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Alok Deora, Motilal Oswal
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Anupam Gupta, IIFL
Ashish Kejriwal, Nuvama
Ashish Jain, Macquarie Research
Indrajit Agarwal, CLSA
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Ritesh Shah, Investec
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PRESENTATION

Operator:

Ladies and gentlemen, good day, and welcome to the Tata Steel analyst call. Please note that this meeting is being recorded. All the attendees' audio and video has been disabled from the backend and will be enabled subsequently. I would now like to hand the conference over to Ms. Samita Shah. Thank you and over to you ma'am.

Samita Shah: *VP CFTRM – Tata Steel Limited*

Good afternoon, everybody, and welcome to this call to discuss our results for the third quarter of FY24. We have with us Mr. T.V. Narendran, CEO and Managing Director, Tata Steel; and Mr. Koushik Chatterjee, Executive Director and CFO, Tata Steel. I hope you had a chance to go through our results, which were published yesterday as well as the presentation, which is on our website. As usual, the entire discussion today will be covered by the safe harbour clause, which is on Page 2 of the presentation. We will make a few opening comments before opening the floor for questions, both audio as well as chat. With that, I will hand it over to Mr. Narendran. Thank you.

T. V. Narendran: *CEO & MD - Tata Steel Limited*

Thanks, Samita. Good morning, good afternoon to all of you. I'm going to make a few comments and then pass it on to Koushik for his comments, and then we'll open it up for the questions.

During the quarter, Steel prices were mixed across key regions, driven by different factors. In the US and EU, the tightness in the steel supply and elevated raw material prices led to a rebound in spot prices towards the end of the quarter, while in Asia, sustained weakness in Chinese domestic demand led to elevated exports weighing on prices in general. In India, steel prices had held up given the strong domestic demand until October 2023, but steady exports from China had driven the build-up in traders' inventory and this has resulted in a 4 - 5% drop in steel prices in November – December'23. Despite this context, Tata Steel improved its margins in the third quarter aided by higher deliveries as well as net realisations in India.

Moving to our performance. Our India crude steel production was around 5.3 million tons, driven by close to 100% capacity utilisation on an overall basis. Production increased by 6% on QoQ and YoY basis. India deliveries were close to 4.9 million tons and were up QoQ as well as YoY. This has been primarily driven by a rise in domestic deliveries by about 10% YoY, which is broadly in line with the increase in the apparent steel demand in India. Among the segments, the Automotive segment had the best ever third quarter sales and was up 8% QoQ and 22% YoY. This was despite a 4% QoQ drop in vehicle production. Our efforts to enrich the product mix have led to an increase in high-end sales to the automotive customers. Our retail sales continue to be driven by well-established brands, such as Tata Tiscon, Tata Steelium, and Tata Astrum and during the quarter, Tata Tiscon volumes grew by 10% QoQ and 18% YoY. This has been enabled by increased reach and initiatives to enhance the consumer experience. We continue to deliver various grades of steel to key projects across India including the recently inaugurated Atal Setu in Mumbai, India's longest sea bridge where we supplied over 42,600 tons of Tata Tiscon rebars as well as Tiscon ReadyBuild solutions and structural plates. In Netherlands, our steel deliveries were around 1.3 million tons in the quarter, up 5% on QoQ basis. Revenue per ton was down between £50 - 60 per ton QoQ. Demand dynamics and the reline of one of our blast furnaces obviously had an impact on the realisations and our performance. In the UK, steel deliveries were around 0.64 million tons and were lower on QoQ basis, in part, due to operational issues relating to stoves given the aging assets.

Moving to strategic initiatives, we remain committed to responsible growth and are focused on sustainable value creation. We are focused on an agile business model and our strategy is calibrated to the operating geography. In India, we are scaling up our steelmaking capacity to capitalise on the growth opportunity. We commenced the phased commissioning of our 5 MTPA capacity expansion at Kalinganagar. We have charged power into the new blast furnace and expect to make it physically ready by the next quarter and start production thereafter. We target to produce about 0.7 million tons of crude steel in FY25 and ramp up further in FY26. As part of our multipronged approach to progress on sustainability journey, we have undertaken pilot projects to achieve carbon avoidance in the blast furnaces by injecting biochar, hydrogen, steel scrap and are collaborating with technology partners on process improvements. It gives me immense pleasure to share that we now have 3 sites, which have received the ResponsibleSteel™ certification. Jamshedpur was the first site in India to achieve the certification and now both Meramandali and Kalinganagar have also achieved the same.

In the UK, we will commence statutory consultations with the relevant stakeholders on the proposed restructuring as we transition to EAF-based steel making, which will save 50 million tons of CO_2 emissions over a decade. It is a difficult situation for our employees. We fully empathise with that. It is for this reason that we have tried very hard for the last 15 years to support this business. But I think we have reached a stage where continuing as we did, is no longer an option. We would be closing the first blast furnace by the mid - 2024 and the second blast furnace in the second half of 2024. Thank you, and over to Koushik.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Thank you, Naren. Good morning, good afternoon, and good evening to all those who have joined in. I will begin my presentation with the quarterly performance provided on Slide 29. Our consolidated revenues stood at about Rs. 55,312 crores, and consolidated EBITDA for the quarter was Rs. 6,334 crores. The EBITDA margin for the quarter improved by about 300 bps from 8% in 2Q to about 11% in 3Q, despite the challenging operating environment across geographies and the operating challenges in Netherlands and in the UK. In India, the margins improved by about 400 bps from 20% in 2Q to 24% in 3Q.

Before moving to the standalone performance, I would like to mention that we have received the sanction for amalgamation of Tata Metaliks Limited and Tinplate Company of India Limited with Tata Steel. Accordingly, the Standalone financial statements have been restated from 1st of April 2022 to reflect the merger. With this, the merger process for 5 entities have been completed and another 2 are in process, as highlighted on Slide 24.

