



Quarterly Results | India
14 September 2016

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Tata Steel Ltd.

Quarterly Performance Snapshot

Q1FY17 RESULT UPDATE

Topline declines as Europe business shrinks

Tata Steel Ltd's consolidated sales fell by 5.15% YoY to ₹ 26,332 crore in Q1FY17 as against ₹ 27,762 crore reported in Q1FY16 impacted by stalled steel demand, globally. The revenue from Europe steel business registered a fall of 11.87% YoY and stood at ₹ 13,100 crore in Q1FY17 as against ₹ 14,865 crore in Q1FY16. Company's steel deliveries decreased to 5.41 MT during the quarter against 5.82 MT in the same quarter last year. However, net sales realization was up 10% QoQ to ₹ 42,421, buoyed by recovery in steel prices.

The operating costs for the quarter, declined by 8.60% YoY to ₹ 23,164 crore in Q1FY17 from ₹ 25,343 crore in Q1FY16 on 10.83% fall in the raw material cost. EBITDA rose by 20.84% YoY to ₹ 3,242 crore largely due to increase in international prices and cost improvement initiatives undertaken. Consequently, the EBITDA margin increased by 265 bps to 12.31% for Q1FY17 against 9.66% last year.

Tata Steel's Q1 net loss widens 10-fold; exceptional loss hurts

The company reported net loss which stood at ₹ 3,183 crore in Q1FY17 as against a net loss of ₹ 317 crore in Q1FY16. Tata Steel's bottom line was hit by loss from discontinued operations of ₹ 3,296 crore recognized on account of disinvestment of Long Steel UK Ltd. The sale of which was completed during the quarter. Also, the tax cost for the quarter inclined by 635.60% YoY to ₹ 740 crore further denting the bottom line.

OUTLOOK

Tata steel widely underperformed market estimates on the bottom line front for the quarter ended June'16 as company's European business took a toll over the rest of the geographies. Lean demand for steel among the steel consumers including auto and capital goods sector also weakened the sales. Euro steel production during the quarter declined 15.7% YoY to 2.68 MT following the strategic decision to reduce volumes in UK and focus on higher-value added products. During the quarter, the company incurred a Capex of ₹ 2,442 crore, of which, ₹ 1,118 crore was incurred in India, largely on the completion of the 3mtpa greenfield plant in Kalinganagar (started commercial production on 1st June) and the related projects. Going forward, as per the management, realizations in Q2FY17 are expected to be affected by lower demand from large steel consuming sectors and seasonal sluggishness due to monsoons. Demand is expected to pick up post-monsoon and with the start of the festive season, it added.

REVENUE AND PAT

(₹ crore)	Q1 FY17	Q4 FY16	% Q-o-Q Change	Q1 FY16	% Y-o-Y Change
Net Sales	26332.33	29164.37	(9.71)	27761.66	(5.15)
Operating Expenses	23164.14	27302.31	(15.16)	25342.67	(8.60)
EBITDA	3241.96	2205.24	47.01	2682.76	20.84
OPM (%)	12.31	7.56	475bps	9.66	265bps
Net Profit	(3183.07)	(3213.76)	(0.95)	(316.91)	904.41
NPM	(12.08)	(11.01)	(107)bps	(1.14)	(1094)bps
EPS	(32.81)	(33.12)	(0.94)	(3.27)	904.50

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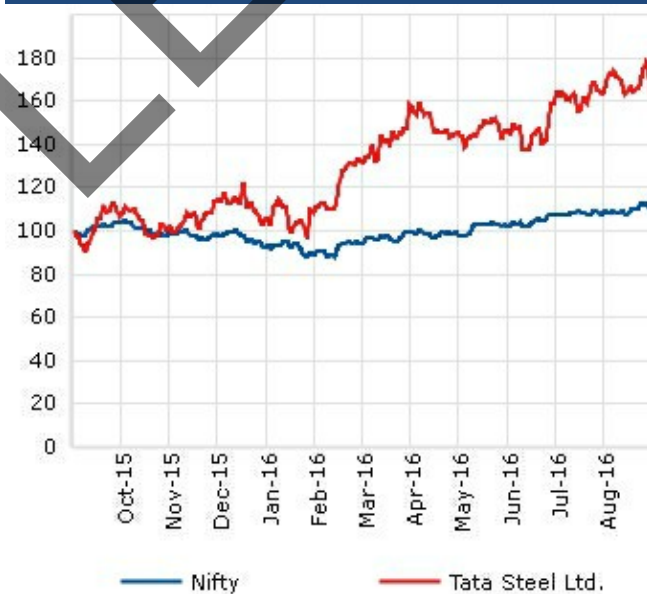
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COMPANY UPDATE

KEY DATA

Current Market Price (₹)	373.90
Market Cap (₹ Crore)	36313.75
52 Week Range (₹)	409:200
Avg. Traded Volume	7062560.00
Price to Book Value	1.28
EPS (₹)	0.00
P/E Ratio	0.00

RELATIVE PRICE MOVEMENT



SHAREHOLDING PATTERN AS ON 14 SEPTEMBER 2016

