

# TATA STEEL RESULTS PRESENTATION

Financial quarter ended June 30, 2022

July 25, 2022

*“In a free enterprise, the community is not just another stakeholder, but is, in fact, the very purpose of its existence” – J.N. Tata, Founder, Tata Group*

## Safe harbour statement

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**Statements in this presentation describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in or due to the environment, Government regulations, laws, statutes, judicial pronouncements and/or other incidental factors**

# Overview

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1

Performance update

2

1QFY23 Results

# Tata Steel is focused on creating sustainable value

Leadership in Sustainability



Consolidate position as global cost leader

Leadership in India

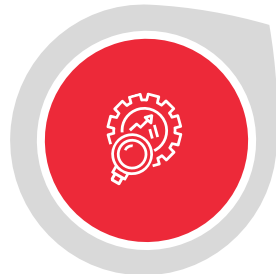


**TATA STEEL**



Robust financial health

Leadership position in technology and digital

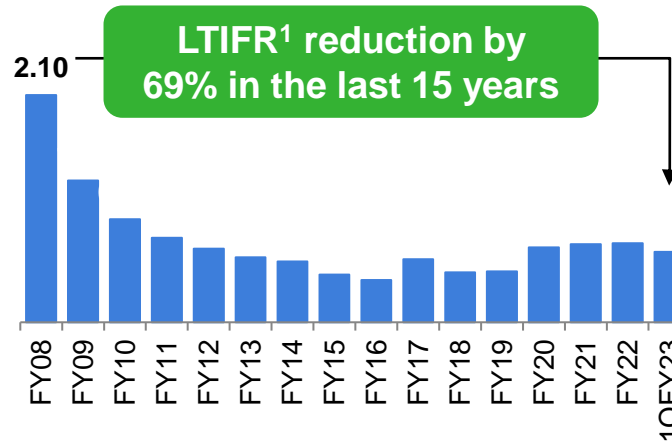


Become culturally future ready

# Committed towards excellence in Safety & Health of our employees



## Safety remains a top priority



- To improve perception about safety among employees and vendor partners, campaigns like 'Slip Trip Fall' and 'Working at heights' were undertaken
- Further, Safety excellence reward and recognition has been introduced to recognize and sustain a culture of safety

## Health is a key focus area



Health check ups



Awareness Campaigns



First Aid refreshers

- Campaign on 'Beat the Heat' and awareness session on World Hypertension day were organised for employees including contract workforce
- Industrial Hygiene assessment was conducted at Jamshedpur. 98% of employees have been fully vaccinated<sup>2</sup>

1. Lost Time Injury Frequency Rate per million-man hours worked, for Tata Steel Group; 2. Cumulative till 30<sup>th</sup> June 2022

# Improving quality of life of our communities



## Key areas for CSR initiatives



Rural & Urban Education



Dignity for the Disabled



Household Health & Nutrition



Household Livelihoods



Tribal Cultural Heritage



Water Resources



Grassroots Rural Governance



Grassroots Sports



Women & Youth Empowerment



Public Infrastructure



5.5 lakh+ lives<sup>1</sup> reached out

- Spent more than Rs.1,200 crores<sup>2</sup> since FY19 on Signature programmes at regional scale as well as programmes for Communities proximate to our operations



Education



Livelihood



Drinking water



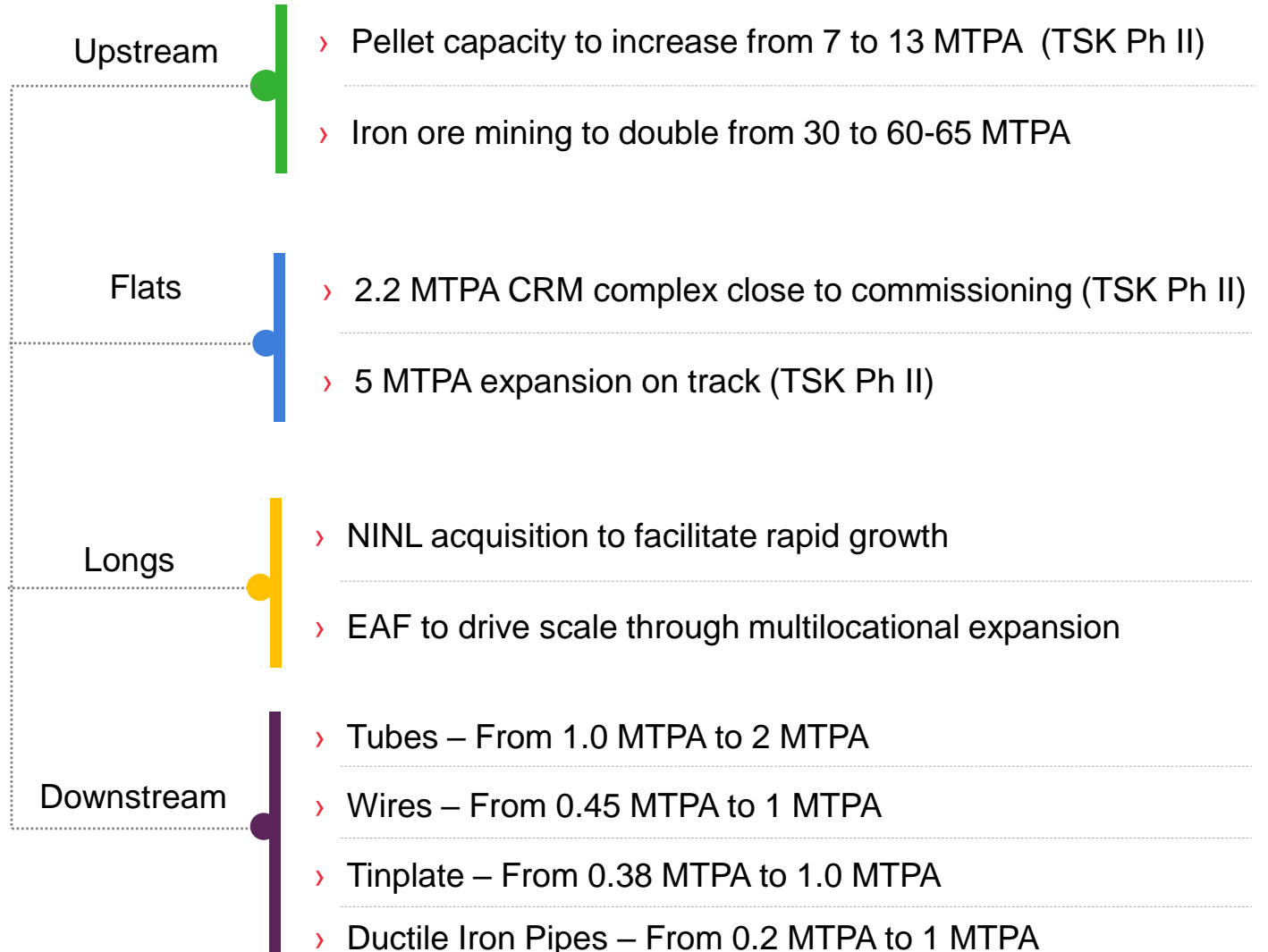
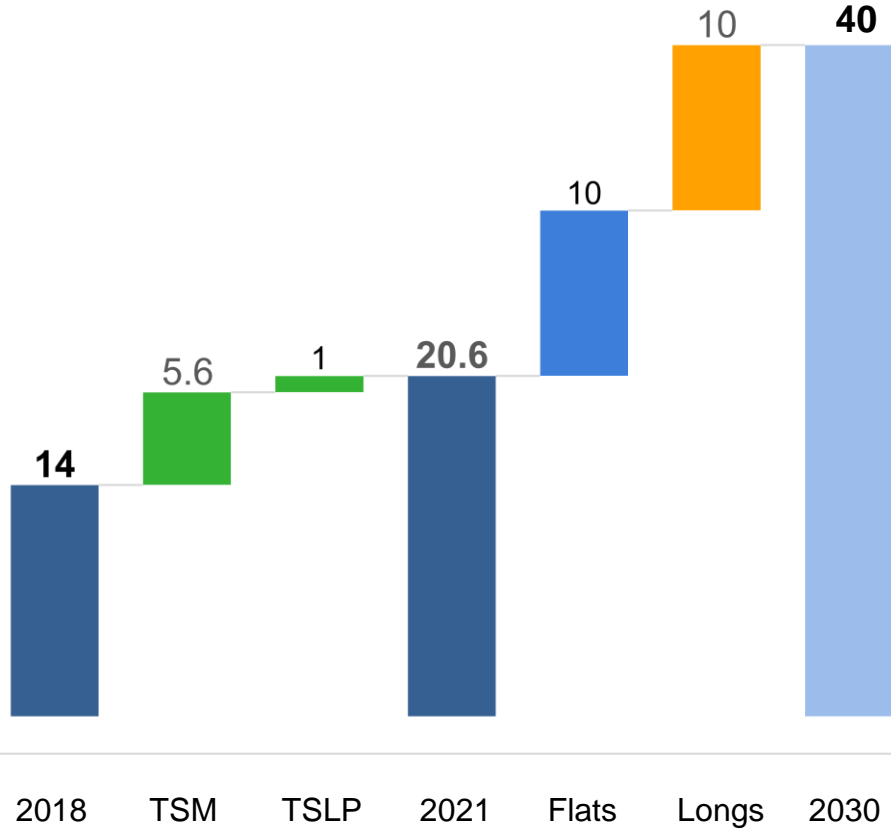
Tribal heritage