For the quarter, Tata Steel standalone EBITDA stood at about Rs. 8,257 crores, which translates to an EBITDA per ton of Rs. 16,923. If I exclude the FX gain of Rs. 9 crores, the EBITDA stood at about Rs. 8,247 crores. Therefore, the corresponding margin has improved from about 19% in the previous quarter to 24% in the current quarter. As provided on Slide 35, higher realisations as well as improved costs have led to margin expansion. The standalone NRs increased by around Rs. 1,100 per ton QoQ, while costs have been primarily aided by change in inventories. Within costs, the total raw material costs include a slight increase in coking coal consumption cost by about $4 per ton, which was offset by lower purchase including pellets. Further, within raw material cost, [inaudible] there was a non-cash credit of Rs. 1,000 crores on account of higher valuation of chrome ore inventory, arising on account of increased accrual of royalty charges payable on closing stock as on 31st of December. This was due to significant increase in the government notified rates by around Rs. 8,000 - 9,000 per ton and is based on the norms for the inventory valuation, which gets loaded as part of the closing inventory even though the cash pay-out for such royalty happens only on the actual dispatch. Correspondingly, this also has led to an increased accrual of royalty expenses forming part of other expenses, which you may have noticed. In effect, the above treatment is, therefore, P&L neutral. This is because it is a classification adjustment in line with the norms of inventory valuation as per the applicable accounting standards and disclosure requirements for financial statements.

At Tata Steel Netherlands, the EBITDA loss stood at about £117 million compared to £110 million in the second quarter. The delay in startup of BF6 in IJmuiden has resulted in lower production, which had a significant impact on the recovery of costs and on product mix. We now expect BF6 to start by the end of this month or early February. As shown on Slide 37, the drop in revenue per ton of £57 per ton was offset by improvement in costs. Material costs improved by £59 per ton, driven by drop in raw material consumption costs, especially coking coal and decline in purchase of slabs. The conversion cost per ton was broadly stable as decline in natural gas spend of £17 per ton was offset by higher employee benefit expenses due to labour agreement. At Tata Steel UK, the EBITDA loss was around £159 million compared to a loss of £132 million in the second quarter. On a per ton basis, the loss was lower by about £69 per ton QoQ. The UK production was lower than previous quarter as a result of production shortfall arising from the end of life conditions of several of its heavy-end assets. This has continued to weigh on the UK business. As shown in Slide 38, the revenue per ton was lower by about £15 per ton given the subdued market dynamics during a seasonally slower quarter. The material cost improved by about £48 per ton, primarily on account of lower consumption of coke and iron ore. The conversion cost increased by about £100 per ton on account of higher fixed costs due to lower production.

Moving to the cash flows. The consolidated operating cash flow for the quarter stood at about Rs. 7,879 crores and was primarily driven by cash flow generation in the India business. As Naren mentioned, we are committed to responsible growth in India and have spent about Rs. 4,715 crores on capital expenditure during the quarter and about Rs. 13,357 crores for the first nine months of this financial year. Gross debt has decreased by about Rs. 1,500 crores to Rs. 88,230 crores, while the net debt has broadly remained stable at about Rs. 77,405 crores. The group liquidity remains strong at about Rs. 23,349 crores. Let me now make a few comments on the Tata Steel UK announcement that we made last Friday, an extension of what Naren just mentioned.

Over the last few months, we had detailed discussions with the UK multi-trade union representative body, which is called the UK Steel Committee and its advisors, in which we carefully considered their endorsed proposal for maintaining a single blast furnace until the EAF transition. The company analysis [inaudible] found that it could not progress on the union plan as it is neither feasible nor affordable to continue the blast furnace production. Further, the company undertook engineering studies that found that the execution of the electric arc furnace in an already operating steel melt shop would be fraught with risk and would result in a suboptimal plant layout, delaying implementation of the EAF plan and in a way, jeopardizing the proposed business transformation program. As a result, we have now proposed to close both the high emission blast furnaces and coke ovens in a phased manner in 2024 as articulated by Naren and will commence a statutory consultation process about restructuring as we transition to an EAF-based steel making at a cost of about £1.25 billion, with £500 million support from the UK government. Tata Steel is acutely aware of the impact of its proposal to wind down the heavy end of Port Talbot on the individuals and on the local community associated with our steel works, and we will meaningfully consult with our employees and work to provide them a fair, dignified, and considerate outcome. Tata Steel proposes to commit in excess of £130 million to a comprehensive support package for the 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 the Welsh government, in which the company has contributed £20 million. Tata Steel is committed to ensuring sustainability of steelmaking for the long-term in Port Talbot and targets to commission the electric arc furnace in 4 years. It has already begun engineering design work and planning discussions with National Grid for the required infrastructure. We also have a detailed plan to continue to serve our customers through the transition period from our mills by utilising the imported semi-finished steel. With that, I complete my presentation, and thank you for listening. I will now hand it over to the Q&A moderator.

QUESTIONS AND ANSWERS

Operator

The first question is from Ritesh Shah of Investec.

Ritesh Shah, *Investec*

This question is pertaining to Tata Steel UK. A couple of quarters back, you had indicated that the difference in cost between blast furnace and electric arc furnace will be £150 - 175 per ton. I just wanted to have your thoughts on the number, whether it is the same and does it also include carbon cost? Secondly, we have indicated that we will procure slabs. How do we look at the inventory and price risk management given what we have seen in the prior quarters where the steel prices went down, and we had to take a substantial inventory hit? And third, during this transition period, we understand the downstream assets will continue to operate. What is the normalised spread that we can look at over here? Like is it $70 – 80 per ton? How should we understand that? So that's the first question.

Second question with respect to UK, there is a statement that says wider restructuring of other locations, including CAPL. Need a bit of clarification because there are two numbers pertaining to employee cost, £130 million and £100 million. Is there some sort of escalation over here?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

The wider restructuring comprises 2,800 people across sites. So, it's not just Port Talbot. It is a wider restructuring meaning it is not site-related only. It is wider across the organization. With respect to your point on CAPL, it will run for this year and potentially will be closed next year. As far as the £130 million and £100 million is concerned, these are 2 different parts. It's important to communicate properly to the people who are more affected. We have not yet concluded the consultation, in fact, it is just formally starting. Our point is that we have a corpus because there were a lot of misperceptions going around that we have a corpus in excess of £130 million as part of the compensation for the people who would be affected. And the £100 million is actually a transition board set up by the UK government in conjunction with the Welsh government and us, where UK government has contributed £80 million, and we have contributed £20 million. That is to look at a much wider ambit for the people and community who are affected in terms of rescaling and how to help them transit in this process. So these are 2 different things related in some ways, but it is addressed differently.

