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# **Tata Steel Ltd.**

**Standalone Financial Performance**  
**Quarter Ended September 30, 2009**

Analyst Meet – Mumbai  
October 29 , 2009

## Sector Outlook

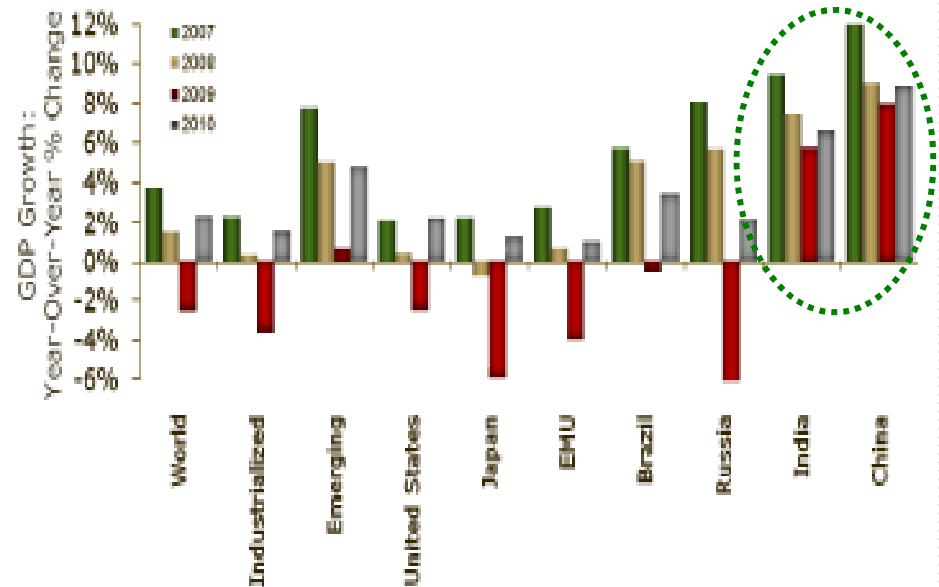
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- India demonstrates comparatively stronger all round growth , posts 6.1% GDP growth in Q1 FY'10
- Significant increase in government spending, to result in sustained increase in infrastructure growth
- Index of Industrial Production shows robust growth of 10.4% y-o-y in August
- **Sectoral performance April – August'09 :**
  - Capital Goods - 3.2% y-o-y ↑
  - Consumer durables -18.1% y-o-y ↑
  - Auto -11.1% y-o-y ↑
- Carbon Steel's Apparent Steel usage grew by 10.7% in April – September'09

# The “New Normal”: Opportunities emerging from the crisis

- Global recovery has begun but will take time to reach 2007 levels again
- Recovery began earlier than expected, but robustness and resilience still suspect
- A “New Normal” – Geographical redistribution towards developing markets
- Changing trade flow patterns driven by local demand decrease

Global GDP Stabilizes



# China & India : Drivers of global demand recovery

- Total Capacity – China’s share to rise to 46% in 2010 from 14% in 2000
- India’s share may increase to 5.2% in 2010 from 4.6% in '01-08 – from 5<sup>th</sup> to 3<sup>rd</sup> in the world
- World crude steel capacity utilization reported ~83% during 2001-07, which declined to 77% in 2008, and further dropped to 64% in Jan-Jul 2009
- India’s utilization ratio remains most stable. China shows recovery since November 2008