1. Cumulative till 30<sup>th</sup> Jun 2022 2. CSR Spending by Tata Steel Standalone

# Focused on growth in India with future investments set to drive sector leading returns



## Crude steel production (MTPA)



Note : TSM – Tata Steel Meramandali, TSLP – Tata Steel Long Products, TSK – Tata Steel Kalinganagar, CRM – Cold Rolling Mill, MTPA – million tons per annum, NINL- Neelachal Ispat Nigam Ltd

# Upstream Assets : Responsible and Smart mining driving cost leadership

## 100 tonne dumper at Noamundi mines, India

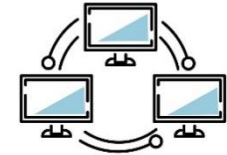


**First miner in India to deploy women in all shifts and onboarded transgenders**

- One of the largest miners in India, with annual despatch<sup>1</sup> of ~39 mn tons of Iron ore, Coal, Manganese & Chrome ore
- Focus on Sustainability : Solar power, rainwater harvesting and Electric Vehicles at mines



Drones for survey



Integrated control centers for remote mining



Machine Learning based preventive maintenance



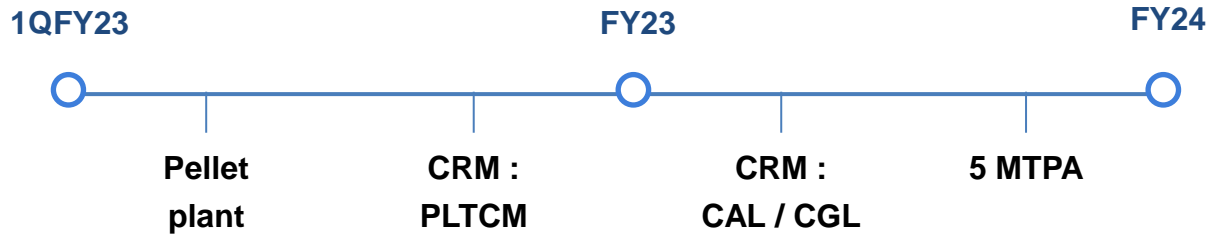
Real time Fleet Management System to optimise utilisation

Note : Annual despatch of 39 mn tons, of which 32 mn tons is Iron ore



# Optimised portfolio : 2.2 MTPA CRM & 5 MTPA expansion to drive product mix enrichment in flats

TSK 5 MTPA expansion commissioning by end FY24

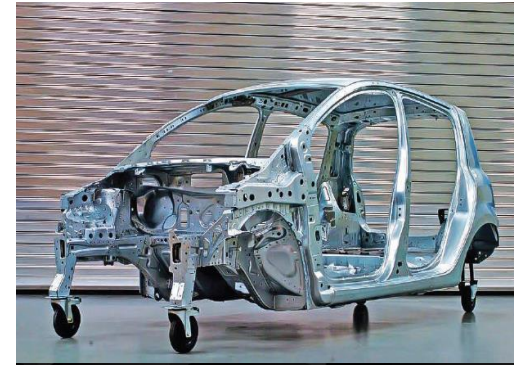


Market share in Hi-end Auto / Engg. to grow

- Increase in high end Products for Automotive and Engineering
- Focussed on meeting customer requirements related to lightweighting and safety standards



Pellet Plant to drive cost savings



# Optimised portfolio : Ramp up in long products to drive high margin retail business



- NINL<sup>1</sup> acquisition completed on 4<sup>th</sup> July 2022
- Capacity growth to 10 million tons
- Leverage strong portfolio of retail brands and extensive distribution network to drive scale and profitability
- Will benefit from significant pan India growth in infrastructure and retail housing growth in semi urban India



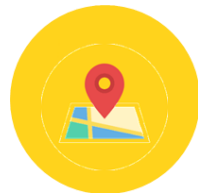
Steelmaking capacity of >1 million ton



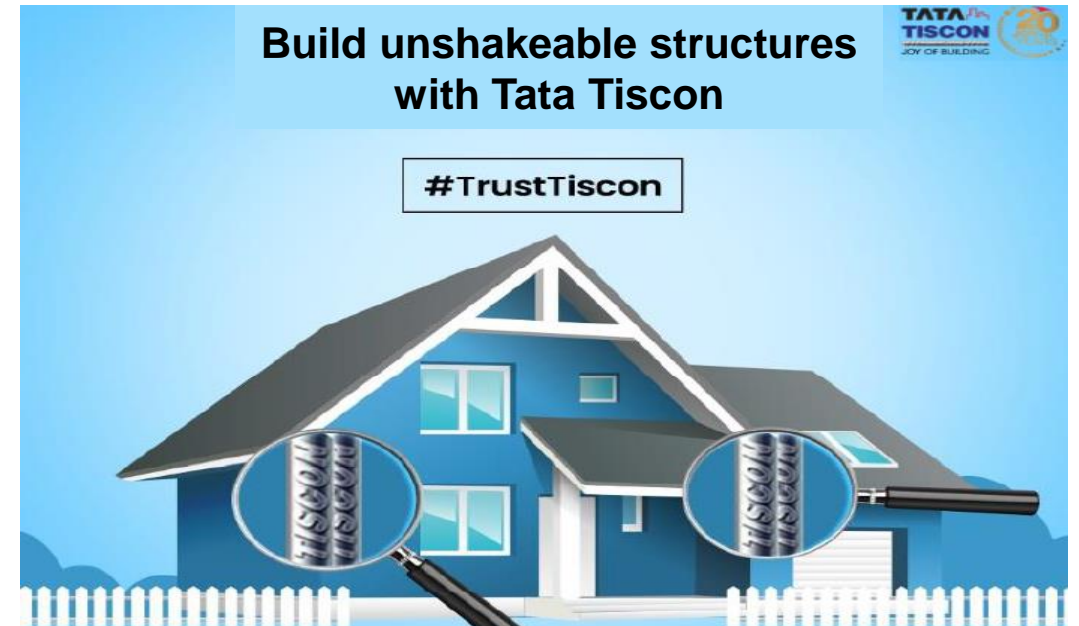
Land Bank of 2,500 acres



Captive Iron ore mine ~100 mt reserves



Proximity to TSK<sup>2</sup> to drive synergies



Note : NINL – Neelachal Ispat Nigam Limited, TSK – Tata Steel Kalinganagar

# Expanding Downstream capacities and widening reach digitally

## Tubes



Tata Structura used at Sir Visvesvaraya Railway Terminal, Karnataka

## Wires



Tata Steel LRPC<sup>1</sup> strands used at Jio World Centre, Maharashtra

## Aashiyana<sup>2</sup>

**CONNECT TO TATA EZYFIT THROUGH AASHIYANA**

Engineered for best Fitment  
Unique fascia design for top notch finishing

**Now Available on Aashiyana**

Order Tata EZYFIT with a click and build your door and window frames for your dream home

Visit us to get more handrail designs

**TATA STEEL AASHIYANA**  
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Now buy Tata Structura online at [aashiyana.tatasteel.com](http://aashiyana.tatasteel.com)

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For more information call  
Toll Free No: 1800 108 8282  
[www.tatastructura.com](http://www.tatastructura.com) |

'Aashiyana' registered ~77% YoY growth in gross revenue in first quarter

# Pursuing sustainability through multiple pathways : Net zero by 2045



## Key focus areas

Long term decarbonization roadmap created

Pursuing low carbon technologies

Circular Economy integrated, part of business model

Responsible supply chain & improving disclosures



## Climate Change



## Water



## Circular Economy



## Bio-Diversity

### India



Solar park at Noamundi Iron ore mine

### Europe

## Zeremis<sup>®</sup> Carbon Lite

- Enables you to reduce your carbon footprint now
- A flexible solution that lets you choose the CO<sub>2</sub> intensity reduction that you need.
- Independently certified by DNV.
- CO<sub>2</sub> savings can be reported as a reduction in scope 3 emissions.