As far as the cost curve differential is concerned, I think our assumptions remain the same because the business case has not changed, and we continue to believe that. Procurement of slabs, I think will be a mix of slabs and coils. As you know that we have said that we will continue to operate the hot strip mill. And this [inaudible] will come primarily from our sister mills, whether it's in India or Netherlands and other strategic suppliers that we are stitching in. Just to clarify, so long as it is within the system, so long as it is supply from India or Netherlands or any part of India, the price risk is any way factored in and will get nullified in the consolidated statement. So that wouldn't be the impact. For the supply that we bring in from outside, yes, that will have the price risk element.

Ritesh Shah, *Investec*

Right. And the downstream spreads?

Koushik Chatterjee: ED & CFO – Tata Steel Limited

The downstream spreads are different. For example, we have a Zodiac line, which is an automotive line. We have a packaging line, which is Tinplate. We have the colour-coated line. So, the spreads are different based on the products. As we get into transition, we'll explain that and we'll give you product-wise spreads applicable for those facilities.

Operator

The next question is from Indrajit Agarwal of CLSA.

Indrajit Agarwal, *CLSA*

My first question is on the India business standalone. Can you help us run through the EBITDA bridge from 2Q to 3Q. Adjusted EBITDA per ton in 2Q was about Rs. 13,400/t. From there, we have moved to Rs. 16,900/t. What was the movement in steel realisations, raw materials and other expenses that contributed to it? And what is the outlook for 4Q for all these items?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

If I were to look at it from an NR perspective, the steel NRs have increased by about Rs. 1,100 per ton. If you look at the net effect, it is more like Rs. 90 per ton from an EBITDA perspective. The coking coal consumption has increased by about $4 per ton on QoQ basis and has resulted in about Rs. 390 crores impact, which works out to about Rs. 800 per ton -ve impact on the EBITDA. But if I look at the purchase of finished goods and the semifinished goods, they decreased by about Rs. 400 crores on account of lower purchase of scrap, pellets, other materials, and this has resulted in an uplift of about Rs. 800 per ton. The big one was obviously the release. In 2Q, there was a release in the finished goods and semifinished goods steel inventory, which was about Rs. 570 crores. However, in 3Q, there was a build-up of about Rs. 900 crores of inventory, which works out to a QoQ swing of about Rs. 1,500 crores. This has resulted in cost reduction of around Rs. 3,000 per ton. And finally, in 2Q, there was FX gain of Rs. 464 crores on account of the loans [inaudible] to Tata Steel Holdings in Singapore of about $4 billion. That has now mostly got converted to equity. That gets nullified. Therefore, you have impact on the cost of about Rs. 945 per ton. If you add and minus all the numbers that I talked about, you will find that there is a Rs. 2,200 per ton improvement in the EBITDA per ton

Indrajit Agarwal, *CLSA*

Sure. And outlook for next quarter, how are you seeing the NR and coke components?

T. V. Narendran: *CEO & MD - Tata Steel Limited*

The Steel NRs we expect to be about Rs. 1,000 per ton lower in India in 4Q compared to 3Q and the coking coal cost is likely to be about $10 per ton higher on a consumption basis QoQ.

Indrajit Agarwal, *CLSA*

Sure. One last question. Can you help us reconcile the net debt movement from 2Q to 3Q? What was the working capital build-up, both for 3Q and for 9M?

Koushik Chatterjee: ED & CFO – Tata Steel Limited

So Net debt number was flat. If you look at it, we had a release in working capital on a consolidated basis. And some parts of that was absorbed because of the Netherlands cash utilisation due to the losses. There's no major movement as such.

Operator

The next question is from Amit Dixit of ICICI Securities.

Amit Dixit, *ICICI Securities*

I have 2 questions. The first one is on the restructuring provisions that we took last quarter, particularly for redundancy, which was to the extent of Rs. 2,600 crores. The amount that we have committed so far is £130 million and £20 million in that Welsh fund. At this point in time, is there any clarity if the total amount that you would be giving out will be higher than Rs. 2,600 crores?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

The restructuring amount that we took last quarter had 3 components. The first component was provisioned for the redundancy. There was also mothballing, or proposed mothballing of the hot strip mill and other facilities like the caster. It was not one number. It was three numbers. At this point of time, even before we have started consulting, I think we are within that zone. And there are contract termination expenses, which is all the long-term contracts, which will get terminated. That was also included in that. I think on a net basis, we still think we will be within that. There may be minor plus / minus that may happen, but it also depends on where the conversation ends up finally with the unions. It's a little premature, but I think we will not be too off the mark is what at this point of time.

Amit Dixit, *ICICI Securities*

Okay. The second question is on Tata Steel Netherlands. Now that relining would be complete by end of this month and possibly the production should start from February, what kind of production / sales volume to expect in 4Q? And whether after this relining, there is some efficiency improvement. Any cost benefits that you see going ahead? And also, if you could highlight similar thing for Tata Steel India, what would be the coking coal cost and realisation in that geography? Any cost benefits that you see going ahead?

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

I think the BF6 relining, as Koushik mentioned, is pretty much complete. I think the filling of the furnace will start today and the furnace should be in production next week. So that's the plan. For this quarter, I mean, for 4Q, we are basically saying that the volumes will be about 0.5 million tons higher than 3Q, of which, 0.4 million tons will be in India and 0.1 million will be roughly in Europe, which is going to be largely Netherlands because we only have 2 months of production and it needs to be converted into finished products, which can be sold.

