

January 30, 2024



**Current Price:** ₹ 135.00

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	142.15/101.65
Mkt. Cap.(Rs Cr)	166013.98
Latest Equity(Subscribed)	1229.73
Latest Reserve (cons.)	87262.38
Latest EPS (cons.) -Unit Curr.	2.00
Latest P/E Ratio -cons	67.50
Latest Bookvalue (cons.) -Unit Curr.	71.96
Latest P/BV - cons	1.88
Dividend Yield -%	2.65
Face Value	1.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	20.7
Institutions	23.99
Govt Holding	0.01
Non Promoter Corp. Hold.	1.08
Promoters	33.70
Public & Others	20.54

## Consolidated Financial Results

Particulars	In Cr.		Var. (%)
	Qtr Ending Dec. 23	Qtr Ending Dec. 22	
Net Sales (including other operating income)	55,311.88	57,083.56	-3
OPM (%)	11.30	7.10	420bps
OP	6,263.57	4,047.84	55
Other Inc.	227.89	270.60	-16
PBITD	6,491.46	4,318.44	50
Interest	1,880.78	1,767.92	6
PBDT	4,610.68	2,550.52	81
Depreciation	2,422.04	2,368.38	2
PBT	2,188.64	182.14	999
Share of Profit/(Loss) from Associates	73.40	60.49	21
PBT before EO	2,262.04	242.63	832
EO Income	-334.13	160.34	PL
PBT after EO	1,927.91	402.97	378
Taxation	1,405.77	2,904.92	-52
PAT	522.14	-2,501.95	LP
Minority Interest (MI)	8.77	-278.11	PL
Net profit	513.37	-2,223.84	LP
EPS	0.44	-ve	

### Tata Steel Q3FY24, margin improved, in line with estimates

Revenue from operations fell 3.1% to Rs 55,311.88 crore in Q2 FY24 as compared with Rs 57,083.56 crore in Q3 FY23. Profit before tax and exceptional items was Rs 2262.04 crore in Q3 FY24, steeply higher from Rs 242.63 crore posted in same period last year. The company reported exceptional loss of Rs 334.13 crore in Q3 FY24 as against exceptional profit of Rs 160.34 crore recorded in Q3 FY23. PBITDA stood at Rs 6491.46 crore in Q3 FY24, registering the growth of 50% YoY. EBITDA margin was 11% during the quarter, improved by 420bps.

### Other highlights

- The company's consolidated crude steel production increased by 026% to 7.58 million tons in Q3 FY24 as compared to 7.56 million tonnes in Q3 FY23 while Deliveries remained flat to 7.15 million tonnes in Q2 FY24 over Q2 FY23.
- The company has spent Rs 4,715 crores on capital expenditure during the quarter.
- During the quarter net debt stood at Rs 77,405 crore.
- In India, the company's crude steel production was 5.35 million, up 7% YoY. Deliveries at 4.88 million tons were marginally higher QoQ driven by rise in domestic deliveries.
- EBITDA was Rs 8,302 crore which translates into an EBITDA margin of 24%.
- UK revenues were £603 million and EBITDA loss stood at £159 million. Liquid steel

## Tata Steel : Consolidated Segment Results

In Cr.

	Qtr Ending Dec. 23	Qtr Ending Dec. 22	Var.(%)	% of (Total)
<b>Sales</b>				
Tata Steel India	34,681.90	33,929.37	2	46
Other Indian Operations	2,907.34	2,660.89	9	4
Tata Steel Europe	18,141.97	20,744.61	-13	24
Other Trade Related Operations	15,350.91	14,788.82	4	21
Rest of the World	496.89	231.61	115	1
South East Asian operations	1,637.08	1,945.63	-16	2
Neelachal Ispat Nigam Limited	1,426.75	366.29	999	2
Total Reported Sales	74,642.84	74,667.22	0	100
Less: Inter segment revenues	19,330.96	17,583.66	10	
Net Sales	55,311.88	57,083.56	-3	
<b>PBIT</b>				
Tata Steel India	8,256.60	5,334.61	55	131
Other Indian Operations	252.32	191.74	32	4
Tata Steel Europe	-2,871.62	-1,550.98	-85	-46
Other Trade Related Operations	600.79	876.94	-31	10
Rest of the World	6.66	-256.15	103	0
South East Asian operations	9.33	-1.69	652	0
Neelachal Ispat Nigam Limited	45.31	-436.46	110	1
Total PBIT	6,299.39	4,158.01	52	100
Less : Interest	1,880.78	1,767.92	6	
Add: Other un-allcoable	-3,896.47	-4,901.04	-20	
<b>PBT</b>	522.14	-2,510.95	PL	

production was 0.72 million tons while deliveries stood at 0.64 million tons. Deliveries were lower QoQ due to subdued demand.