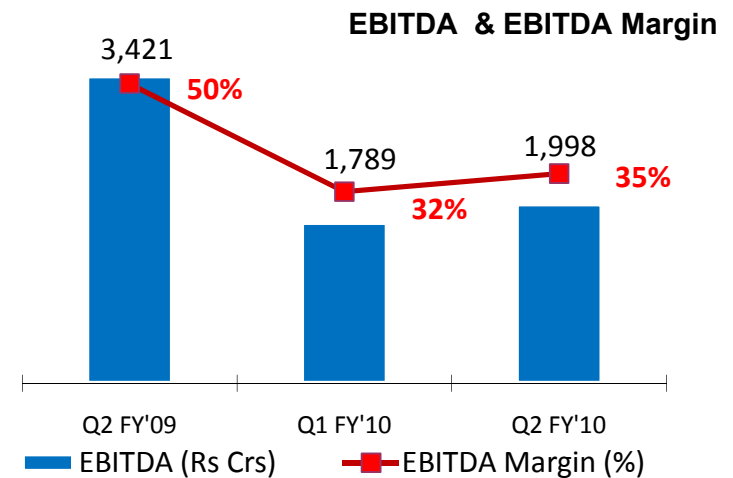
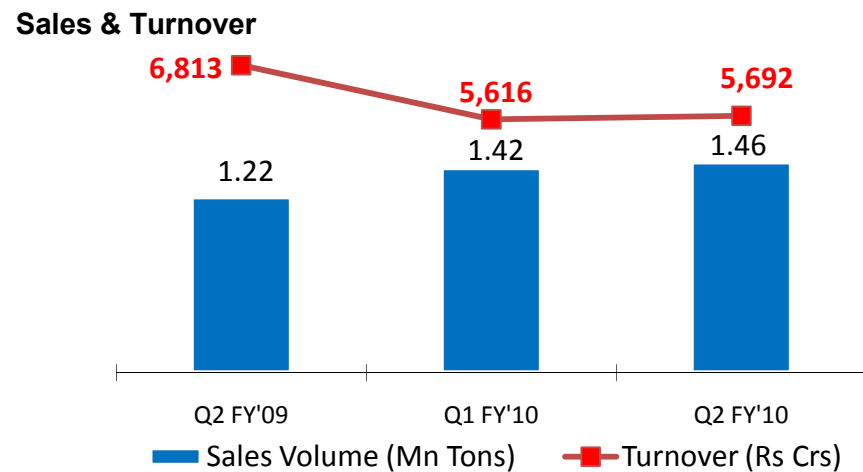
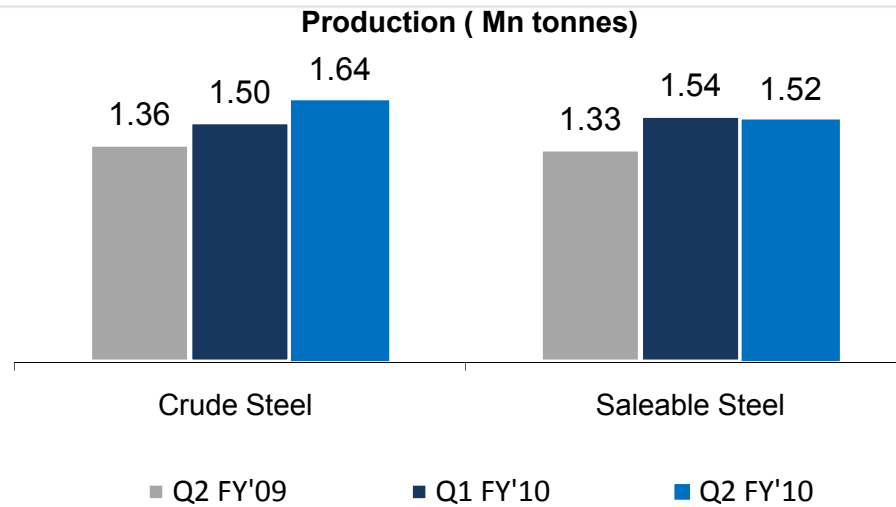
## Top 10 countries in 2005 and 2010

TOP 10 (2005)		TOP 10 (2010)	
Country	ASU (mmt)	Country	ASU (mmt)
China	354,705	China	552,554
USA	105,380	USA	71,668
Japan	78,730	India	62,720
South Korea	47,124	Japan	60,800
India	39,900	South Korea	54,615
Germany	35,258	Germany	31,811
Italy	31,600	Russia	25,853
Russia	29,251	Italy	25,300
Spain	20,895	Brazil	20,300
Taiwan, China	19,910	Iran	17,000

## Crude Steel nameplate capacity utilization Percent



# Key Highlights





# Standalone Financial Highlights

Rs. crores unless stated otherwise

Previous Year			Financial Highlights	Current Year		
Q1 FY09	Q2 FY09	H1 FY09		Q1 FY10	Q2 FY10	H1 FY10
1.16	1.22	2.38	Steel Deliveries (mn tons)	1.42	1.46	2.87
6,153	6,813	12,966	Turnover	5,616	5,692	11,308
3,037	3,421	6,458	EBITDA	1,789	1,998	3,787
49.8%	50.2%	49.8%	EBITDA Margin (%)	31.9%	35.1%	33.5%
217	249	466	Depreciation	253	256	510
242	255	497	Net Finance Charges	342	392	734
2,578	2,918	5,496	Profit before exceptional items & taxes	1,193	1,350	2,543
42.4%	42.8%	42.4%	PBET Margin (%)	21.2%	23.7%	22.5%
(303)	(345)	(649)	Exceptional Items	0	0	0
2,275	2,572	4,847	Profit before taxes	1,193	1,350	2,543
37.4%	37.8%	37.4%	PBT Margin (%)	21.2%	23.7%	22.5%
1,488	1,788	3,276	Profit after taxes	790	903	1,693
25.3%	26.2%	25.3%	PAT Margin (%)	14.1%	15.9%	15.0%
19.94	24.03	43.96	Basic EPS (Rs.) *	10.37	10.89	21.28
18.11	21.75	39.87	Diluted EPS (Rs.) *	9.61	10.37	20.00