Traditionally, Netherlands has produced around 6.1 million tons over the last few years. We want to take it up to at least 6.5 - 7 million tons. I think that is what we hope to do once the furnace stabilises, which is expected to happen in the next couple of months. We will give you a guidance separately for next year, there you will see the improvements that we expect because of this work. Over the last few years, this furnace has struggled a bit. And now that it is relined, we hope that we'll have a more stable production going forward. As far as the guidance on coking coal is concerned. In Netherlands, the consumption cost is expected to increase by about $18 per ton on a consumption basis and in UK by about $11 per ton.

Amit Dixit, ***ICICI Securities***

And what about NR?

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

So net realisations for UK are expected to increase by about £40 per ton because the UK business is a little bit more dependent on spot prices. So as the spot prices go up in Europe, UK will see a bit more of the benefit. Netherlands is expected to see a reduction of £14 per ton. This is largely because Netherlands has a larger share of annual contracts and long-term contracts, which were finalised in November - December and they were lower than the long-term contracts of the previous year. You will see a bit of that impact, which will be offset by spot prices. We are actually watching spot prices closely because as you know, the spot prices in Europe are going up because of the tensions in the Red Sea and Suez Canal and that is limiting the flow of material from Asia to Europe. Let's see where that goes. I think some price increases have been announced. This is the guidance as of now, but we'll wait and see on spot prices.

Operator

The next question is from Ashish Kejriwal of Nuvama.

Ashish Kejriwal, ***Nuvama***

Sir, my question is on the profitability of our Netherlands operation as well as UK operations because in UK, our blast furnaces, we are going to close in phases next year, which means that we will continue to bleed before we go into a transition mode. So, is there a possibility of giving some sense on the profitability of UK operations? And as far as Netherlands also, even after relining, when can we expect it to be EBITDA neutral or profitable?

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

Netherlands, obviously, we expect to be profitable next year. At least it will be EBITDA positive, and we'll give you some more guidance as we come with the next quarter results. Most of this year or pretty much ten months of this year, we have operated with one blast furnace. We should also keep in mind that a lot of sales this year were of material rolled out of high-cost slabs, which were produced the year before, to keep in stock for the blast furnace relining. They were produced when coal prices and gas prices were at their highest. We saw all that flow through in Netherlands over the last 10 months.

This year, we are starting with lower gas prices, lower energy costs, and coal prices than when we made those slabs. We expect next year clearly to be better than this year. It will be EBITDA positive. How much positive and where we will end up, we will give you a bit more colour at the next quarter results.

As far as UK is concerned, as also for Netherlands, we should keep in mind that the 3Q spot spreads were the lowest in a very, very long time. It was in that €100 - 130 per ton range, whereas we always look at €225 per ton for the long term. So certainly, in UK, while we will have operational challenges even as we start winding down the operations, we also expect the situation to improve as far as the spreads are concerned and as far as gas and electricity prices are concerned. We do expect things to improve a bit in UK from that perspective, but there will also be restructuring costs. I'll let Koushik comment on that.

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

I will just add to what Naren just mentioned. In Netherlands, I think there's certainty [inaudible] as the production ramps up in blast furnaces. As he mentioned, we are targeting a volume of about 6.5 - 6.8 million tons, maybe 6.9 million tons. I think that is important for us. If the spreads improve, at least in the short term then we should certainly have an uplift. We are also undertaking a deep transformation program in terms of improvement in our cost position, not just by the volume but multiple areas. And I think that will also start flowing in if I look at it on a full year basis. I think the most important bit is, next year from a cash flow point of view, we should see Netherlands business be operating cash flow positive. That's going to be critical with lower capex because it will be more sustenance capex, not the heavy capex that we have seen this year. As far as the UK is concerned, I think the way to look at it would be, yes, you are right that it is a phased closure and therefore, our focus is to halve the losses of this year at least in the next year. I think that would be a zone that we will be working on. There will be redundancy costs etc. Also in our own plan, the people will move out in a phased manner. And with that phased manner, the cash flows will also move in phased manner. So, I think that is something that is being worked out. And when we come in with our final results, we should be able to give you a very specific range of cash outflows next year. Fundamentally, next year will look to be significantly better for our international operations, both in terms of reducing our losses in the UK significantly as well as improving in Netherlands. There will be an impact of CO_2, which will impact Netherlands, and that's what we are working on because there is a trailing effect of CO_2 that comes in because of lower production. But that is being worked on and how we mitigate that with other measures is what we can talk about when we speak about the final results.

Ashish Kejriwal, ***Nuvama:***

Sir, just to clarify, the cash outflow of the restructuring cost is yet to happen, which we have not taken into account in our cash flows yet?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

No. That cannot happen until we close the furnaces and that will happen after we close the furnaces in a phased manner as the affected people move out, and that's part of the consultation that we will have.

Ashish Kejriwal, ***Nuvama***

Secondly, Naren, you have mentioned or guided about a $10 per ton increase in coking coal for 4Q and even in third quarter, we saw just $4 per ton increase in coking coal. Whereas when we look at the spot prices, it is much higher, maybe $50 – 60 per ton higher. Is there any change in blend, which led to the lower cost for us as compared to the industry? Or are we buying from Russia at lower cost or how are we managing it?

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

I think, firstly, we are not buying from Russia. Secondly, we use a lot of leaner blends. Apart from the PCI, we also use a lot of leaner blends. If you look at the last few quarters, the gap which is there between the leaner blends and prime coking coal had come close to zero. It went up because of the disturbance of the Ukraine war and multiple impacts of that. The advantage that we had of using leaner blends, which I think we used quite a bit [inaudible]. Now we are getting that benefit because the gap is increasing. So that's why while the prime coking coal prices may have gone up, as you said, the consumption cost for Tata Steel, while we had guided $10 – 15 per ton, went up only $3 per ton. We are able to manage that cost increase much better because, obviously, we have the advantage of using a lot of leaner blends.

Ashish Kejriwal, ***Nuvama***

I hope this will continue

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

Yes, sure, it will. I mean at least the gaps are not in my control, but use of leaner blends, yes. But whether the gap increases or not is a matter for the markets.

Operator

The next question is from Amit Murarka of Axis Capital.

Amit Murarka, ***Axis Capital***

The entry that has happened on the chrome ore valuation, like I'm just not still clear on that. And could you just help explain what has happened there?

