



November 6, 2019

The Secretary, Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.  
Maharashtra, India.  
Scrip Code: 500470/890144

The Manager, Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor, Plot No. C/1,  
G Block, Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051.  
Maharashtra, India.  
Symbol: TATASTEEL/TATASTEELPP

Dear Madam, Sirs,

**Sub: Press Release**

Please find enclosed the press release titled "Tata Steel reports consolidated financial results for the quarter and half year ended September 30, 2019".

This disclosure is being made in compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking you.

Yours faithfully,  
Tata Steel Limited

**Parvatheesam Kanchinadham**  
Company Secretary &  
Chief Legal Officer (Corporate & Compliance)

Encl: As above

**TATA STEEL LIMITED**

Registered Office Bombay House 24 Homi Mody Street Fort Mumbai 400 001 India  
Tel 91 22 6665 8282 Fax 91 22 6665 7724 website www.tatasteel.com  
Corporate Identity Number L27100MH1907PLC000260

**Mumbai, November 6, 2019**
**Tata Steel reports consolidated financial results for the quarter and half year ended September 30, 2019**
**Key Highlights:**

- Health and Safety: Red risk incidents\* for Tata Steel Group reduced by 55% over 1HFY19
- Consolidated steel production stood at 6.95 mn tons; deliveries grew by 3%QoQ to 6.53 mn tons
- India<sup>1</sup> steel production stood at 4.50 mn tons; Indian<sup>1</sup> deliveries increased 4%QoQ to 4.13 mn tons operations and contributed ~63% of consolidated deliveries
- Consolidated revenues were Rs.34,579 crores while India revenues stood at Rs.20,204 crores
- Consolidated adjusted EBITDA was Rs.4,018 crores and India adjusted EBITDA was Rs.3,817 crores
- Consolidated reported PAT was Rs.3,302 crores; India reported PAT was Rs.3,400 Crores. During the quarter, the Company had a favorable tax impact of Rs.4,233 crores, of which Rs.2,425 crores was on adoption of the new corporate tax rate by Tata Steel Standalone and some subsidiaries in India and Rs.1,808 Crores was on account of recognition/reversal of deferred tax assets and liabilities in offshore subsidiaries.
- The liquidity position of the group remains robust at Rs.11,858 crores comprising of Rs.4,596 crores cash and cash equivalents, and Rs.7,262 crores undrawn bank lines
- Gross debt during the quarter was Rs.1,11,549 crores. Net debt stood at Rs.1,06,952 crores

**Tata Steel India and Consolidated Highlights**

Key profit & Loss account items <i>(All figures are in Rs. Crores unless stated otherwise)</i>	India			Consolidated <sup>1</sup>		
	2QFY20	1QFY20	2QFY19	2QFY20	1QFY20	2QFY19
Production (mn ton) <sup>2</sup>	4.50	4.50	4.30	6.95	7.15	6.73
Deliveries (mn ton)	4.13	3.96	4.32	6.53	6.34	6.80
Turnover	20,204	21,129	23,980	34,579	35,947	40,897
Adjusted EBITDA <sup>3</sup>	3,817	5,117	7,065	4,018	5,530	8,641
Adjusted EBITDA (Rs. Per ton)	9,238	12,908	16,368	6,156	8,725	12,713
PBT before exceptional items	1,462	2,418	5,053	27	1,803	5,247
Exceptional Items	(11)	10	67	(34)	16	164
PAT from Continuing Operations	3,400	1,579	3,358	4,043	695	3,094
PAT from Discontinued Operations	-	-	-	(741)	19	22
<b>Reported PAT (A)</b>	<b>3,400</b>	<b>1,579</b>	<b>3,358</b>	<b>3,302</b>	<b>714</b>	<b>3,116</b>
Other Comprehensive Income (B)				1,181	(326)	(1,811)
Total Comprehensive Income (A+B)				4,483	388	1,305
<b>Diluted EPS after exceptional items (in Rs., not annualized)</b>				<b>29.25</b>	<b>5.88</b>	<b>31.06</b>

1. Consolidated figures don't include NatSteel Holding and Tata Steel Thailand as it is classified as 'Asset held for sale'; 2. Production numbers for consolidated financials are calculated using Crude steel for India and liquid steel for Europe 3. EBITDA adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings and revaluation gain/loss on external/ internal company debts/receivables at Tata Steel Global Holdings

\*Incidents are classified into red, yellow & blue based on the consequence of event and likelihood of its occurrence. Red risk is with very high consequence and likelihood of occurrence

1. India includes Tata Steel Standalone Limited, Tata Steel BSL Limited (TSBSL) and Tata Steel Long Products Limited (TSLP) on proforma basis without inter-company eliminations; Tata Steel BSL financials are consolidated from 18th May, 2018.



## Business Environment

During the quarter, economic growth across geographies slowed down as trade frictions outweighed accommodative monetary policies across key markets. Over the last year, steel prices declined by more than US\$100/ton in key geographies amidst weak demand. Softening coking coal and iron ore prices helped regional spot steel spreads improve from the lows of 1QFY20, however, a meaningful benefit should flow through in the next few quarters.

