

# Tata Steel Posts ₹1,018-crore Profit in Q2, But Misses Street Estimates

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**Mumbai:** Tata Steel harnessed the steepest global prices in more than five years to post profits in the three months to September, but India's oldest maker of the alloy fell short of Street estimates in a quarter that saw a settlement of the pension liabilities in its British businesses.

The steelmaker reported a net profit of ₹1,018 crore, compared with a loss of ₹49 crore in the same period last year. Market estimates hovered around ₹1,600 crore. Consolidated EBITDA stood at ₹4,726 crore against market estimates of ₹5,200 crore.

Revenues, in line with consensus, stood at ₹32,464 crore, up 20% over last year.

The settlement of ₹550 million toward the British Steel Pension Scheme was accounted through "other comprehensive income" in the balance sheet. However, this ca-

tegory does not affect EBITDA and PAT, but adds to the company's debt.

Gross debt rose ₹2,447 crore owing to an increase in working capital lines and forex impact, taking the total at the end of the quarter to ₹90,259 crore.



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Tata Steel, which has reportedly shown an interest in the distressed assets of Essar Steel and Electrosteel, is banking on the Thyssenkrupp arrangement in Europe to delever its balance sheet.

"Once the JV is implemented, there will be an impact on the group's debt due to de-consolidation in the balance sheet," group executive director Koushik Chatterjee said.

The company had announced its long-pending merger with German conglomerate Thyssenkrupp in September to tide

over losses in its European unit. Out of its ₹7,000-crore capex guidance for the fiscal, it spent ₹1,834 crore in the September quarter and is currently sitting on ₹19,800 crore in cash and cash equivalents.

"The group's liquidity position remains robust," the company said in a statement.

"Tata Steel witnessed strong volume growth during the quarter as the smooth ramp up of Kalinganagar Steel plant, coupled with our strong marketing franchise, enabled us to increase our market share," said MD TV Narendran. "We remain positive on the outlook of India as encouraging government reforms are expected to facilitate domestic investment," he said.

Analysts cheered the company's focus on the local business.

"The company looks stable on the domestic front, with the increased focus from the management on expanding domestically," said Goutam Chakraborty, a metals analyst with Emkay Global.