Koushik Chatterjee: ED & CFO – ***Tata Steel Limited***

Yes. So let me explain from a basic accounting point of view. There is a royalty and actually royalty rates have increased, as I mentioned, by over Rs. 8,000 - 9,000 per ton. The volume is not sold, that is still in our stock. What happens is by the accounting standards, you load the inventory with that royalty. So, it's inventory debit to change in stock and that change in stock is actually the credit to the P&L, as you see in raw material cost. Now simultaneously, the royalty expenses are debited because that's the reflection. That is why the other expenses have gone up and a liability is created. When we actually dispatch the material, then that is when you pay the royalty. And therefore, that is the time when you do a liability debit to cash. That's the sequence. That's why I said it is neutral to the P&L because the credit has gone into the material cost and the debit has gone to the royalty expenses.

Amit Murarka, ***Axis Capital***

Got it. And besides this, there was no other inventory related change in the quarter, right?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

No, not materially. I gave the full reconciliation a little while back, I think, to one of the questions.

Amit Murarka, *Axis Capital*

Yes. Got you. And also like on KPO 2, what kind of volume can we expect in FY25 to come through?

T. V. Narendran: *CEO & MD - Tata Steel Limited*

I think as of now, we have guided 0.7 million tons, but in the next quarter's discussion, we can probably be more precise. From a volume point of view, for instance, the caster 2 has started which gives us an additional volume opportunity. The blast furnace is close to completion. The physical completion will happen in the next quarter, and we will start commissioning soon after that. So, I think by the time we do the next analyst call, we'll have a more specific guidance, but we're guiding 0.7 million tons.

Amit Murarka, *Axis Capital*

Okay. And also lastly, any progress or update on the climate transition plan at TSN? Any discussions that have happened with the government?

T. V. Narendran: *CEO & MD - Tata Steel Limited*

So, there are lot of discussions going on with the government. But as you know, Netherlands has recently had an election. So, we're waiting for the new government to form. Netherlands normally has a coalition government, so it takes a few months after the election for the government to form. But the conversation is going on with the bureaucrats in the government, and we hope to at least agree with the bureaucrats on the way forward and then wait for the political leadership to then come on board. So, we expect over the next six months to take it to some sort of conclusion.

Operator

The next question is from Kirtan Mehta of BoB Capital.

Kirtan Mehta, *BoB Capital*

In terms of the UK transition, we are showing a slightly slower path than what we had last year. So, what would be the impact on the net debt in FY25 for the company particularly from the European cash outflow that we will be seeing? And how would that get offset by the Indian cash flow? Any colour on that?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Yes. I think if I look at it, it's a timing issue. And the timing, honestly, given the way the process works in the UK where if you were to live to the spirit of meaningful consultation, you have to give time to the unions to come back with a plan which they did. We spent time along with them in terms of reviewing it and then coming to a point where we had to say that we couldn't progress with it because they asked for continuance of BF4 till the transition, which is another 3 - 4 years, which is not feasible, as I said, not affordable. So that's the time that we have spent with them, but it gives substance to what we were doing. We didn't do lip service. And we are now wanting to progress more formally and this consultation takes legally a minimum of 45 days. We have been deeply engaged with the unions over the last 4 months. And therefore, we want to ensure that we give certainty to this situation. So I think it's a quarter change from where we originally envisaged and we are also ensuring that our sourcing and supply chain systems are robust. Honestly, we cannot talk about it, or we couldn't talk about it very significantly in the market till we actually launch consultation because our intent becomes more formal as we announce the consultation.

Taking all things together, we should be looking at a substantially reducing the losses in the UK next year compared to this year and moving into positive territory towards the second half of the financial year. So that is the way we are organizing ourselves. I think from a net debt point of view, we are always focused on ensuring that the net debt remains within the target. [inaudible] The physical shutting down of the furnaces we have already announced. The next phase is in this consultation to look at the phasing of the people, the corpus of what we want to provide to the people has also been put on the table. The only thing that will remain, is the phasing and the restructuring cost. Therefore, the contract termination and other operational bits, which we will be working on. I think when we sit in the next meeting, we'll be able to give you a more certain view of the phasing and the consequent impact on the cash flows on a consolidated basis.

Kirtan Mehta, *BoB Capital*

One more question was on the India operations, where we are seeing, again, a bit of delay in terms of bringing up the TSK II blast furnace from our initial envisage of February - March. Now probably we are looking at a sort of a September quarter where we think that the blast furnace will come up. Would you talk us through the moving parts which is sort of resulting into some of the delays from our earlier expectations?

T. V. Narendran: *CEO & MD - Tata Steel Limited*

I think the physical completion, like I said, is expected to happen next quarter. There was a bit of delay because some of the parts that were coming into the blast furnaces were damaged and we had to get it repaired. That costed us a few months. That is one of the reasons that we had. Otherwise, beyond that, it was more smaller reasons of different elements of the blast furnaces coming together. There's no very big reason apart from this specific membrane that got damaged, which we had to use in the blast furnace. That's what has pushed it, but we are still trying to see how much we can pull back, and that's why I said we'll give you better guidance by the end of the year when we do the next analyst call.

Kirtan Mehta, *BoB Capital*

Sure. In terms of your guidance on the 0.7 million tons steel production envisaged from TSK Phase 2, typically, if we look at blast furnaces ramping up to 80% utilisation within a year of start-up. Are we envisaging a bit slower start-up in case of TSK Phase 2 than the normal industry norm?

T. V. Narendran: *CEO & MD - Tata Steel Limited*

No. So that's why I said, let's wait for another 3 months, we'll give you a better guidance. This is, as you know, one of the largest blast furnaces in the world. It's a 5,800 cubic meter blast furnace. So, we just want to be a bit careful as we start and make sure that we do manage the ramp up well because it's bigger than anything we've handled in the past. So, we just want to be a bit careful. That's all.

Operator

The next question is from Alok Deora of Motilal Oswal.