\* EPS for Quarters is not annualised

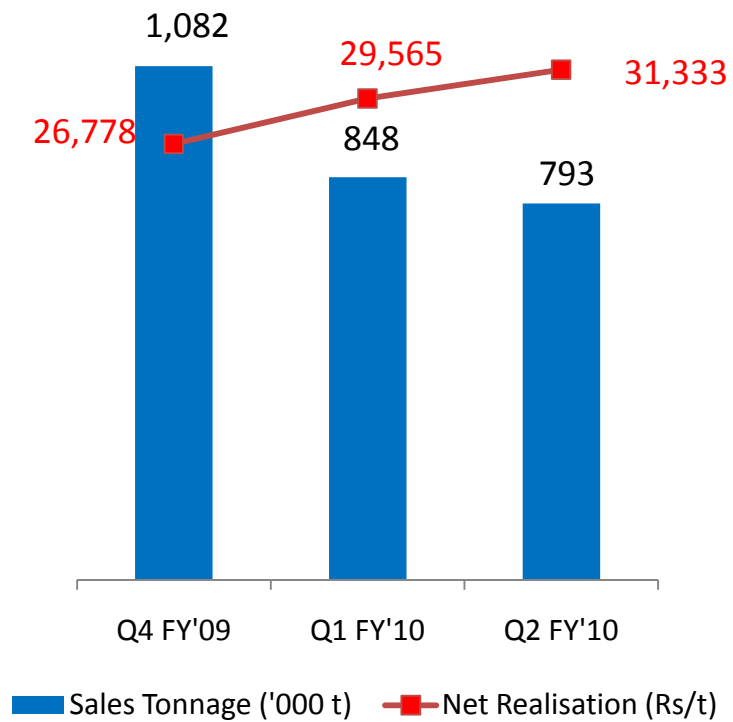
## TSL India - Key Financial Ratios : Q2 FY'10

Category		Unit	Q2 FY10	Q2 FY09
Profitability	EBITDA Margin	%	35.1%	50.2%
	PAT Margin	%	15.9%	26.2%
Shareholder Returns	Diluted EPS (not annualised)	Rs.	10.37	21.75
	Return on Invested Capital (ROIC)-Pre Tax	%	78.0%	120.0%
	Market Capitalisation #	Rs. Crs.	45,278	34,626
Stability	Net Debts : Equity	Times	0.76	0.74
Activity	Avg Debtors Velocity	No of days	10	11
	Avg Inventory Turnover	No of days	54	42

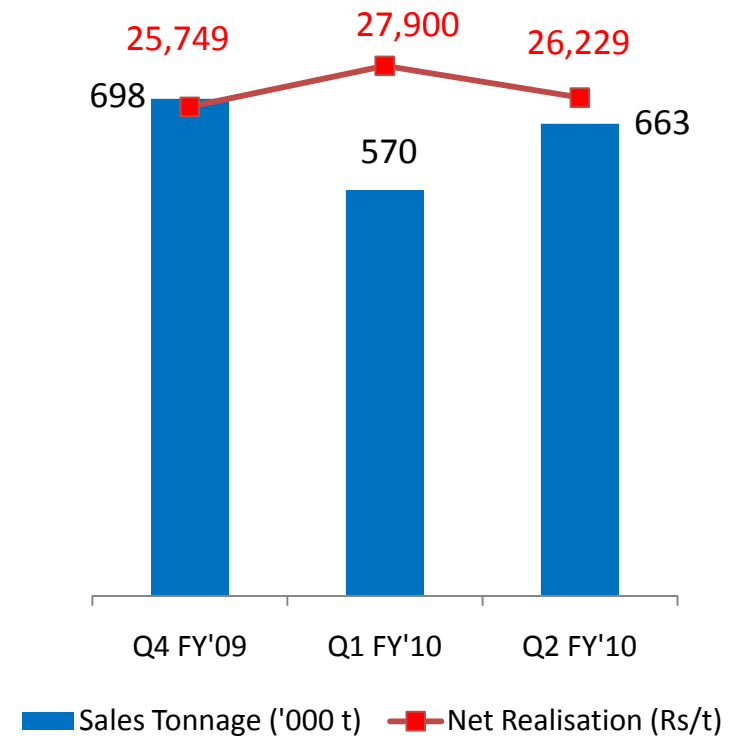
# FY10 includes converted CCPS and GDRs; FY09 includes CCPS