Steel with allocated reduction upto 100% to aid customers achieve net zero

# Pioneering initiatives that enable diversity & inclusion and empower people



- Strong leadership pipeline ~ 90% home grown leadership talent. Providing leadership talent for organic & inorganic growth across Tata group
- 100+ year old learning & development set up focused on creating future ready leaders
- Step Up program - 1<sup>st</sup> of its kind AI driven talent marketplace
- First company to bring in equal benefits for same Sex Partners and medical coverage for LGBTQIA+ colleagues
- First company in manufacturing & mining sector to recruit over ~100 transgender employees and to open core operations for woman

# Overview

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1

Performance update

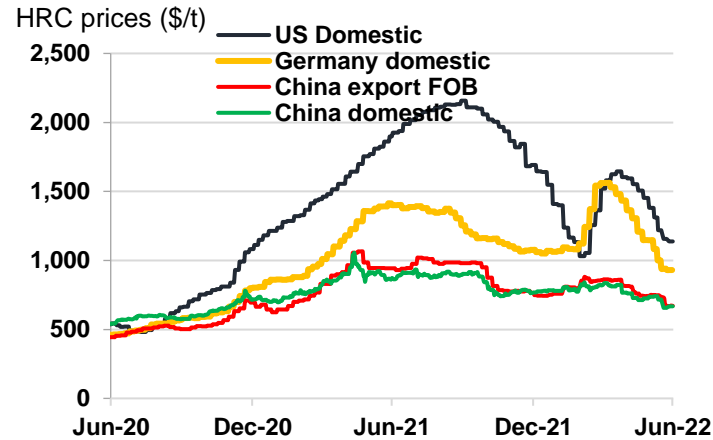
2

1QFY23 Results

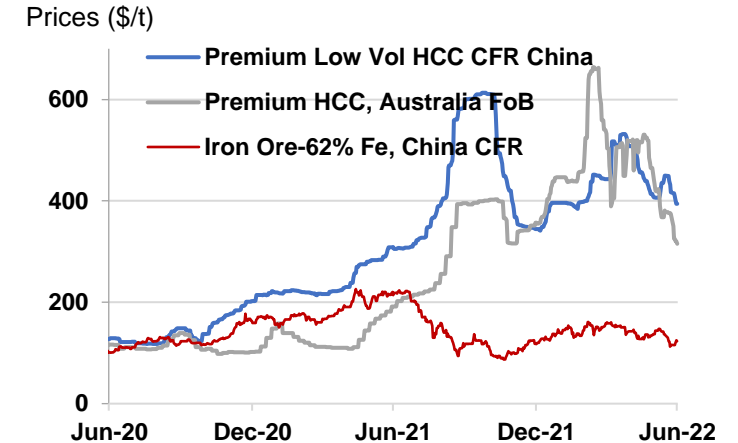
# Moderation in Steel prices across key regions and input cost dynamics weigh on spot spreads

- Global steel prices have moderated in the April – June period on slowdown in global growth and regulation
- In China, COVID remains an overhang while consumer demand for goods has softened in the western markets
- Coking coal prices have declined by around 40% from \$530/t levels in April to around \$300/t by end June, but continue to remain volatile
- Overall, this has led to pressure on steel spot spreads. Western spot spreads remain above Chinese steel spreads
- China steel exports have risen but are still down on YTD basis, seasonally Apr – June are strong for export volumes

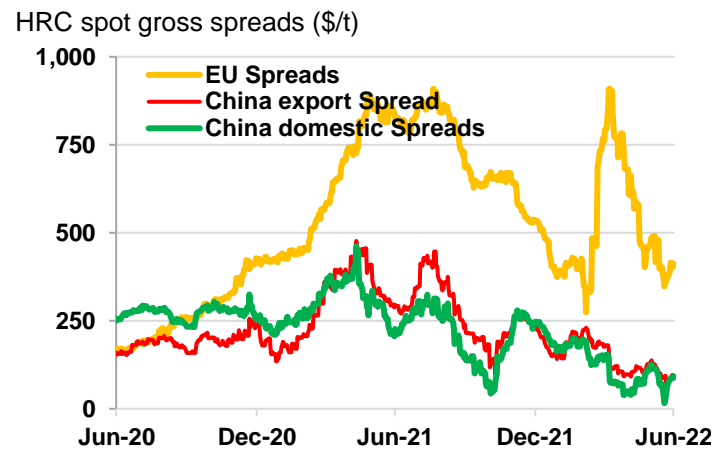
Global steel prices have moderated



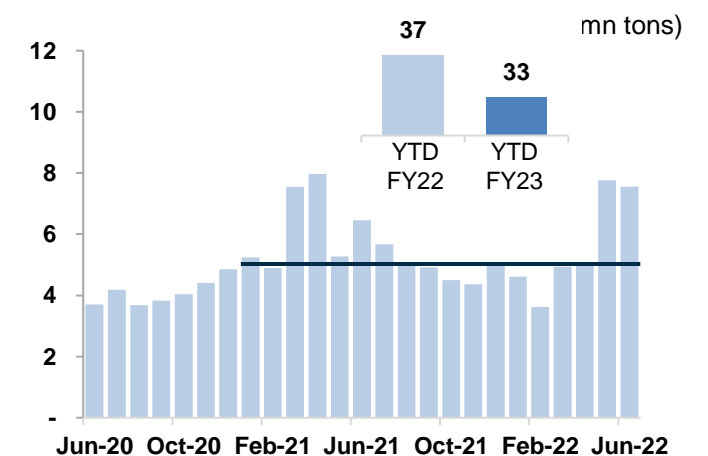
Coking coal continues to be volatile



Steel spot spreads are under pressure



China Steel exports down on YTD basis



Sources: World Steel Association, IMF, Bloomberg, Steelmint, and Tata Steel; China HRC exports spot spreads = China HRC exports FOB – 1.65x Iron Ore (62% Fe China CFR) - 1x Coal (Premium HCC China CFR); China HRC domestic spot spreads = China HRC domestic prices – 1.65x Iron Ore (62% Fe China CFR) - 1x Coal (Premium HCC China CFR); EU HRC spot spreads = HRC (Germany) - 1.6x iron ore (fines 65%, China spot, R'dam) - 0.8x premium hard coking coal (Australia spot, R'dam) - 0.1x scrap (HMS, R'dam)

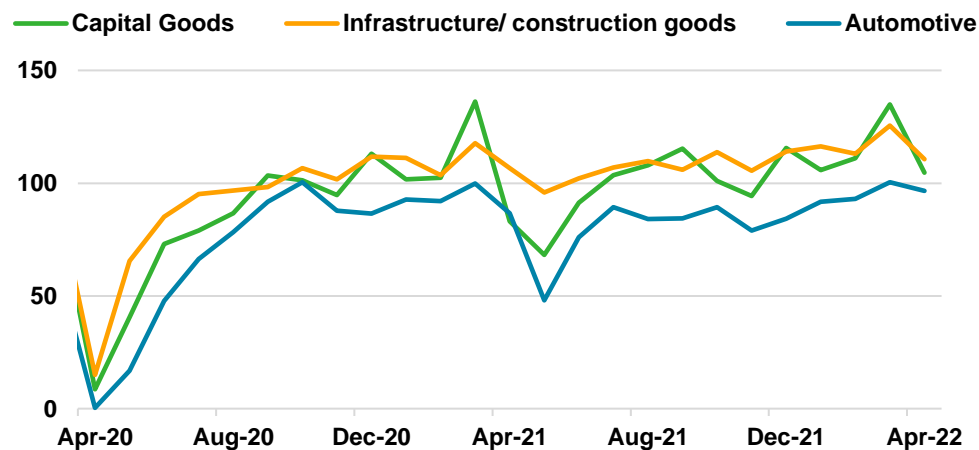
# India recovering but supply imbalance; EU moderated on inflation and supply chain disruptions