Alok Deora, *Motilal Oswal*

So, most of the questions were answered. Just one question I had, if you could comment on the demand scenario in the domestic market? And how are we looking at 4Q? Because we are getting sort of mixed signs on the demand side. If you could just comment on that and any price hikes which we are looking to take?

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

Sure. So, I think the demand has been quite strong as you saw and year-to-date, the steel consumption in India has grown at about 10 - 12%. Pricing has not reflected that robustness of demand so far. Sometimes when you say there's a mixed view on demand, I think it's driven more by the traders and the distributors because oftentimes, if they have confidence that prices are trending up, they stock up. And if they feel that prices are not so great, they tend to stock down. That's what drives the demand in some sense at the point-of-sale level. I mean from the steel company to the trade. But consumption wise, which is going to be a reflection of how the end user industries are doing is quite strong. Auto is doing strong. Railways continues to invest; infrastructure investments are strong. So, when we look at different elements of consuming segments, it’s quite strong. The fact that the demand is strong is the reason why even during last quarter, the steel prices in India dropped by maybe 3 - 4% compared to the 7 - 8% drop internationally. So, the price drop in India has been less than what it has been in the international markets.

What has then happened is every time the steel prices started going up and international prices were low, there's always a threat of imports and that acts as a cap, and that is what has happened. What we are waiting to see is, of course, what the situation is in China. Even over the last 2 - 3 days, there has been a fair amount of discussion on what they're going to do to revive the economy. Second is what their steel exports are going to be? Because last year, you had a lot of exports in China as most people expected the demand to pick up strongly after the COVID restrictions were removed in the early part of last year. That did not happen, but production ramp-ups had happened. Hence, all of that found its way to the export markets. But as you will see from the numbers, the Chinese steel industry is not really making money. Their profitability is not great. Hence, you've also seen Chinese steel prices go up by about $30 per ton during December. Either the prices have to start moving up or they have to start cutting production at some point in time. We expect a better balance on Chinese production versus demand this year than we saw last year. The international prices will have an impact on the prices in the domestic market. That's why we have guided Rs. 1,000 per ton less in 4Q on average versus 3Q in India. In Europe, spot prices are going up, as I said, for different reasons. But in India, let's wait and see how the Chinese market moves and maybe we will have clarity only after the Chinese New Year. It will take another 2 - 3 weeks to have greater clarity.

Operator

Next question is from Satyadeep Jain of Ambit Capital.

Satyadeep Jain, ***Ambit Capital***

First question on India, on growth beyond KPO II. Tata Steel obviously has a long-term target of 40 million tons in capacity in India. As you look at maybe FY2027, where can the incremental growth after KPO2 come? What kind of ballpark capacity, is going to be at NINL or elsewhere? Would we look at somewhat similar capital costs as we have seen for KPO II, that's the first question.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Yes. So, I think the readiest part of our plan is actually Neelachal because that's what we've been working on. We need to do some more work on that and it’s about taking Neelachal from 1 MTPA to about 5 MTPA. We have an option. Kalinganagar also we want to develop a plan so that as we complete Phase 2, we can start looking at Phase 3 because that means you need not decommission the vendors and things like that, and there are some advantages to that. We'll explore that. That is about Kalinganagar moving from 8 MTPA to 13 MTPA. We are also parallelly looking at the Meramandali plant, the Bhushan plant to go from 5 MTPA to 6.5 MTPA as step 1 because to go to 10 MTPA, you need to acquire some land etc. So, all these three are the options available with us. Over the next 6 months, we will come closer to finalising them because we have also changed the way we are doing capital projects. We are following an FEL approach, which means [inaudible] we do the engineering first, the detailing first so that we have a far more precise understanding of cost before we take the board approval. So, we are doing that for Neelachal and we will be starting that soon for the Kalinganagar Phase 3 and work is also going on for the Meramandali plant. I think the next 6 months, we will be able to give you a bit more clarity on that. These are the big ones. Of course, there are the smaller ones going on. So, in the next two years, you will see the ramp-up of Kalinganagar and that will give us the additional 5 million tons and there will be a bit of increase in volumes in the long products business because we are adding a rolling mill in Jamshedpur and making some small investments in the steel mill shop in Gamharia, which is the Usha Martin plant, that will give us another 0.5 million tons.

Satyadeep Jain, *Ambit Capital*

So, these capacity expansions in Meramandali and NINL would be somewhat similar in capex cost to KPO II? Or could there be cost inflation?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Yes. So, I think KPO II, we had a slightly different kind of thing. Neelachal should be lower simply because it's a long product plant, and so we just need to see how to work out the optimal capex there. That's what we are doing just now. Meramandali also should be lower because you're not adding a full-fledged plant. In Kalinganagar also we should take out the cold rolling mill. That's a significant part of the capex. That's about Rs. 6,000 crores out of the Kalinganagar expansion Phase 2. You're not adding cold rolling mills in any of these plants. So, you will not have that. So, if you look at it, I think it should be at Kalinganagar levels or lower.

Satyadeep Jain, *Ambit Capital*

Second question on Europe. You did mention the British supercharger scheme. Any update on what's happening? Is it set in stone? Is it going to come online in 2025? And also scrap, given you'll require higher quality scrap for producing flat steel, how are you looking at sourcing strategy for that?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

The supercharger scheme is already legislated. It's network cost reduction of about 60%. That is something that the UK government has already notified and is going through the stated process. That should be applicable when our EAF is up. The CBAM is also being notified and the consultation process is underway. We expect that to be in force and by the time the EAF is commissioned in 2027. As far as scrap is concerned, we are now working on the UK scrap system, understanding the supply chain, looking at some of the opportunities that exist in different forms.

I think we have two years or so to work and set it in place, which also includes infrastructure like processing facilities. Now whether those entities can do it, or we have to do is the conversation that we will start. What kind of partnerships, alliances, or opportunities that we look at is what we are scanning just now. It is multiple work streams at this point of time as we proceed over 2024. We also don't want to go ahead of time, but in time, it's always good to ensure that the supply chain is secured. So, there is some work going on, especially in the infrastructure and logistics side for scrap and for processing a high-quality scrap, which will be required.