# Steel Division

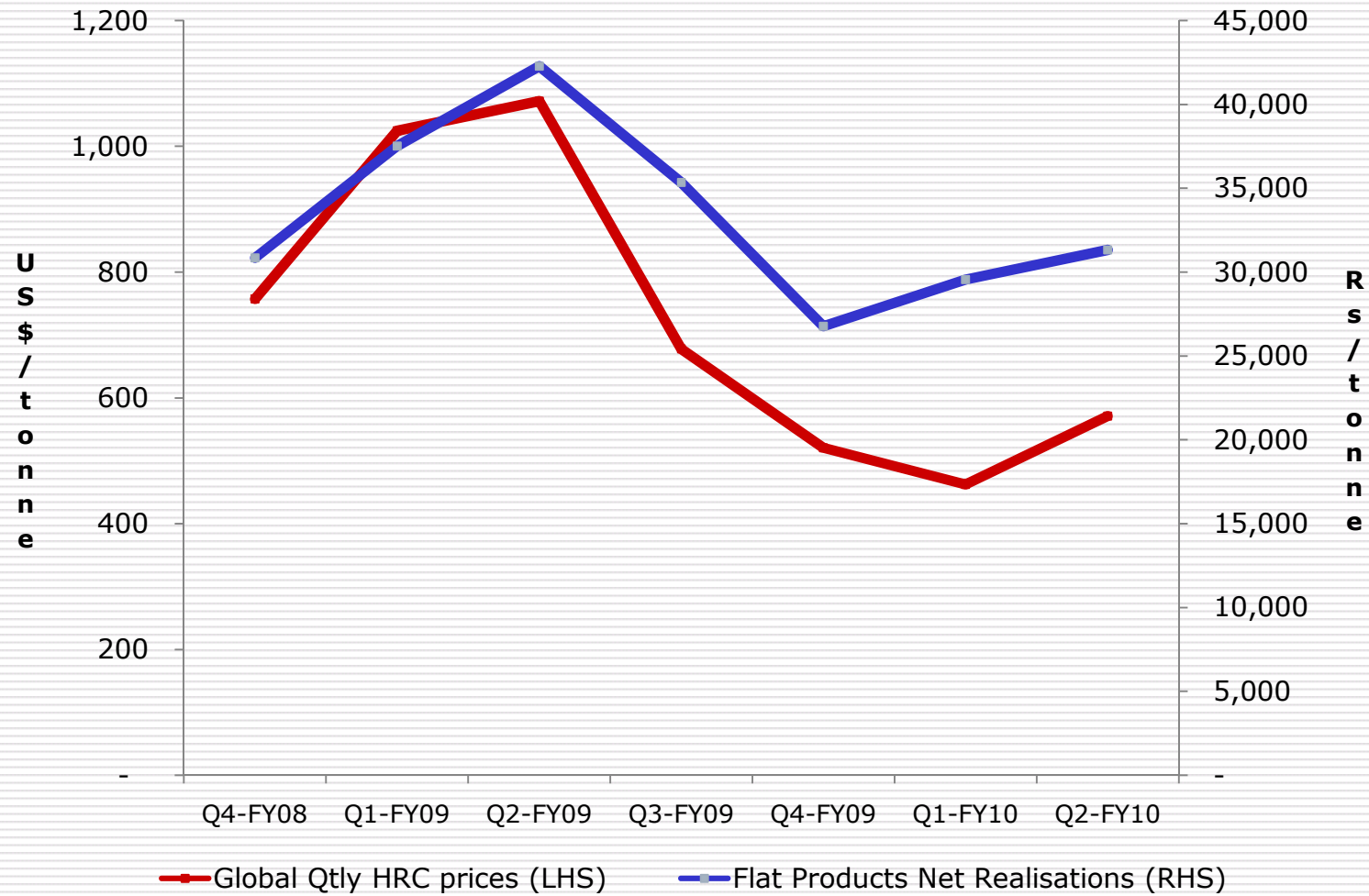
### Flat Products



### Long Products

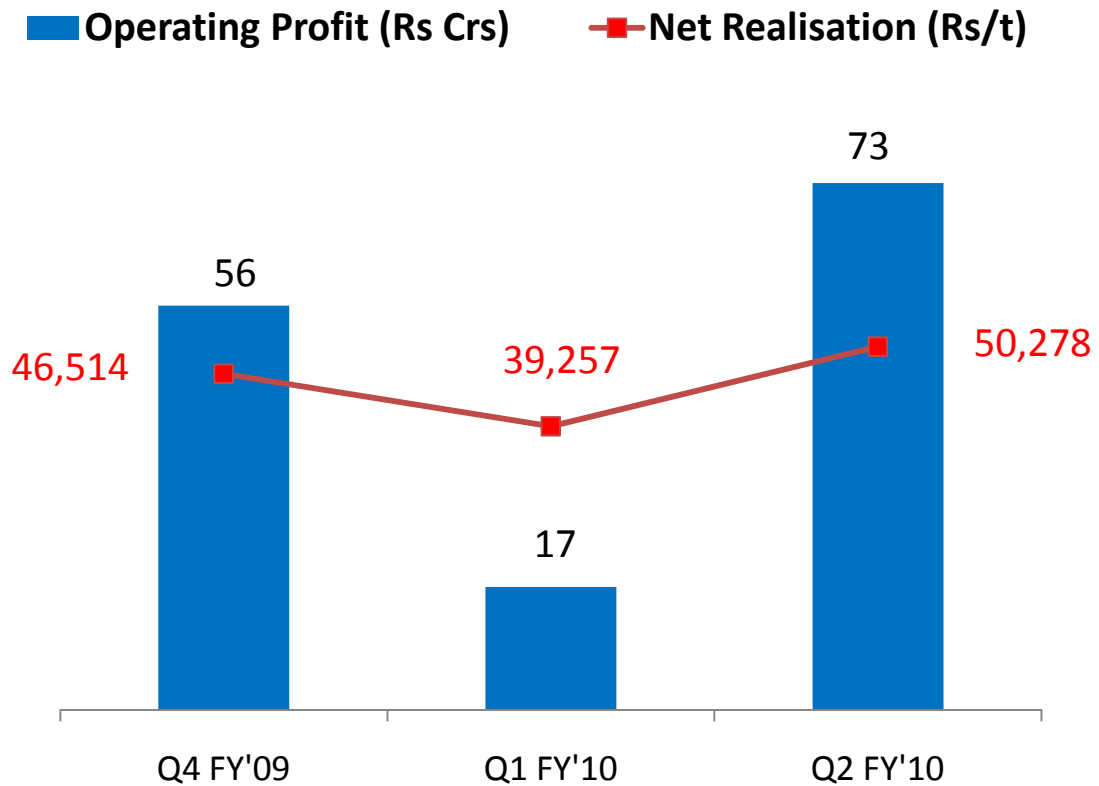


