

May 03, 2023



**Current Price:** ₹ 110.30

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	133.00/82.71
Mkt. Cap.(Rs Cr)	134803.5
Latest Equity(Subscribed)	1222.15
Latest Reserve (cons.)	105380.67
Latest EPS (cons.) -Unit Curr.	14.77
Latest P/E Ratio -cons	7.47
Latest Bookvalue (cons.) -Unit Curr.	87.23
Latest P/BV - cons	1.26
Dividend Yield -%	3.26
Face Value	1.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	21.35
Institutions	21.55
Govt Holding	0.01
Non Promoter Corp. Hold.	1.39
Promoters	33.90
Public & Others	21.81

## Consolidated Results

In Cr.

Particulars	Qtr Ending Mar. 23	Qtr Ending Mar. 22	Var. (%)
Net Sales	62,961.54	69,323.50	-9
OPM (%)	11.5	21.7	
OP	7,219.20	15,029.61	-52
Other Inc.	169.54	292.2	-42
PBIDT	7,388.74	15,321.81	-52
Interest	1,793.60	1,098.51	63
PBDT	5,595.14	14,223.30	-61
Depreciation	2382.21	2243.39	6
PBT	3,212.93	11,979.91	-73
Share of Profit/(Loss) from Associates	96.25	159.35	-40
PBT before EO	3309.18	12139.26	-73
EO Income	11.59	-274.29	LP
PBT after EO	3320.77	11864.97	-72
Taxation	1754.53	2029.85	-14
PAT	1566.24	9835.12	-84
Minority Interest (MI)	-138.62	78.92	LP
Net profit	1704.86	9756.2	-83
EPS (Rs)	1.39	8.16	-

### Tata Steel Q4 FY23 Results: OPM down by 1020 bps to 11.5% - Below Estimates

Tata Steel consolidated net sales declined 9.18% to Rs 62961.54 crore 9n Q4FY23 compared to Q4FY22. Sales of Tata Steel India segment has gone down 6.56% to Rs 34,275.25 crore (accounting for 40.28% of total sales). Sales of Tata Steel Long Products segment has gone up 67.60% to Rs 3,015.81 crore (accounting for 3.54% of total sales). Sales of Other Indian Operations segment has gone up 2.12% to Rs 6,323.83 crore (accounting for 7.43% of total sales). Sales of Tata Steel Europe segment has gone down 16.49% to Rs 22,036.15 crore (accounting for 25.90% of total sales). Sales of Other Trade Related Operations segment has gone up 0.11% to Rs 17,208.11 crore (accounting for 20.22% of total sales). Sales of rest of the world segment has gone down 9.15% to Rs 2,198.52 crore (accounting for 2.58% of total sales). Inter-segment sales rose Rs 21,326.53 crore to Rs 22,122.90 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 50.51% to Rs 7,286.41 crore. PBIT of Tata Steel India segment fell 34.57% to Rs 8,089.02 crore (accounting for 111.02% of total PBIT). PBIT of Tata Steel Long Products segment fell 99.16% to Rs 1.49 crore (accounting for 0.02% of total PBIT). PBIT of Other Indian Operations reported profit of Rs 547.87 crore compared to loss of Rs 969.64 crore. PBIT of Tata Steel Europe reported loss of Rs 1,641.20 crore compared to profit of Rs 4,348.77 crore. PBIT of Other Trade Related Operations reported profit of Rs 355.47 crore compared to loss of Rs 1,263.62 crore. PBIT of rest of the world segment fell 6.37% to Rs -129.99 crore (accounting for -1.78% of total PBIT). PBIT of segment fell 66.39% to Rs 63.75 crore (accounting for 0.87% of total PBIT).

Segment Quarter ended	<b>In Cr.</b>			
	Qtr Ending Mar 23	Qtr Ending Mar 22	Var.(%)	% of (Total)
<b>Sales</b>				
Tata Steel India	34,275.25	36,680.93	-7	40
Tata Steel Long Products	3,015.81	1,799.40	68	4
Other Indian Operations	6,323.83	6,192.41	2	7
Tata Steel Europe	22,036.15	26,388.73	-16	26
Other Trade Related Operations	17,208.11	17,188.51	0	20
South East Asian Operations	26.77	-19.88	LP	0
Rest of the World	2,198.52	2,419.93	-9	3
Total Reported Sales	85,084.44	90,650.03	-6	100
Less: Inter segment revenues	22,122.90	21,326.53	4	-
Net Sales	62,961.54	69,323.50	-9	-
<b>PBIT</b>				
Tata Steel India	8,089.02	12,362.59	-35	111
Tata Steel Long Products	1.49	176.57	-99	0
Other Indian Operations	547.87	-969.64	LP	8
Tata Steel Europe	-1,641.20	4,348.77	PL	-23
Other Trade Related Operations	355.47	-1,263.62	LP	5
South East Asian Operations	-129.99	-122.2	-6	-2
Rest of the World	63.75	189.66	-66	1
Total PBIT	7,286.41	14,722.13	-51	100
Less : Interest	1,793.60	1,098.51	63	-
Add: Other un-allocable	-2,172.04	-1,758.65	-24	-
<b>PBT</b>	3,320.77	11,864.97	-72	-