- Netherlands revenues were £1,239 million and EBITDA loss stood at £117 million. Liquid steel production was broadly stable at 1.19 million tons but lower on YoY basis due to the reline of one of the blast furnaces at Ijmuiden. Deliveries stood at 1.30 million tons and were up 5% QoQ basis.
- T V Narendran, chief executive officer & managing director, said, "During this quarter, China has exported between 7 to 8 million tons of steel every month, which is the highest since 2015 and this has adversely impacted global steel prices as well as profitability.
- The consistent growth in India deliveries has been aided by crude steel production being close to 5 million tons across the quarters in this financial year. The phased commissioning of our 5 MTPA capacity expansion at Kalinganagar is underway.
- Moving to Europe, our deliveries in Netherlands were up while UK moved lower QoQ due to subdued demand as well as operational issues given the ageing assets."
- Meanwhile, in terms of the scheme of amalgamation amongst Tata Steel and Tata Metaliks, the company's board has approved the issuance of 9,97,01,239 equity shares in the ratio of 79 shares of Tata Steel for every 10 shares of Tata Metaliks to the eligible shareholders. The record date has been fixed Tuesday, 6 February 2024

---

## Management Comment

**Mr. T V Narendran, Chief Executive Officer & Managing Director:** “Global operating environment has been complex, with economic slowdown in China and geopolitics weighing on commodity prices in general. During this quarter, China has exported between 7 to 8 million tons of steel every month, which is the highest since 2015 and this has adversely impacted global steel prices as well as profitability. Despite this context, Tata Steel India has delivered better margins aided by higher deliveries as well as realisations on a QoQ basis. Our domestic deliveries for the quarter stood at 4.78 million tons and were up 3% QoQ and 10% YoY. Among the key segments, Automotive and well-established brands such as Tata Tiscon, Tata Steelium and Tata Astrum had best ever 3Q sales. The consistent growth in India deliveries has been aided by crude steel production being close to 5 million tons across the quarters in this financial year. The phased commissioning of our 5 MTPA capacity expansion at Kalinganagar is underway. Moving to Europe, our deliveries in Netherlands were up while UK moved lower QoQ due to subdued demand as well as operational issues given the ageing assets. We will commence statutory consultations with the unions in the UK as a step towards our transition to an EAF based sustainable business. We continue to undertake multiple initiatives across geographies to progress on our sustainability journey. I am happy to share that Tata Steel Meramandali and Tata Steel Kalinganagar sites have now received ResponsibleSteel™ certification and we now have three certified sites in India including Jamshedpur.”

**Mr. Koushik Chatterjee, Executive Director and Chief Financial Officer:** “Tata Steel Consolidated revenues for the quarter stood at Rs 55,312 crores and EBITDA was Rs 6,334 crores, an increase in margins by around 300 bps QoQ. India EBITDA was Rs 8,302 crores, a QoQ margin increase of 400 bps while subdued demand dynamics weighed on margins in UK and Netherlands. The UK business continues to face production shortfalls arising from the end-of-life condition of several of its heavy end assets. In Netherlands, we expect BF#6 to restart by the end of January. Cashflow from operations in India rose sharply to Rs 9,016 crores while consolidated cash flow from operations were lower at Rs 7,879 crores. Our Net debt stands at Rs 77,405 crores and the group liquidity position remains strong at Rs 23,349 crores. Moving to strategic initiatives, we have largely fulfilled our plan to simplify our India footprint, having now completed the merger of Tinplate Company of India and Tata Metaliks into Tata Steel. Our announcement on 19th January in relation to Tata Steel UK follows detailed discussions with and careful consideration of the alternative proposal from the representative body of the UK trade unions and their advisor. The company’s analysis shows that partial continuity of blast furnaces until completion of transition to the EAF is not affordable and engineering studies have found that building the EAF in an already operating steel melt shop is not feasible. Tata Steel is acutely aware of the impact of its proposal to wind down the heavy end in Port Talbot on individuals and the local community associated with our steel works, we will meaningfully consult with our employees and work to provide them with a fair, dignified and considerate outcome. Tata Steel proposes to commit in excess of £130 million to a comprehensive support package for affected employees. This is in addition to the £100 million funding for the Transition Board set up by the company along with the UK and Welsh governments. Tata Steel has begun engineering design work on the EAF and discussions with National Grid for supporting infrastructure with a target to commission the EAF by 2027.”

E-mail: [researchfeedback@smcindiaonline.com](mailto:researchfeedback@smcindiaonline.com)



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

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

**Disclaimer:** This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.