# HRC Price Trend

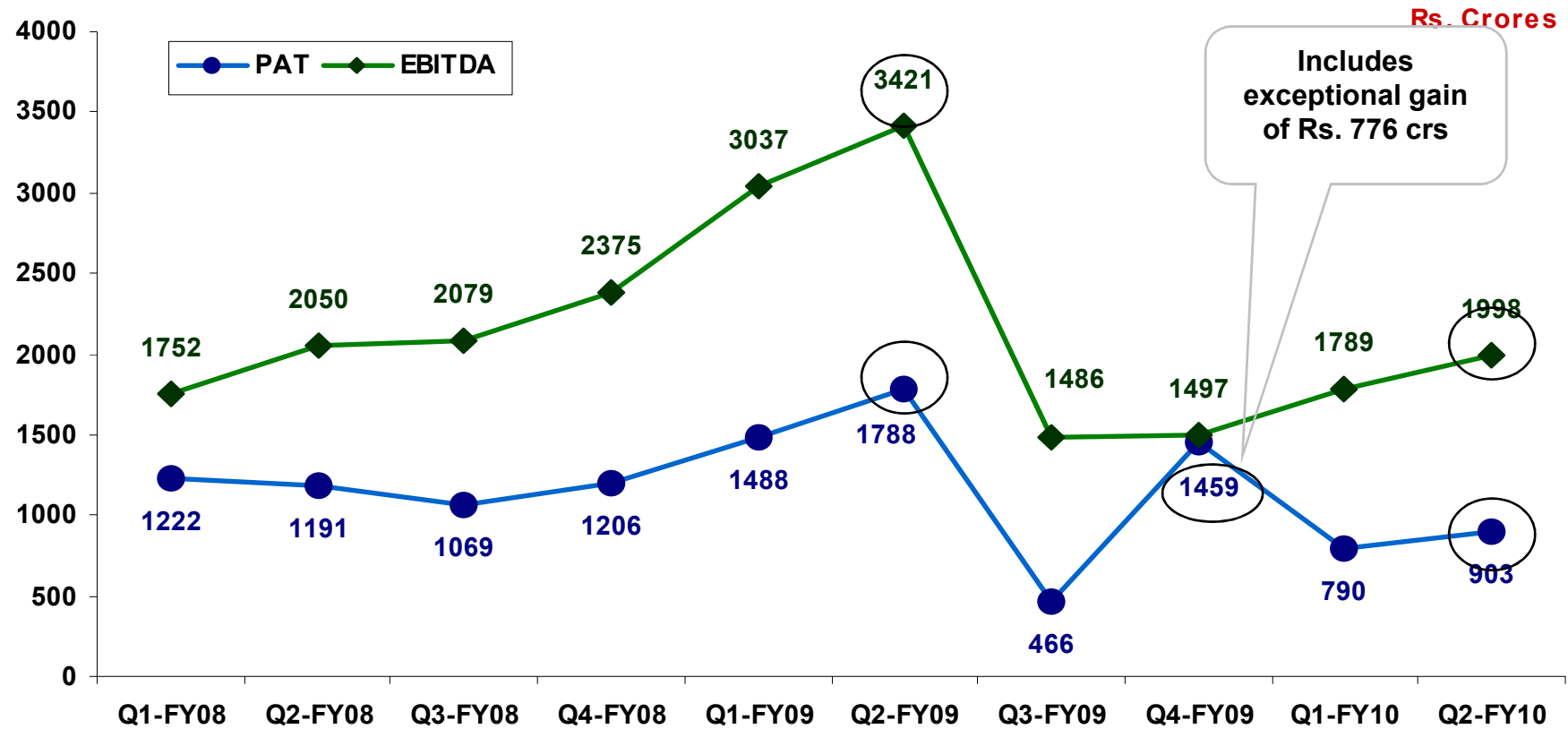


Source: SBBSTRWF Index

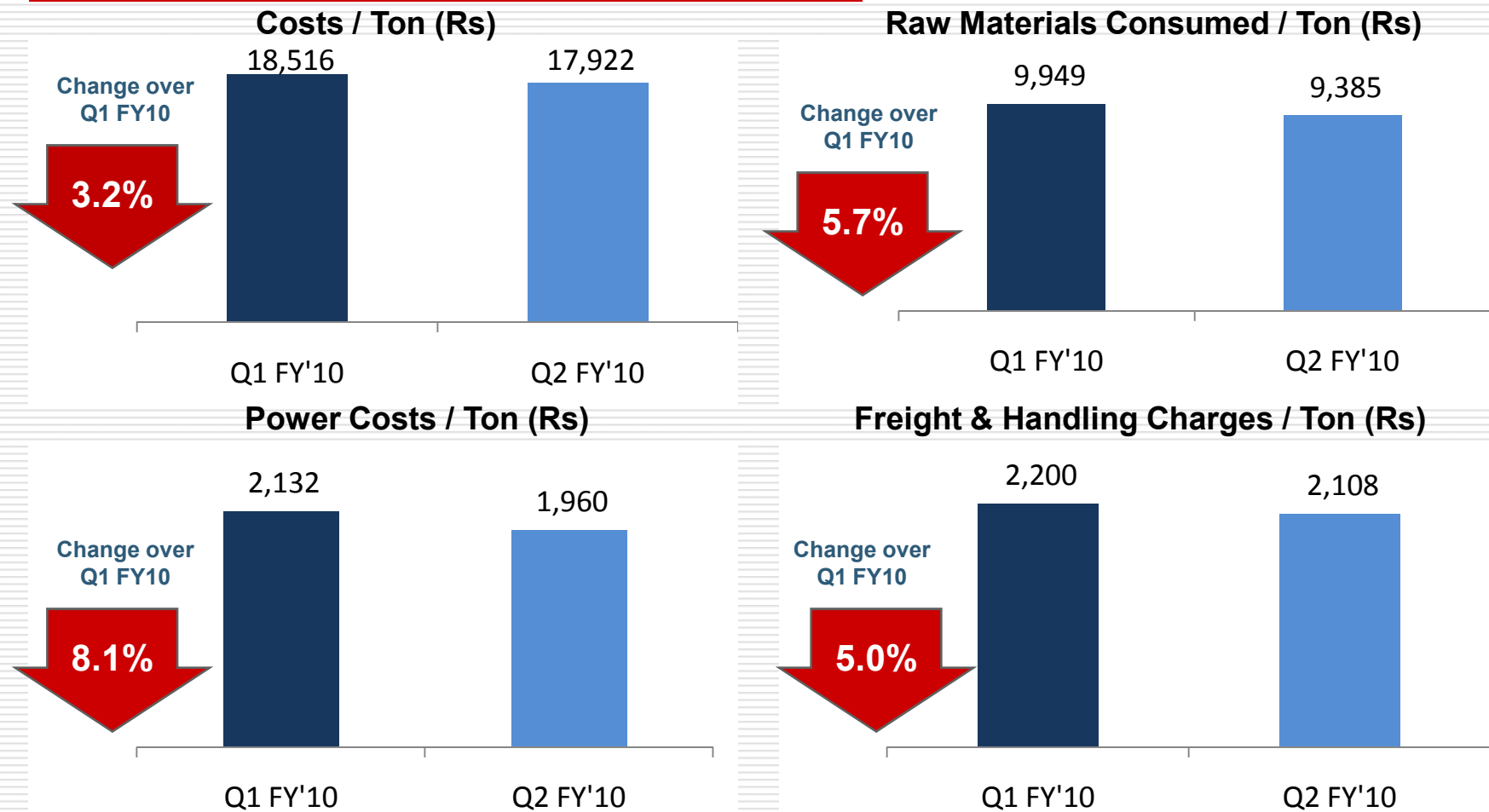