Operator

The next question is from Anupam Gupta of IIFL.

Anupam Gupta, *IIFL*

Firstly, if you can give some more clarity on the volume. You said that Kalinganagar will contribute 0.7 million tons at this point of time. But overall, what is the volume guidance which you are looking at for India business for next year apart from the Kalinganagar facility?

Samita Shah: *VP CFTRM – Tata Steel Limited*

As you know, we share annual guidance on volumes in our fourth quarter discussions because that's when the plan for the year finalises. I think Naren gave you a broad sense, but specifically, we'll be able to discuss it next quarter.

Anupam Gupta, *IIFL*

You said that in terms of coal, the benefits are because of the mix which you have been able to manage better. If you were to quantify what is the absolute consumption costs which you are seeing in fourth quarter. When you say that you'll have $11 per ton higher, what is the absolute number which you are looking at?

Samita Shah: *VP CFTRM – Tata Steel Limited*

It's around $250 per ton levels.

Anupam Gupta, *IIFL*

So broadly around $50 - 60 per ton lower than what you have for the prime mix?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Yes. Because this $250 – 255 per ton, which Samita was talking about includes everything from PCI to prime coking coal.

Operator

The next question is from Tarang Agrawal of OldBridge Capital.

Tarang Agrawal, *OldBridge Capital*

A couple of questions from my side. One on India. If you could give us your met coal mix between whatever you procure domestically vs. pulverised vs. premium low value vs. leaner blends? I mean, a broad split in terms of what percentage of your overall procurement would be in either of these baskets.

Samita Shah: *VP CFTRM – Tata Steel Limited*

So Tarang, I think the mix actually changes quarter by quarter, it's very dynamic and is based on the Value-in-Use principles which we follow. We will really not get into the specific details. I don't think that's something which we would like to share. It's a very dynamic number, which just changes quarter by quarter.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

The only thing I'll add to that is our own coal in India is about 20%. I mean, what we buy is 80%.

Tarang Agrawal, ***OldBridge Capital***

Okay. And how does that fall in terms of pricing, the domestic coal? Is it at par with the international coal that we, see? Or is it captively from out of mines?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Domestic largely is from our mines, but we also participate in some of the auctions because we have extra washing capacity. So, if we get some coal from, let's say, one of the coal companies or public sector companies, then we buy that, wash it, and use it.

Tarang Agrawal, ***OldBridge Capital***

But a large part of it would be through our own mines?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Absolutely. Yes

Tarang Agrawal, ***OldBridge Capital***

Second, how far is the 2.2 MTPA CRM and the 6 MTPA pellet plant utilised?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

So, the pellet plant has two lines. One line is already fully commissioned. The second line started 2 - 3 months back. We don't really need both the lines to operate at full capacity just yet and once the blast furnace starts, we will need both the lines to operate at full capacity. Our objective is to not buy pellets externally. We're hardly buying any pellets. So as the blast furnace ramps up, we will use both the lines available in the pellet plant.

As far as the cold rolling mill is concerned, we had planned to reach about 50,000 - 55,000 tons a month by this time, and we're already at that stage as far as the cold rolling mill is concerned.

Tarang Agrawal, ***OldBridge Capital***

Okay. Last question. There's news that UK is likely to levy carbon tax on imported steel from 2027 onwards. I think there was something that came out on 18th January. How does this development impact transition for Port Talbot?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

That's actually the one that I mentioned, the CBAM, the carbon border adjustment tax, if you are talking about that, which is going to come in 2027 because they've been doing the consultation just now. It actually helps Port Talbot because end of the day, any import into UK will have to pay the carbon tax whereas we being the only flat product producer on an EAF, will be on significantly low carbon emissions. So therefore, the delta between an imported coil and what we produce from a carbon point of view, potentially, especially from blast furnace route will be significant. So that CBAM, as you know, in the EU has already started from a recording perspective, 2026, it will start from a taxation perspective. UK will be more around in 2026 - 27, which will be just in time as we commission our facilities.

Tarang Agrawal, *OldBridge Capital*

Yes. So, calendar year 2027, sometime first half is how we are probably looking at our commissioning for our EAFs?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Yes to 2027, I can't say first half or second half at this point of time, but there's also concurrent stuff, which is required, which is the electric grid line, which is what I mentioned. We are in conversation with the national grid and they have agreed to 2027. Earlier it was sometime later. We have now confirmed and working through the process to get the required electricity line into Port Talbot. So that is 2027. In the calendar year 2027 certainly, we will be there.

Operator

The next question is from Ashish Jain of Macquarie.

Ashish Jain, *Macquarie*

Sir, my first question is for UK just to understand the onetime cost better. Is it fair to say that today, £130 million plus £20 million, is the potential onetime cost, if everything pans out the way we are thinking?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Yes. So, I think we took the provisions of around £200 million plus. So, £130 million plus £20 million is the number. £20 million is the number and £130 million is the number which we said we are willing to go beyond depending on the negotiations that happened but £130 million is certainly factored in. So, it could be delta on £130 million. Also, you have to look at it holistically and ensure that there is a balance between what we want to drive in terms of timing and the smoothness of this transition. And that's the consideration that will help our colleagues, our employees who are affected.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

But we don't want to give a precise number now since that's part of the discussion.

Ashish Jain, *Macquarie*

Just a continuation of that. When we say that whatever is the number of employees who will get impacted, the rundown in the count will happen in the next 18 months. For that period, they remain, we will continue to incur the existing compensation as well for those employees, right?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

So, it is not that it is starting at zero and the end is eighteen months later. It's phased out. So as the phaseout happens, we expect the people to move on. The key area is this and the reason why we mentioned that eighteen months and £130 million is to bring some certainty to the conversation and certainty to the process. So, people don't assume differently. After all, it's their work, their lives also. So, I think it [inaudible] as a responsible company, we wanted to give certainty to the way we want to approach this. As you can see, there's a lot of news flow around it. But we want to approach it in a manner which is dignified, which cares for people and yet gets to the business objective which has been hurting Tata Steel for some time.