PBIT margin of Tata Steel India segment fell from 33.70% to 23.60%. PBIT margin of Tata Steel Long Products segment fell from 9.81% to 0.05%. PBIT margin of Other Indian Operations segment rose from negative 15.66% to 8.66%. PBIT margin of Tata Steel Europe segment fell from 16.48% to 7.45%. PBIT margin of Other Trade Related Operations segment rose from negative 7.35% to 2.07%. PBIT margin of segment fell from 614.69% to 485.58%. PBIT margin of rest of the world segment fell from 7.84% to 2.90%. Overall PBIT margin fell from 16.24% to 8.56%.

Operating profit margin has declined from 21.68% to 11.47%, leading to 51.97% decline in operating profit to Rs 7,219.20 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 32.18% to 37.61%. Purchase of finished goods cost rose from 5.19% to 5.49%. Employee cost increased from 9.10% to 9.61%. Other expenses rose from 30.96% to 35.31%. Other income fell 41.98% to Rs 169.54 crore. PBDT fell 51.78% to Rs 7388.74 crore. Provision for interest rose 63.28% to Rs 1793.6 crore.

PBDT fell 60.66% to Rs 5595.14 crore. Provision for depreciation rose 6.19% to Rs 2382.21 crore. Fixed assets increased to Rs 1,72,232.83 crore as of 31 March 2023 from Rs 1,51,022.18 crore as of 31 March 2022. Intangible assets increased from Rs 4,311.20 crore to Rs 5,601.65 crore.

Profit before tax down 73.18% to Rs 3,212.93 crore. Share of profit/loss was 39.60% lower at Rs 96.25 crore. Provision for tax was expense of Rs 1754.53 crore, compared to Rs 2029.85 crore. Effective tax rate was 52.84% compared to 17.11%. Net profit attributable to owners of the company decreased 82.53% to Rs 1,704.86 crore.

## Full year results analysis

Net sales of Tata Steel have declined 0.25% to Rs 243352.69 crore. Sales of Tata Steel India segment has gone down 0.01% to Rs 1,29,006.62 crore (accounting for 38.55% of total sales). Sales of Tata Steel Long Products segment has gone up 32.20% to Rs 8,991.78 crore (accounting for 2.69% of total sales). Sales of Other Indian Operations segment has gone up 8.27% to Rs 23,035.00 crore (accounting for 6.88% of total sales). Sales of Tata Steel Europe segment has gone up 0.31% to Rs 90,300.39 crore (accounting for 26.98% of total sales). Sales of Other Trade Related Operations segment has gone up 23.04% to Rs 73,973.53 crore (accounting for 22.10% of total sales). Sales of Rest of the World segment has gone down 12.25% to Rs 648.77 crore (accounting for 0.19% of total sales). Sales of rest of the world segment has gone down 23.95% to Rs 8,731.44 crore (accounting for 2.61% of total sales). Inter-segment sales rose Rs 75,506.77 crore to Rs 91,334.84 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 49.58% to Rs 33,462.68 crore. PBIT of Tata Steel India segment fell 45.25% to Rs 28,174.58 crore (accounting for 84.20% of total PBIT). PBIT of Tata Steel Long Products reported loss of Rs 613.08 crore compared to profit of Rs 1,288.31 crore. PBIT of Other Indian Operations segment rose 102.62% to Rs 1,107.90 crore (accounting for 3.31% of total PBIT). PBIT of Tata Steel Europe segment fell 61.92% to Rs 4,632.06 crore (accounting for 13.84% of total PBIT). PBIT of Other Trade Related Operations segment rose 327.64% to Rs 168.49 crore (accounting for 0.50% of total PBIT). PBIT of Rest of the World segment fell 25.57% to Rs -480.91 crore (accounting for -1.44% of total PBIT). PBIT of segment fell 62.27% to Rs 473.64 crore (accounting for 1.42% of total PBIT).

PBIT margin of Tata Steel India segment fell from 39.88% to 21.84%. PBIT margin of Tata Steel Long Products segment fell from 18.94% to 6.82%. PBIT margin of Other Indian Operations segment rose from 2.57% to 4.81%. PBIT margin of Tata Steel Europe segment fell from 13.51% to 5.13%. PBIT margin of Other Trade Related Operations segment rose from 0.07% to 0.23%. PBIT margin of Rest of the World segment fell from negative 51.80% to negative 74.13%. PBIT margin of rest of the world segment fell from 10.93% to 5.42%. Overall PBIT margin fell from 20.77% to 10.00%.