## India

- Apparent steel consumption declined by ~4% QoQ. Exports volumes were down by ~40% due to levy of export duty and moderation in overseas demand
- Automotive continues to recover while Infrastructure / Construction and Capital goods segments witnessed moderation

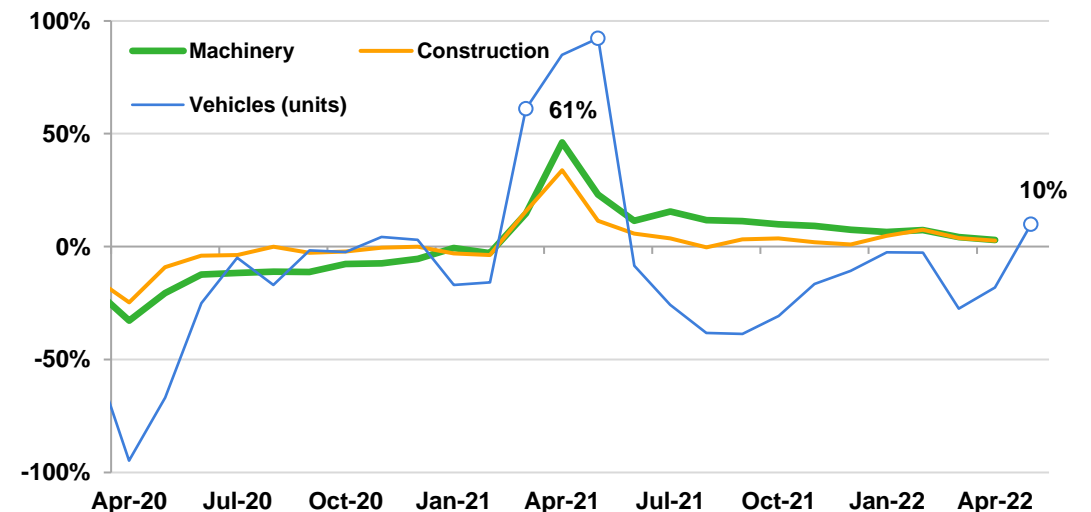
Key steel consuming sectors\*



## Europe

- Supply chain disruptions primarily due to Russia – Ukraine crisis and elevated inflation have led to moderation in steel demand
- Imports into EU / UK rose due to price differentials across markets. European commission is set to propose upgrade to steel safeguards, UK has extended tariffs for two years

Key steel consuming sectors (% YoY growth)



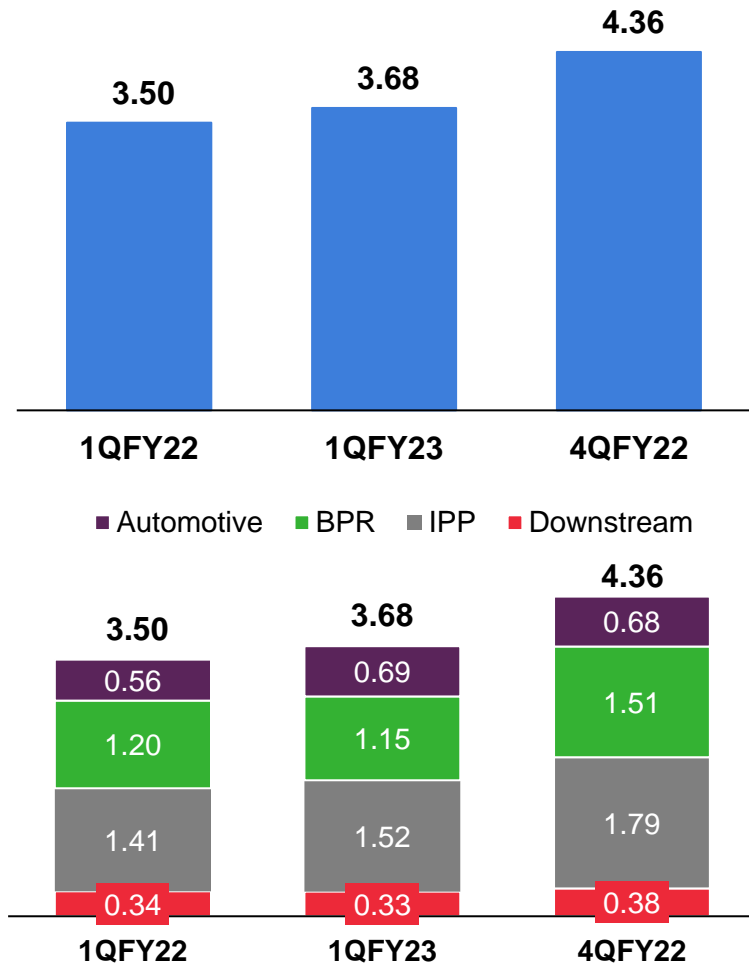
Sources: Bloomberg, SIAM, Joint Plant Committee, MOSPI, CMIE, Eurostat and Tata Steel

\*Figures of Industrial Production for Capital Goods, Infrastructure/Construction, consumer durables and railways are rebased to Nov'18=100 using FY12 index based sector weights; number of units produced as per SIAM; growth of key steel consuming sector is calculated by removing sub-segments which do not consume steel