# FAMD



## PAT & EBITDA (before exceptional items) Trend



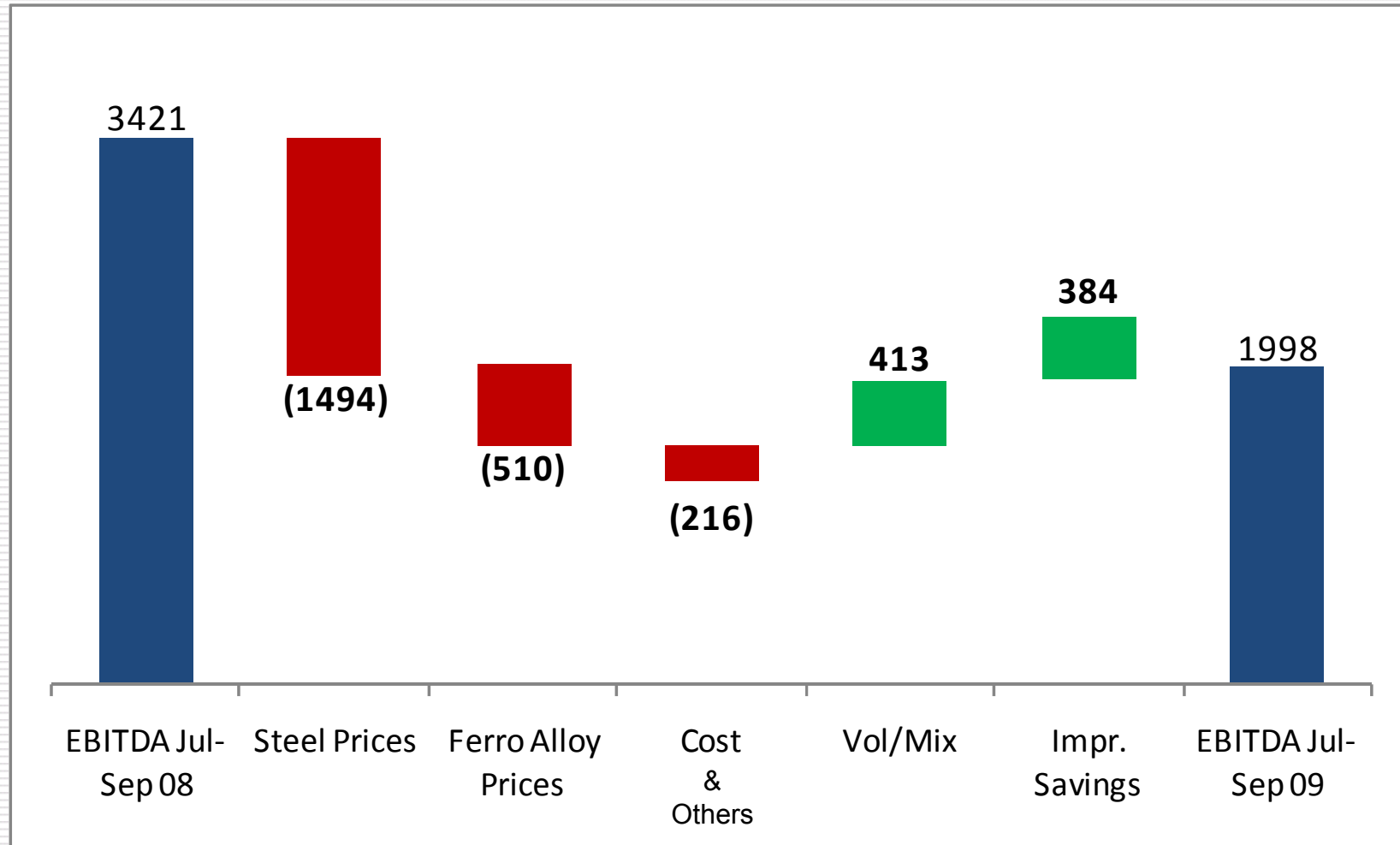
# Costs Per Ton Analysis



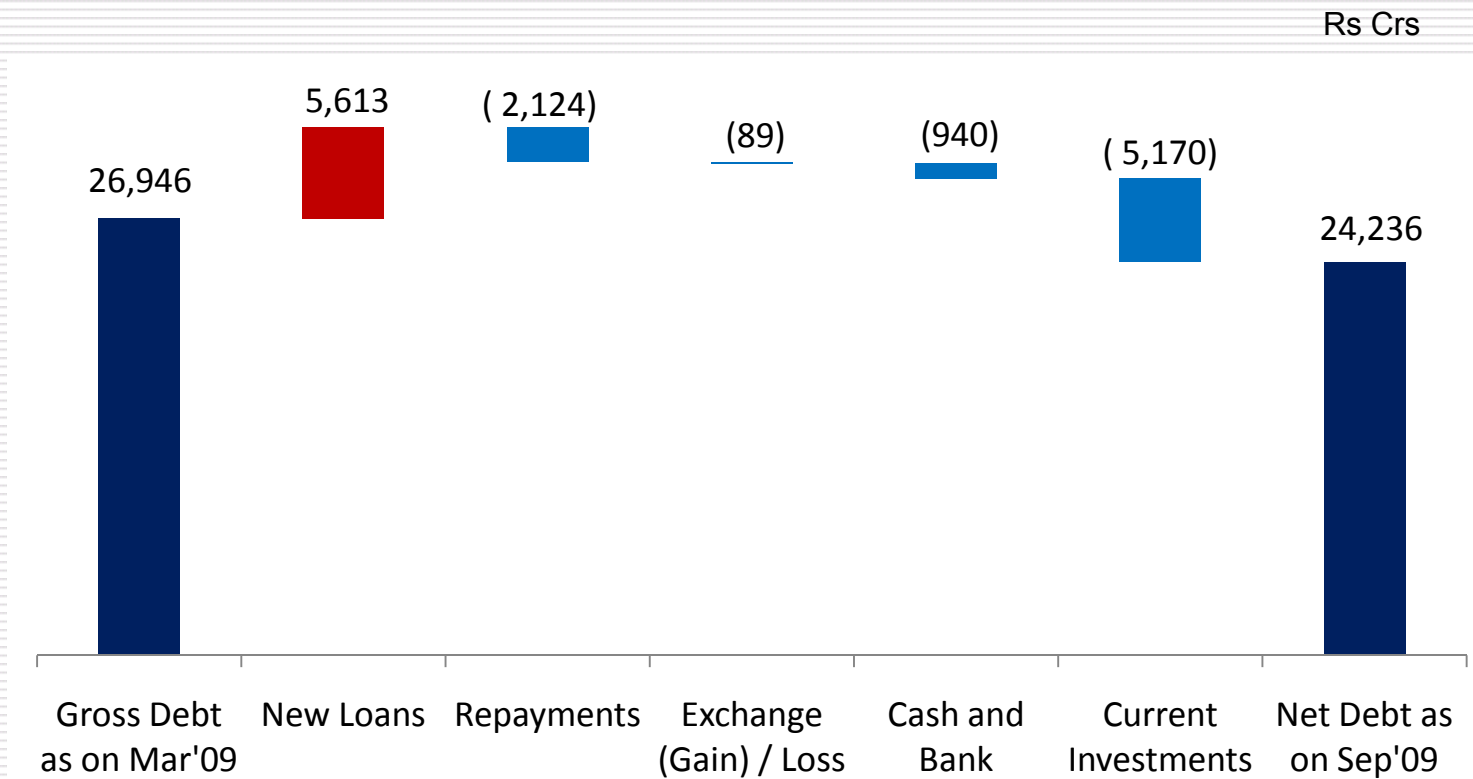
The drop in raw material costs has resulted due to renegotiations of carryover tonnages. Further drop expected in H2 FY'10