Ashish Jain, *Macquarie*

Koushik, I understand that. I was just trying to understand when we import steel and serve the UK market during transition period, will we see massive reduction in our fixed cost. Is there a chance that UK will continue to bleed from cash flow point of view, at least for the next 12 to 18 months?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited.*

So that's why I said it is not that fixed costs will not get reduced. Fixed cost will be reduced. And that is one of the biggest plays that will unfold in the next 12 months. In 2024 - 25, I think the biggest part will be the takeout of fixed cost. Because, for example, I'll tell you, when you don't have a line of sight or when you have a definitive line of sight, you don't take heavy cost other than to carry on till the time it needs to be on a safe basis. So, there are many cost takeouts. There was a program drive to reduce costs [inaudible] which has been launched, I think, about 8 months back. That has got every little piece of cost savings embedded into it. So, we are very focused in taking out the cost, and we should see the cost takeouts happen, not only just employees but also in the context of other overhead costs, other discretionary costs and so on. So that cost takeout will happen. FY2025 will be the transition year. And as we move into 2025 -26, I think we will have a clear transition model and in parallel, the investment model and then 2027, we will get into the end state.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

We expect energy costs to be lower and the spreads to be higher. That will also help.

Ashish Jain, *Macquarie*

Okay and sir, just one last question. The volume commitment in the UK - is that like a hard commitment from our side? Or we have an optionality based on market conditions? I mean it's like a binding thing for us, right?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

No, there's nothing binding. It's the downstream that you want to operate, and you want to operate profitably. Effectively the entire volume is based on what the downstream facilities will take and profitably serve the customers that we have.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Are you talking of the transition? Or are you talking of the EAF?

Ashish Jain, *Macquarie*

No, no, the transition, the transition.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Then what Koushik is saying is right. Because the EAF size is committed. That is committed as per our agreement with the government and everyone else.

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

So, engineering wise that is the most optimal size that we wanted to build.

Operator

We would now like hand over the conference to Ms. Samita Shah for chat questions. Over to you ma'am.

Samita Shah: ***VP CFTRM – Tata Steel Limited***

Thanks, Kinshuk. There were questions on UK, I think, which we have answered in detail. So, I will shift to other questions which we have. I think they are largely about India. So, the first question is with regard to TSK II, what sort of incremental employee cost are we looking at once it's commissioned?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

In fact, the employee cost per ton will come down actually. So, I think Kalinganagar, when you look at it, the plant was originally designed for 6 million tons, which, as we were planning Phase 2, we decided to take it to 8 million tons.

Kalinganagar today is one of our most cost-efficient plants because of the way it is configured, the way it is manned, etc. It will only get better as you expand because a lot of the utilities have been designed for more than the 3 million tons capacity at which we are operating today.

So, when we are at 8 million tons, we will be more optimal in terms of a lot of utility cost, labour cost because it's not that from 3 million tons to 8 million tons, you're going to double the workforce. The workforce, in most areas is pretty much in place. So, our manpower productivity will improve. Our labour cost per ton will reduce. Our conversion cost will reduce as we come to Phase 2, but Samita can separately give you guidance, which may be more specific

Samita Shah: ***VP CFTRM – Tata Steel Limited***

Yes. I think that's just conceptually for you to understand. The next question is on iron ore self-sufficiency. What is the level of iron ore service efficiency in India, that's 100%. The question is actually on the pellet plant. Before commissioning of the pellet plant, how much pellet were you buying from outside? Was it a direct purchase? Or were you providing iron ore for conversion and paying only conversion charges? Because I think the idea is to understand the amount of savings from the new pellet plant.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Firstly, most of it was at market prices. The only conversion we were doing was in our own plant or what was the erstwhile Usha Martin plant. But otherwise, pretty much, I would say, all the pellets were bought at market prices. So that's why there's a significant saving. I don't remember the number, but clearly, we have bought about 1.5 - 2 million tons, if I remember right.

Samita Shah: ***VP CFTRM – Tata Steel Limited***

The next question is on M&A plans in India. It says there are ESL Steel Assets, I presume this is Electrosteel which they are referring to, that seem to be available, and Tata Steel has been interested in those assets in the past. Would you consider buying this asset?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

We were interested in that asset at a point in time when we didn't have Neelachal. Now that we have Neelachal, I think we have enough opportunity to grow in long products and we bid for Neelachal partly because there's 2,500 acres of land available for us to expand. So, we will focus on growing Neelachal and unlocking the value from Neelachal.

Samita Shah: ***VP CFTRM – Tata Steel Limited***

Then there is a question on Chinese prices. Do you think Chinese prices will go up significantly given that they are importing cheaper coking coal from Russia, compared to Indian manufacturers who are importing Australian coking coal?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

So that has always been there, and China also has domestic coal available though not of great quality. But they have to import iron ore. Iron ore, as you know, is today in that $130 per ton range and had also gone up to $140 per ton. If you look at the profitability of the industry, they are struggling. Domestic hot rolled coil prices, which had gone down to $530 per ton levels has gone up to around $570 per ton levels. I think that's why I'll wait for month or two to see what happens. More recently, we had the stimulus announcements and how that will impact the industry is something which we need to wait and watch. I don't see China exporting 90 million tons this year as they did last year. I hope that will start coming down because China has stated in the past that they don't want to export so much of steel and leave behind such a big carbon footprint. They also have a lot of work going on in China to reduce the carbon footprint. Whether it is steel industry, trying to make greener steels or the auto industry shifting to EVs. I do expect that China will really look at 90 million tons of exports and 2 times that is 180 million tons of carbon left behind just for exports, so they will discourage that I'm sure at some point in time. But of course, what they're encouraging is exports of cars, exports of capital goods, which is more value addition rather than exporting basic steel. Let's wait and see. I think this year, we'll have a better sense

Samita Shah: ***VP CFTRM – Tata Steel Limited***

With that, we will end the call. Thank you, everyone, for your participation, and we look forward to connecting with you again next quarter. Thank you.

T. V. Narendran: ***CEO & MD - Tata Steel Limited***

Thank you.

Koushik Chatterjee: ED & CFO *- Tata Steel Limited*

Thank you.