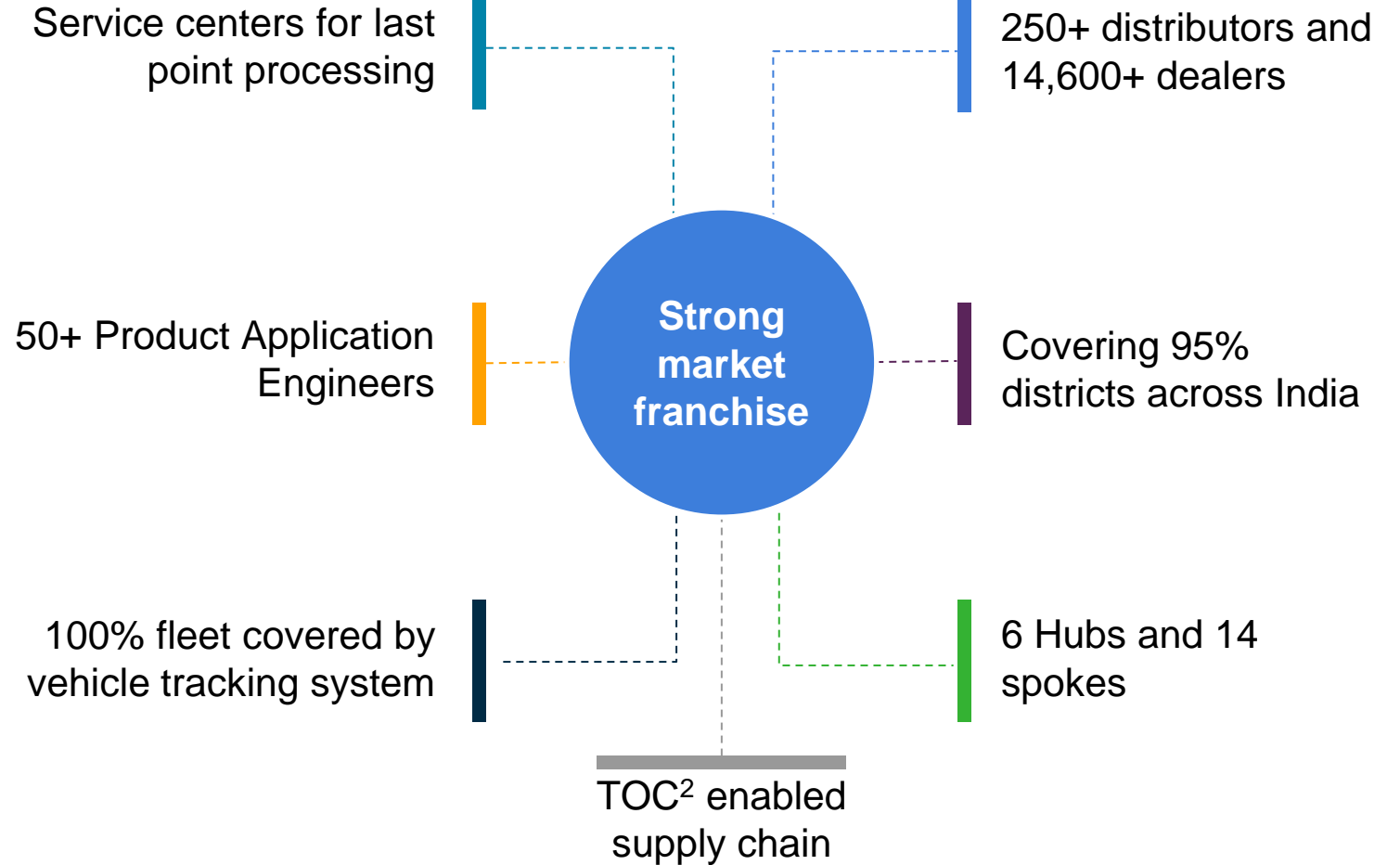


# India<sup>1</sup>: Resilient business model drives ramp up of domestic deliveries

## Steel domestic deliveries (mn tons)



## Highest market share, Catering to ~87% of domestic market



1. India includes Tata Steel Standalone and Tata Steel Long Products on proforma basis without inter-company eliminations; 2. Theory of constraints. BPR – Branded Products and Retail, IPP – Industrial products & projects,

# India<sup>1</sup>: New products developed in 1QFY23 across customer segments

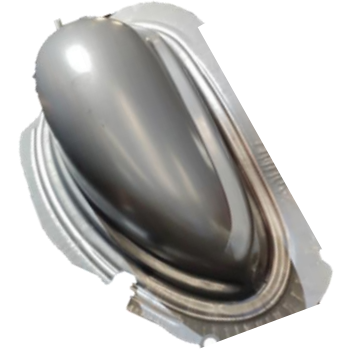
LCV<sup>2</sup> Wheel Rim  
(HR SPFH540,  
Mn / Si)



Springs for automotive  
application



Fuel tank  
(Galvannealed with  
Chrome free) for 2  
wheelers



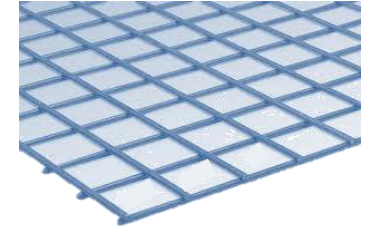
(Galvano)  
Washing Machine  
Panel



Wire Rope (5.5 – 8 .0  
mm)



Wire mesh for  
construction  
application



Transformer Cover  
(HR Grade:  
S355MC 5-6mm,  
impact guarantee  
at -48°C)



Bulk Trailor (HR Grade HS900)



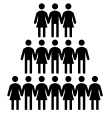
Dust cover for Propeller or drive  
shaft of vehicle



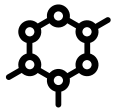
1. India means Tata Steel Standalone and Tata Steel Long Products on proforma basis; 2. LCV – Light Commercial Vehicle, Mn – Manganese, Si – Silicon, HR – Hot Rolled

# Tata Steel Europe : Transformation program and long term contracts yielding results

## Transformation programme



Governance & Structure

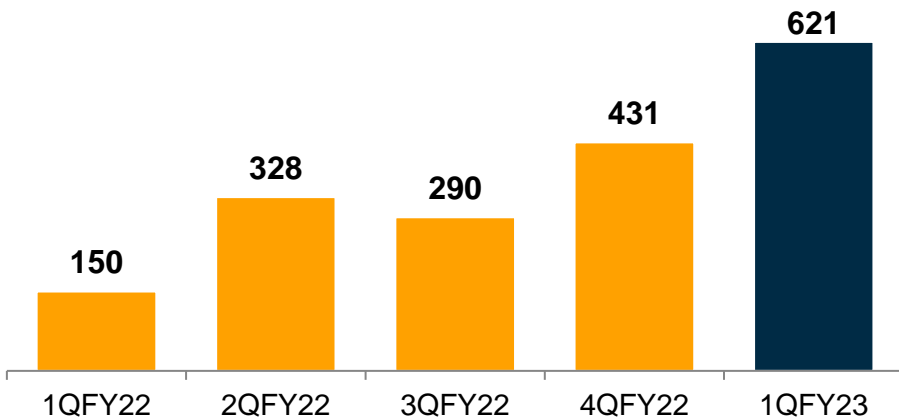


Functional Vs Value Chain

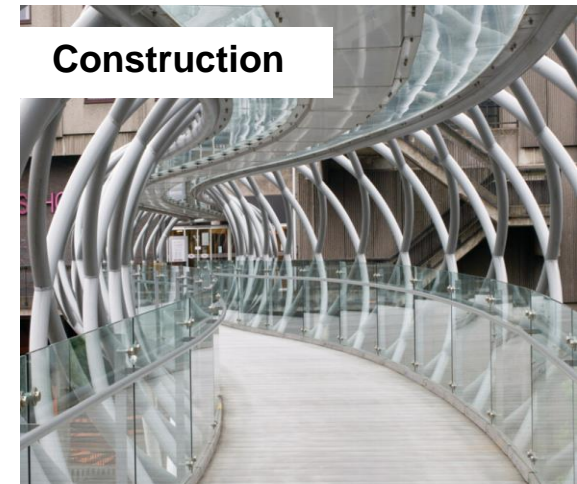


Value Delivery & Enablement

## EBITDA (in £ million)



## Diversified product mix



# Tata Steel Consolidated<sup>1</sup>: EBITDA margin improvement despite surge in coal costs

(All figures are in Rs. Crores unless stated otherwise)	1QFY23	4QFY22	1QFY22
<b>Production (mn tons)<sup>2</sup></b>	<b>7.74</b>	<b>7.62</b>	<b>7.88</b>
<b>Deliveries (mn tons)</b>	<b>6.62</b>	<b>8.01</b>	<b>7.11</b>
<b>Total revenue from operations</b>	<b>63,430</b>	<b>69,324</b>	<b>53,465</b>
Raw material cost <sup>3</sup>	31,319	24,873	19,956
Change in inventories	(8,099)	2,757	(3,292)
Employee benefits expenses	5,963	6,056	5,663
Other expenses	19,273	20,607	15,028
<b>EBITDA</b>	<b>15,047</b>	<b>15,174</b>	<b>16,185</b>
<b>Adjusted EBITDA<sup>4</sup></b>	<b>14,348</b>	<b>15,891</b>	<b>15,892</b>
<b>Adjusted EBITDA per ton (Rs.)</b>	<b>21,661</b>	<b>19,832</b>	<b>22,366</b>
Other income	268	292	162
Finance cost	1,218	1,099	1,811
<b>Pre exceptional PBT</b>	<b>11,945</b>	<b>12,139</b>	<b>12,259</b>
Exceptional items (gain)/loss	39	274	182
Tax expenses	4,192	2,030	2,308
<b>Reported PAT</b>	<b>7,714</b>	<b>9,835</b>	<b>9,768</b>
Other comprehensive income	(6,611)	519	615

