam Limited segment has gone up 234.56% to Rs 5,505.43 crore (accounting for 1.83% of total sales). Inter-segment sales came down from Rs 85,781.90 crore to Rs 72,456.21 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 23.91% to Rs 25,516.70 crore. PBIT of Tata Steel India segment rose 7.83% to Rs 31,004.44 crore (accounting for 121.51% of total PBIT). PBIT of Other Indian Operations segment rose 19.91% to Rs 912.86 crore (accounting for 3.58% of total PBIT). PBIT of Tata Steel Europe reported loss of Rs 7,612.44 crore compared to profit of Rs 4,632.06 crore. PBIT of Other Trade Related Operations segment rose 579.02% to Rs 1,144.08 crore (accounting for 4.48% of total PBIT). PBIT of Rest of the World segment rose 80.32% to Rs -94.65 crore (accounting for -0.37% of total PBIT). PBIT of South EAsE ASia operations fell 76.87% to Rs 109.53 crore (accounting for 0.43% of total PBIT). PBIT of Neelachal Ispat Nigam Limited reported profit of Rs 52.88 crore compared to loss of Rs 773.23 crore.

PBIT margin of Tata Steel India segment rose from 20.12% to 21.99%. PBIT margin of Other Indian Operations segment rose from 6.97% to 7.77%. PBIT margin of Tata Steel Europe segment fell from 5.13% to -9.74%. PBIT margin of Other Trade Related Operations segment rose from 0.23% to 2.02%. PBIT margin of Rest of the World segment rose from negative 74.13% to negative 7.12%. PBIT South East Asia operations of segment fell from 5.42% to 1.52%. PBIT margin of Neelachal Ispat Nigam Limited segment rose from negative 46.99% to 0.96%. Overall PBIT margin fell from 10.19% to 8.46%.

Operating profit margin has declined from 13.27% to 9.73%, leading to 30.94% decline in operating profit to Rs 22,305.90 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 41.13% to 36.72%. Purchase of finished goods cost rose from 6.13% to 6.66%. Employee cost increased from 9.09% to 10.90%. Other expenses rose from 30.56% to 35.79%.

Other income rose 74.35% to Rs 1808.85 crore. PBDIT fell 27.67% to Rs 24114.75 crore. Provision for interest rose 19.19% to Rs 7507.57 crore. Loan funds rose to Rs 87,082.12 crore as of 31 March 2024 from Rs 84,893.05 crore as of 31 March 2023. Inventories declined from Rs 54,415.33 crore as of 31 March 2023 to Rs 49,157.51 crore as of 31 March 2024. Sundry debtors were lower at Rs 6,263.53 crore as of 31 March 2024 compared to Rs 8,257.24 crore as of 31 March 2023. Cash and bank balance declined from Rs 13,357.26 crore as of 31 March 2023 to Rs 8,677.72 crore as of 31 March 2024. Investments declined from Rs 8,410.31 crore as of 31 March 2023 to Rs 6,257.57 crore as of 31 March 2024.

PBDT fell 38.58% to Rs 16607.18 crore. Provision for depreciation rose 5.86% to Rs 9882.16 crore. Fixed assets declined from Rs 1,72,232.83 crore as of 31 March 2023 to Rs 1,64,494.22 crore as of 31 March 2024. Intangible assets increased from Rs 5,601.65 crore to Rs 18,675.69 crore. Profit before tax down 62.01% to Rs 6,725.02 crore. Provision for tax was expense of Rs 3762.57 crore, compared to Rs 10159.77 crore. Effective tax rate was negative 328.02% compared to 55.72%. Minority interest increased 31.08% to Rs -472.17 crore.

Management Comment

Mr. T V Narendran, Chief Executive Officer & Managing Director:

"FY2024 has been a year of progress for Tata Steel with transition towards stated goals in India and abroad despite the challenging operating environment. In India, which is a structurally attractive market, we have delivered improved margins and continued to expand our footprint

in terms of volumes as well as product portfolio. Our domestic deliveries were best ever at around 19 million tons and were up 9% YoY with broad based improvement across chosen market segments. Automotive volumes were aided by higher deliveries of hot-rolled and cold-rolled steel to auto OEMs while our well-established retail brand Tata Tiscon crossed 2 million tons on an annual basis. We have consistently filed 100+ patents per annum, on average, in the last 5 years. Overall, India deliveries now make up 68% of total deliveries and will continue to grow with incremental volumes from 5 MTPA capacity expansion at Kalinganagar. With respect to the UK operations, we have decided to proceed with the proposed restructuring of heavy end UK assets and transition to greener steelmaking after due consideration of all the options over the last 7 months in consultation with union representatives. We are committed to creating a low-CO2 steel business that preserves the majority of the jobs in UK while also creating economic opportunities. In Netherlands, our production was lower due to the relining of BF6. The relining was completed in early February and we have stabilised the operations. We continue to undertake multiple initiatives across geographies to progress on our sustainability journey. I am happy to share that we have achieved zero effluent discharge at our Kalinganagar site in India and have been recognised by worldsteel as Sustainability champion for the seventh time in a row.”

Mr. Koushik Chatterjee, Executive Director and Chief Financial Officer:

“Tata Steel Consolidated revenues for FY2024 were around \$27.7 billion aided by higher volumes in India. Consolidated EBITDA was Rs 23,402 crores, which translates to an EBITDA margin of around 10%. India EBITDA increased by 10% YoY to Rs 31,057 crores, with margin improvement of around 200 bps to 22%, translating to Profit after tax (excluding exceptional items) of Rs 17,514 crores. For the quarter, Consolidated revenues were Rs 58,687 crores and EBITDA was marginally higher at Rs 6,631 crores on QoQ basis. Consolidated cash flow from operations was around Rs 7,400 crores for the quarter and Rs 20,300 crores for the full year. Our capital expenditure was Rs 4,850 crores for the quarter and Rs 18,207 crores for the full year, up 29% YoY. Our Group liquidity remains strong at Rs 31,767 crores. The Board has recommended a dividend of Rs 3.60 per share. Moving to strategic initiatives, we have been carefully considering the alternative proposal from the representative body of the UK trade unions and have concluded that maintaining one blast furnace till the transition would have incurred at least £1.6 billion of additional costs, created significant operational and safety risk, and delayed the EAF by two years. We have therefore discussed with the Unions and concluded national level consultation on the asset plan. We will proceed with our proposal to shut down heavy end assets this year, and setup the EAF by 2027. This is a difficult period of change for our people and we will do our utmost to support the affected employees. With respect to the Electric Arc Furnace, we will place equipment orders by Sep 2024 and have signed the agreement with the UK National Grid securing the high voltage connection, which will be available on schedule. We have as part of discussions with the unions, offered the best ever package of support for affected employees in Tata Steel UK. We have also agreed the final and detailed terms of the proposed grant package with the UK government to support the £1.25 billion investment.”

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor ,Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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