In India, economic activities remained soft, largely due to persistent liquidity issues, weakness in investment and consumption sentiment, and seasonal impact with heavy and prolonged monsoons. During the quarter, Indian steel players grappled with declining margins as domestic steel prices corrected sharply amidst continued demand weakness and high inventories.

In Europe, rising trade protectionism and overhang of Brexit continued to weigh on business confidence. Steel demand remained under pressure with continued weakness in key steel consuming sectors during the quarter; margins declined with drop in steel prices as complete benefit of recent raw material price correction is yet to flow through.

Despite this challenging business environment, the company has delivered a 3%QoQ growth in sales volumes; primarily driven by 4%QoQ growth at its India operations.

## Key Operating and Financial Highlights of full year and the quarter:

### Indian operations:

- India steel production remained flat on QoQ basis at 4.50 mn tons in 2QFY20
- India steel deliveries grew 4%QoQ to 4.13 mn tons in 2QFY20. Despite the slowdown, the Company was able to successfully maintain its sales volumes in Branded Products & Retail segment and Industrial Product & Projects segment. The sharp slowdown in the automotive sector, particularly in the commercial vehicle segment, was offset by higher exports.
- India revenues from operations for the quarter stood at Rs.20,204 crores; India adjusted EBITDA for the quarter was Rs.3,817 crores. Adjusted EBITDA margin stood at 18.9% and adjusted EBITDA/t was Rs.9,238.
- Tata Steel Standalone developed six new products during the quarter; of which two were successfully commercialized.
- Solid waste utilization, at Tata Steel Kalinganagar, improved to 109.9% in 2QFY20 as against 94% in 1QFY20. Specific water consumption, Tata Steel Jamshedpur, improved to 3 m<sup>3</sup>/tcs in 2QFY20 as against 3.46 m<sup>3</sup>/tcs in 1QFY20.
- Tata Steel Kalinganagar phase II expansion is underway. The cold roll mill complex and pellet plant has been prioritized which will allow for greater value addition and drive cost reduction.
- TSBSL continues to improve utilization rates and operational KPIs. It has successfully developed indigenous hot rolled steel for 22 skin panels for India's one of the largest auto manufacturer. It has

also successfully commercialized skin panel steel for the commercial vehicle segment. It has received approval for API X70 grade HR coils from Indian oil marketing companies and has secured orders for API pipes for cross country pipeline/city gas distribution projects.

- Tata Steel Long Products completed the acquisition of Iron Ore mines during July 2019, though ore supplies from the same were delayed due to heavy monsoons. It continues to steadily work on integration and stabilization of the newly acquired facilities and to drive improvements in various operating parameters. While realizations were affected by the sharp slowdown in the auto sector, TSLP successfully maintained its market share in terms of deliveries. To counter the slowdown, TSLP has begun working on tapping complementary demand from Tata Steel's existing Wire Rod customers and increasing share of business with existing customers while simultaneously diversifying to non-auto segments like Agriculture, Railways and Lifting & excavation.

#### **European operations:**

- In 2QFY20, Tata Steel Europe liquid steel production was impacted by weak market conditions, planned summer shutdowns and unplanned outages.
- Revenue from operations decreased to Rs. 14,035 crores in 2QFY20 due to weaker steel prices; partially offset by marginally better sales volumes. Sales volumes increased by 1.2%QoQ to 2.29 mn tons. 2QFY20 EBITDA stood at Rs. 165 crores.
- Tata Steel Europe has launched a transformation program to make operations simpler, leaner and sustainable for long-term success. During the quarter, it completed the sale of First Steel business, UK and Cogent Power Inc, Canada. It is also working to close or sell Orb Electrical steels in South Wales, Wolverhampton Engineering Steels Service Centre in UK and Degel business in Germany.
- Tata Steel Europe continues to strengthen its sales mix. It launched three new products during the quarter. During the quarter, high-value differentiated product sales exceeded 39%

#### **Key corporate developments:**

- TSBSL merger with Tata Steel is underway; we are working to complete the process by end FY20, subject to necessary regulatory approvals
- To drive scale, synergies and simplification, Tata Steel is consolidating its Indian subsidiaries in 4 business verticals viz. Long products, Downstream, Mining and Infrastructure. The process is expected to be completed in next 6-9 months, subject to necessary regulatory approvals. Tata Steel has also begun the process of closing over 100 legal entities across the group and as of date, has already filed for liquidation of over 50 entities.
- The Sukinda chromite mine lease expires on March 31, 2020. As the Odisha government has not yet notified the auction of this mine, Tata Steel is working towards closing mining at Sukinda as well as associated operations in a smooth and responsible manner. Tata Steel is also exploring alternative business models for its chrome ore business to ensure continuity in serving out long term customers globally.

**Management Comments:**

**Mr. T V Narendran, CEO & Managing Director:**

“The business environment in India and other geographies continued to be challenging and weighed heavily on steel prices. Tata Steel worked closely with customers across business segments to drive sales and maintain volumes. We are focused on driving productivity improvements across our various operations as well as the supply chain to reduce costs and minimize the impact on margins. We hope the end of monsoon season and the onset of festive demand leads to a pick-up in overall consumption and the steel demand.

**Disclaimer:**