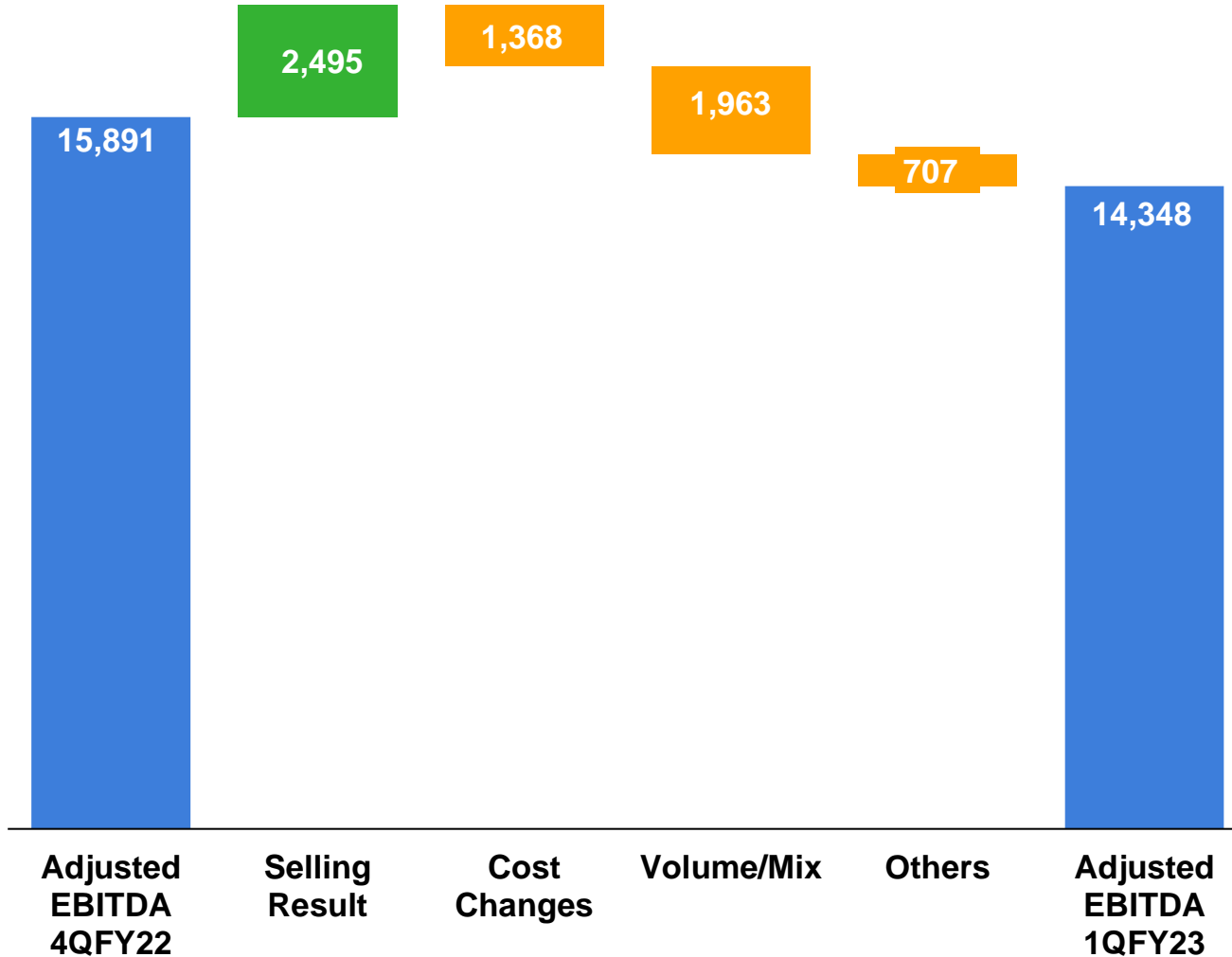
## Key drivers for QoQ change:

- **Deliveries:** were down 17% driven by lower volumes in India and Europe operations
- **Revenues:** increased on per ton basis driven by higher steel realisations in India and Europe
- **Raw Material cost:** increased primarily due to higher Coking Coal consumption cost across key entities
- **Other expenses:** decreased on lower power costs, consumption of stores and spares. 4QFY22 included provision related to Tata Steel Mining
- **EBITDA:** increased on per ton basis primarily driven by margin expansion in Europe
- **Tax expenses:** increased primarily on account of rise in deferred tax in Europe

1. Figures for previous periods have been regrouped and reclassified to conform to classification of current period, where necessary. 2. Production Numbers: Standalone & Tata Steel Long Products - Crude Steel Production, Europe - Liquid Steel Production; SEA - Saleable Steel Production. 3. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products. 4. Adjusted for fair value changes on account of FX rate movement on offshore liabilities

# Consolidated EBITDA<sup>1</sup> stood at Rs 14,348 crores

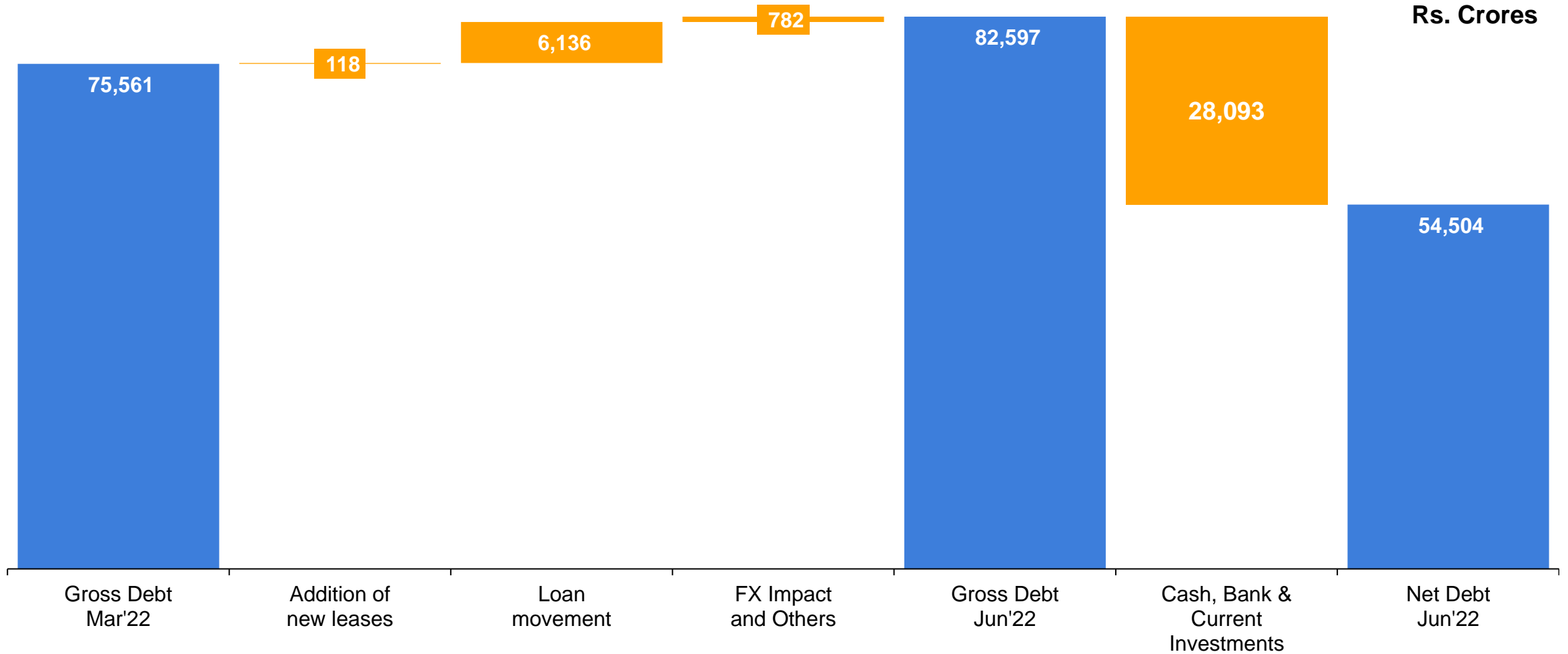
Rs. Crores



- **Selling Result:** Primarily due to better steel realisations across geographies
- **Cost Changes:** Primarily due to increase in coking coal prices resulting in rise in consumption cost across entities
- **Volume/Mix:** Primarily due to lower steel deliveries in India and Europe
- **Others:** reflects increase in royalty, lower dividend and NRV provision at TSLP

1. EBITDA adjusted for foreign currency revaluation gain/loss on offshore liabilities. TSLP – Tata Steel Long Products

# Volatility in commodity prices drives increase in working capital and debt



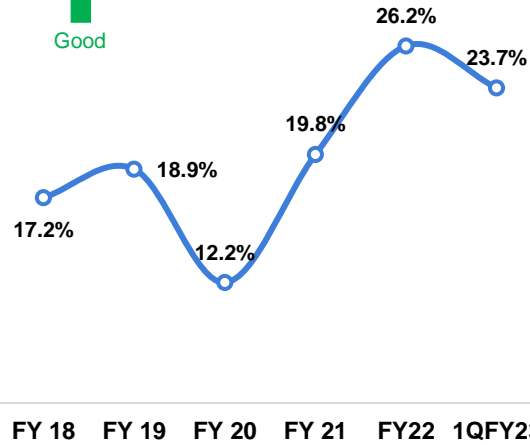
Note : Cash balance includes Rs 10,890 crores paid out on 4<sup>th</sup> July to acquire Neelachal Ispat Nigam Limited