Operating profit margin has declined from 26.02% to 13.27%, leading to 49.13% decline in operating profit to Rs 32,300.16 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 30.12% to 41.13%. Purchase of finished goods cost rose from 6.09% to 6.13%. Employee cost decreased from 9.25% to 9.09%. Other expenses rose from 29.31% to 30.56%.

Other income rose 32.18% to Rs 1037.48 crore. PBIDT fell 48.13% to Rs 33337.64 crore. Provision for interest rose 15.31% to Rs 6298.7 crore. Loan funds rose to Rs 84,893.05 crore as of 31 March 2023 from Rs 75,561.35 crore as of 31 March 2022. Inventories rose to Rs 54,415.33 crore as of 31 March 2023 from Rs 48,824.39 crore as of 31 March 2022. Sundry debtors were lower at Rs 8,257.24 crore as of 31 March 2023 compared to Rs 12,246.43 crore as of 31 March 2022. Cash and bank balance declined from Rs 15,898.93 crore as of 31 March 2022 to Rs 13,357.26 crore as of 31 March 2023. Investments declined from Rs 13,139.85 crore as of 31 March 2022 to Rs 8,410.31 crore as of 31 March 2023.

PBDT fell 54.03% to Rs 27038.94 crore. Provision for depreciation rose 2.57% to Rs 9335.2 crore. Fixed assets increased to Rs 1,72,232.83 crore as of 31 March 2023 from Rs 1,51,022.18 crore as of 31 March 2022. Intangible assets increased from Rs 4,311.20 crore to Rs 5,601.65 crore.

Profit before tax down 64.39% to Rs 17,703.74 crore. Share of profit/loss was 35.59% lower at Rs 418.12 crore. Provision for tax was expense of Rs 10159.77 crore, compared to Rs 8477.55 crore. Effective tax rate was 55.72% compared to 16.88%.

Net profit attributable to owners of the company decreased 78.18% to Rs 8,760.40 crore.

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### **Management Comments:**

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

"FY2023 saw our India crude steel production growing to around 19.9 million tons, with a 65% share of our overall volumes. Deliveries were in line with production with domestic deliveries growing 11% YoY and driving product mix improvement. The quarter also saw strong momentum with deliveries growing by 9% QoQ to 5.15 million tons. We have multiple projects ongoing at various locations in India as we work towards 40 MTPA by 2030. The phased commissioning of our expansion at Kalinganagar continues with FHCR coils now being produced at the CRM complex. Within 9 months of acquisition, we have successfully ramped up Neelachal Ispat Nigam Limited to ~1 million tons on annualised basis. We have also progressed on our plans to set up our first EAF mill in Punjab. During the quarter, Europe deliveries were up 9% QoQ. The Cold Mill upgrade at Ijmuiden is progressing and we have commenced the relining of BF6 in early April.

Sustainability is at the core of our strategy and Tata Steel has committed to Net Zero by 2045. Our route and pace of decarbonisation across geographies will be calibrated for each location based on the local regulatory framework, government support and willingness of customers to pay for higher cost green steel. We continue to pursue multiple initiatives to reduce our emissions including a recently initiated trial for injecting large quantity of hydrogen into one of our blast furnaces at Jamshedpur, a global first. I am also happy to share that Tata Steel has been recognised by worldsteel as Sustainability champion for the sixth time in a row and by World Economic Forum as Global Diversity, Equity & Inclusion Lighthouse."

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

"Our Consolidated revenues for the financial year were ~\$30 billion. Revenues were broadly stable on YoY basis despite the heightened volatility in the operating environment. Consolidated EBITDA stood at Rs 32,698 crores, which translates to an EBITDA margin of 13% and EBITDA per ton of Rs 11,358. The India business generated a margin of 20% while Europe was at 5% with higher input costs affecting margins. The consolidated ROIC was 15% for the full year.

During the quarter, our consolidated revenues stood at Rs 62,962 crores while EBITDA was Rs 7,225 crores. India business witnessed a margin improvement from 15% to 22% driven by improved realisations QoQ. In Europe, margins were broadly similar on QoQ basis as improvement in costs was offset by drop in revenues, in part due to delay in ramp up of cold mill at Ijmuiden. Cash flow from operations before interest stood at Rs 11,260 crores driven by favourable working capital movement. Our capital expenditure was Rs 4,396 crores for the quarter as we prioritise completion of the 5 MTPA Kalinganagar expansion and free cash flow was Rs 4,809 crores. We reduced our leverage by ~Rs 3,900 crores this quarter and our Net debt stands at Rs 67,810 crores. We were successful in maintaining our interest cost despite the 250bps increase in benchmark interest rates. Our financial metrics continue to be within our medium-term targets, with Net debt to EBITDA at 2.07x and Net debt to equity at 0.61x. We remain focused on cost optimisation, operational improvements and working capital management to maximise cashflows and will aim to resume our deleveraging journey in FY2024. The Board has recommended dividend of Rs 3.60 per share."

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