# EBITDA : Q2 FY10 over Q2 FY09

Rs Crs



## Net Debt movement – TSL India



\* Net Debt excludes amount receivable against forward cover – Rs 3,251 Crs

## Capital Initiatives

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### Raising of Finances

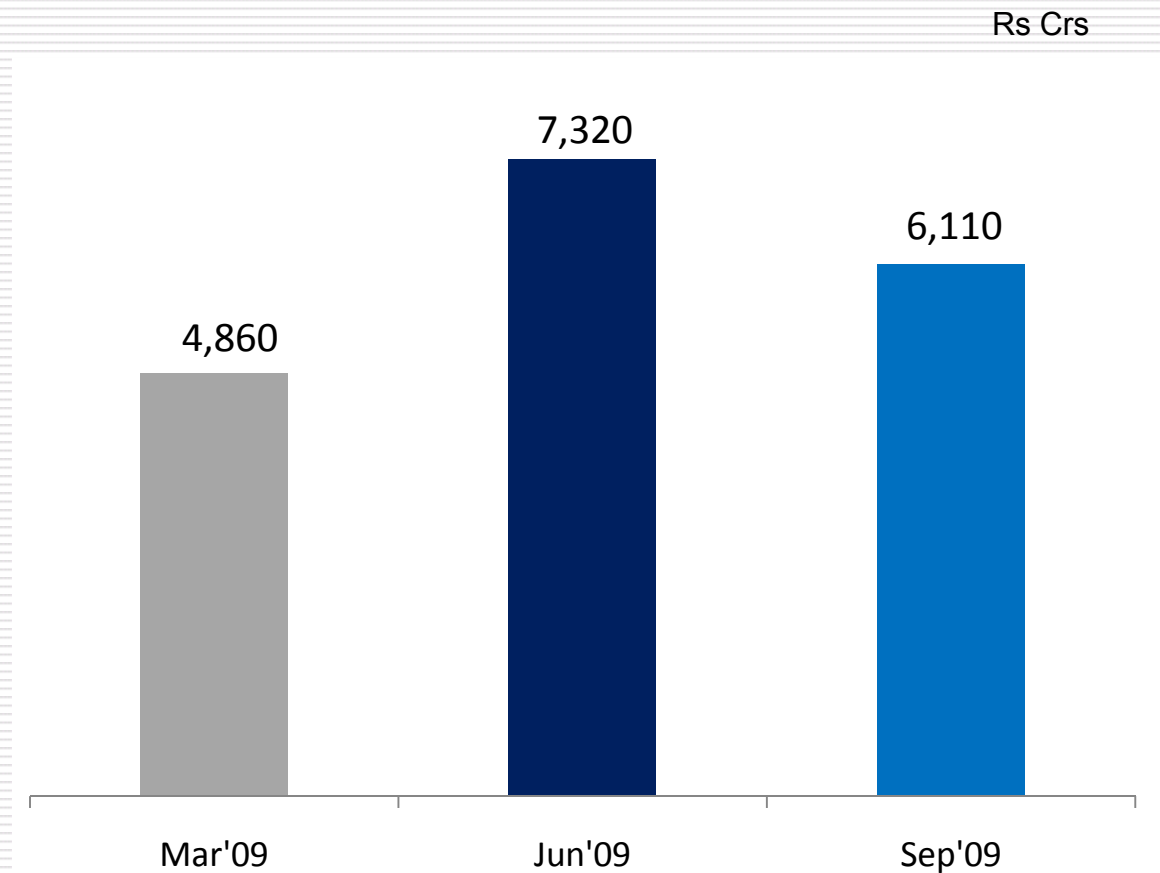
- 1) Issue of Non Convertible Debentures – Rs 2,151 Crs
- 2) New Term Loan taken from :
  - SBI – Rs 2,000 Crs
  - HDFC – Rs 650 Crs
  - IDFC – Rs 199 Crs
- 3) Issue of Commercial Papers – Rs 500 Crs
- 4) GDR Issuance of USD 500 Mn in Q2 FY'10

### Prepayment of Debt

- 1) Repayment of Term Loans :
  - IDBI – Rs 1,100 Crs
  - Buyer's Credit – Rs 623 Crs
  - IFC – Rs 245 Crs
- 2) Prepayment of GBP 100 Mn of Senior Facility in TS Europe

## Cash & Cash Equivalents – TSL India

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# Thank You