# Key metrics are at investment grade levels

## EBITDA Margin (%)<sup>1</sup>



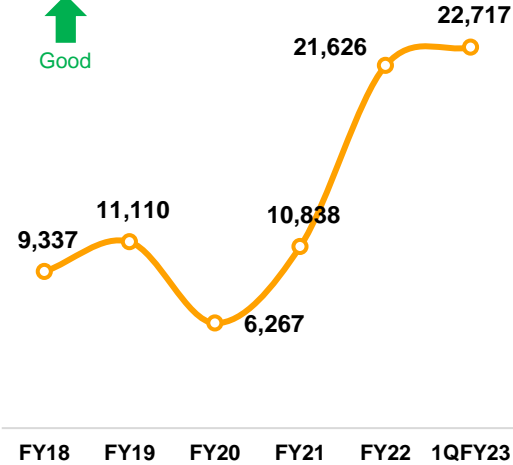
Good



## EBITDA / ton (Rs.)<sup>1</sup>



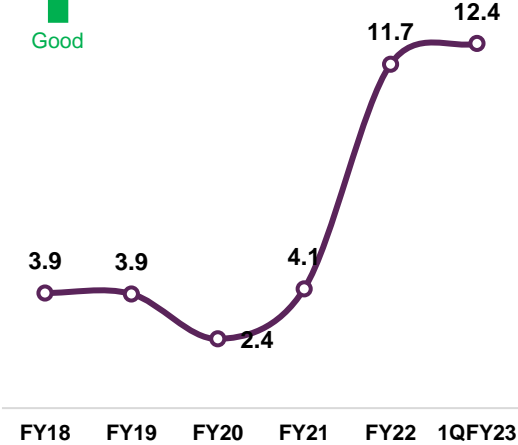
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## Interest Coverage Ratio (x)<sup>1,2</sup>



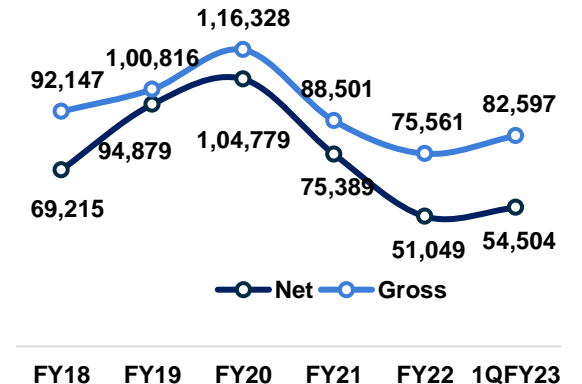
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## Gross & Net Debt (Rs. crore)



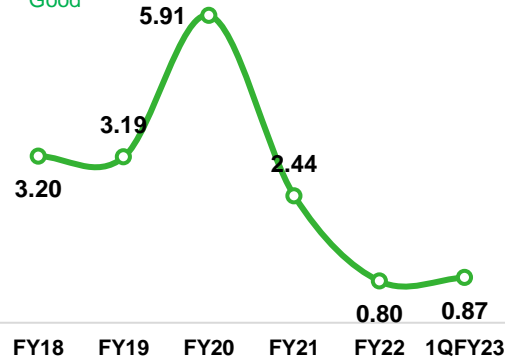
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## Net Debt / EBITDA (x)



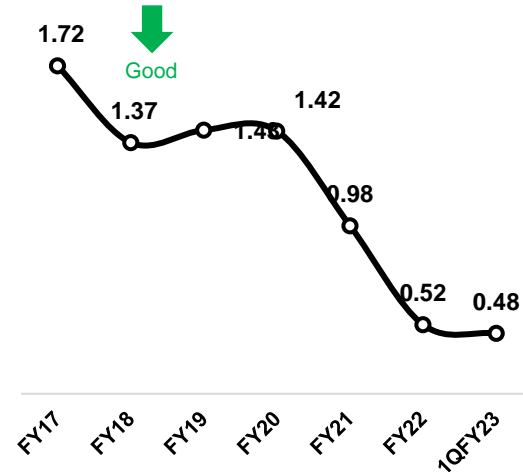
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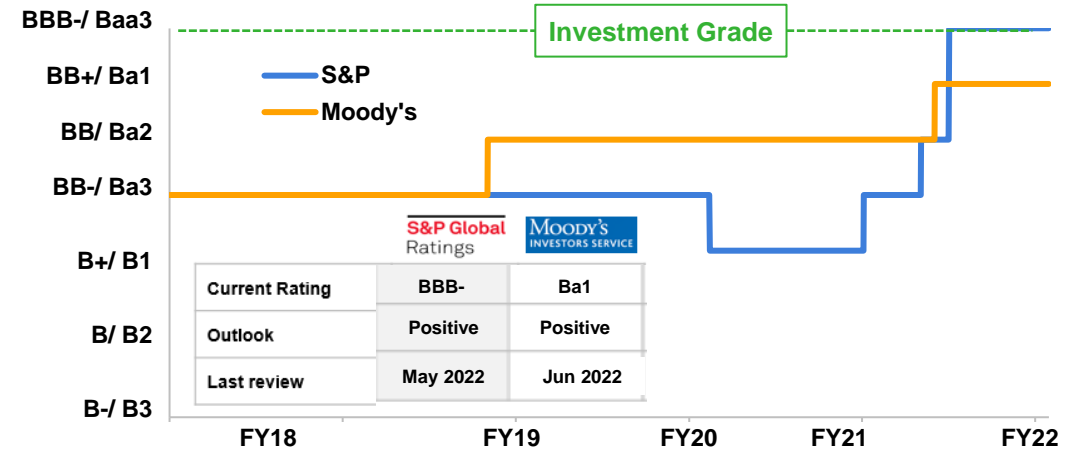
## Net Debt / Equity (x)



Good



## Credit Rating



	S&P Global Ratings	Moody's INVESTORS SERVICE
Current Rating	BBB-	Ba1
Outlook	Positive	Positive
Last review	May 2022	Jun 2022

## Steel demand

- **China steel demand** is likely to find support as COVID restrictions ease and pave way for pent up demand
- **India steel demand** is expected to improve in 2HFY23 with the end of monsoon, driven by increase in government spending and auto revival
- **EU Steel demand** affected by destocking. Underlying demand across key steel end use sectors is more stable

## Steel prices

- **Heightened volatility** to persist as concerns over inflation and growth collide with supply chain & cost push constraints
- **Restocking** to drive steel prices, low inventory across steel end use sectors
- **Indian steel prices** should pick up post monsoon on revival in construction activities and early onset of festive demand
- **European steel prices** are expected to be volatile on global cues

## Raw material prices

- **Coking coal prices** to remain range bound & volatile, thermal coal to provide support
- **Seaborne iron ore prices** to be impacted by demand dynamics esp. in China. Weather in Australia and labour shortages remain key watchpoints
- **European power and energy costs** to remain volatile due to uncertainty about Russia gas supply to Europe. Netherlands better placed in terms of gas stocks



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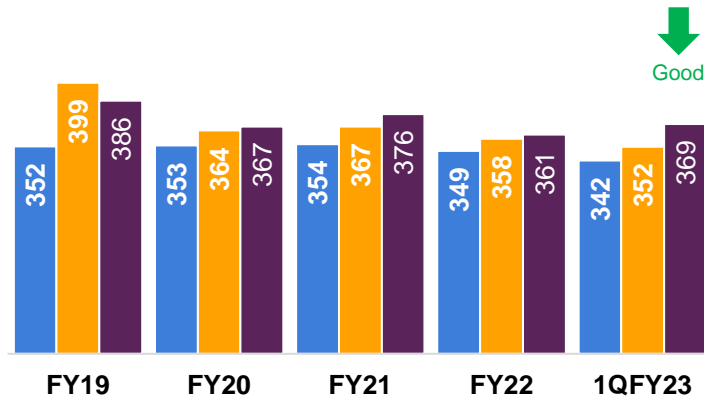
# Annexures

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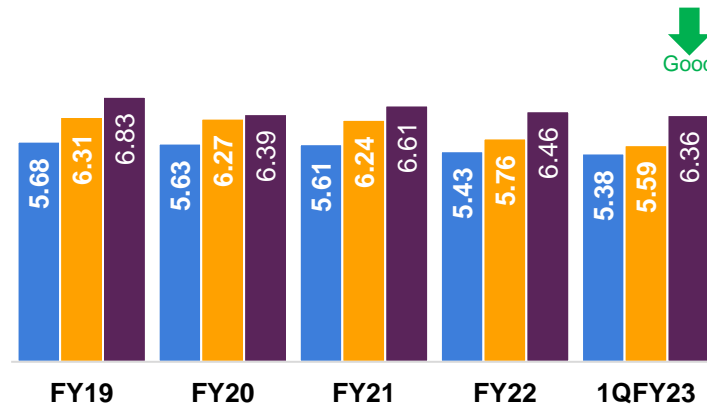
# Tata Steel Standalone: Continued focus on operational efficiencies and minimizing environmental impact

- Jamshedpur
- Kalinganagar
- Meramandali

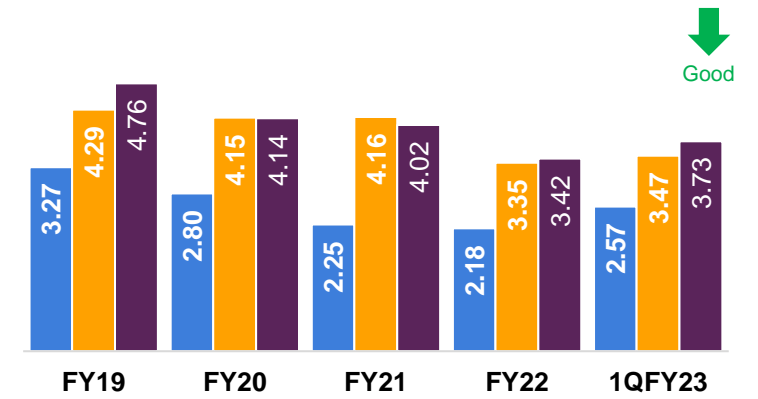
### Coke Rate (kg/thm)



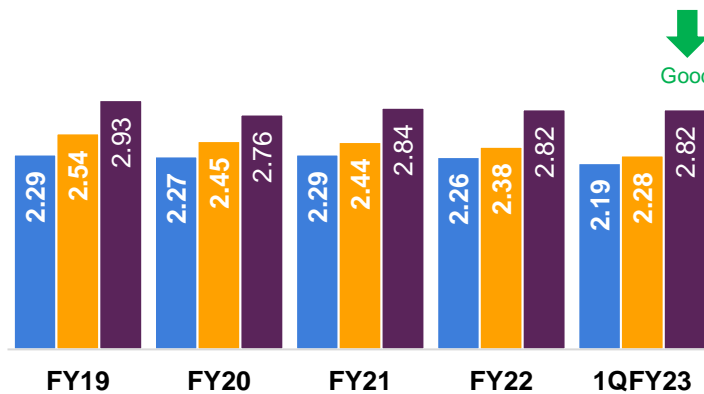
### Specific Energy Consumption (Gcal/tcs)



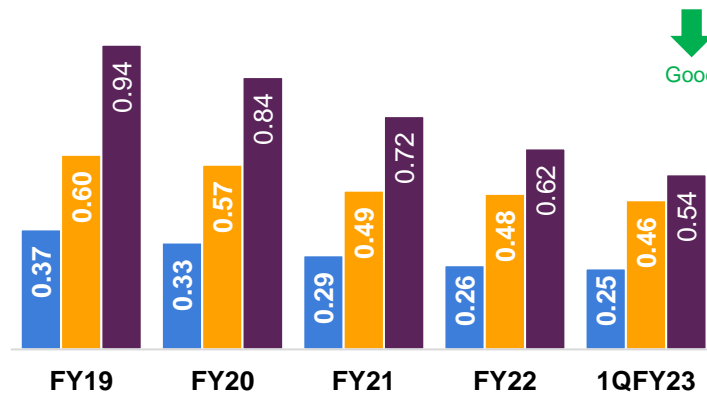
### Specific Fresh Water Consumption (m<sup>3</sup>/tcs)



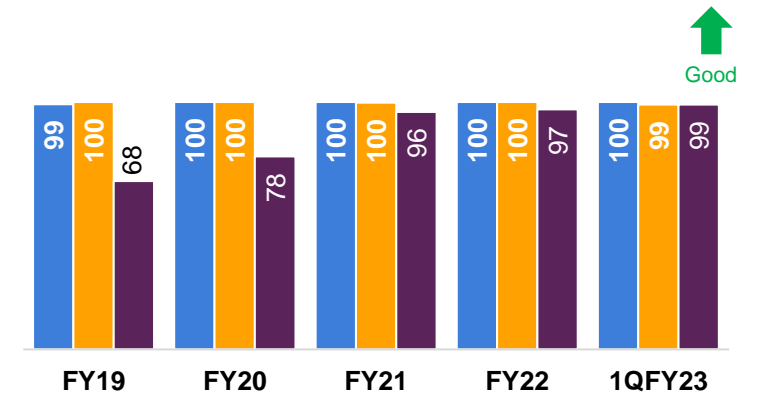
### CO<sub>2</sub> Emission Intensity (tCO<sub>2</sub>/tcs)



### Specific Dust Emission (kg/tcs)



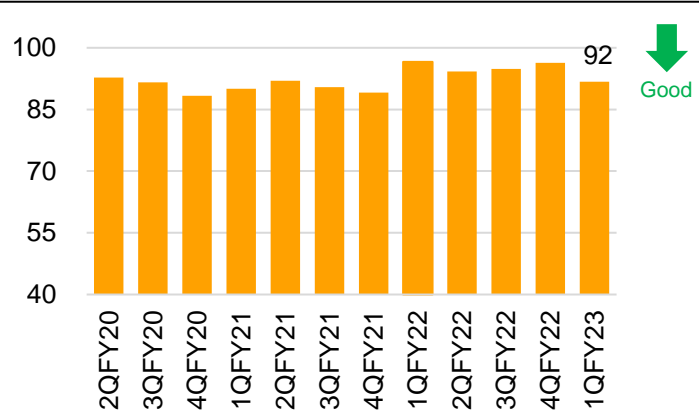
### Solid Waste utilisation (%)



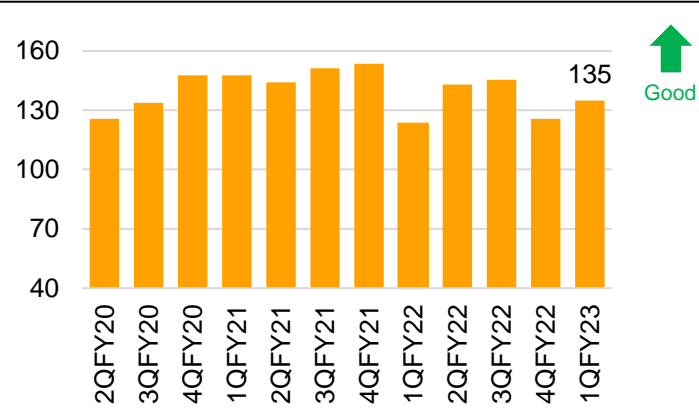
# Tata Steel Long Products: Key operating parameters

(all figures are indexed; 1QFY20=100)

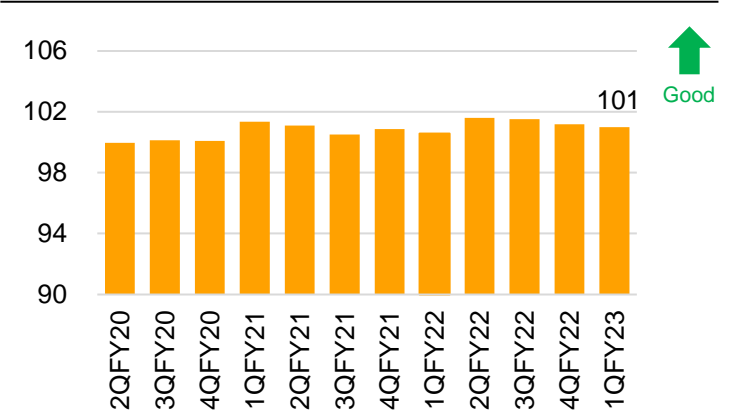
## Coke rate



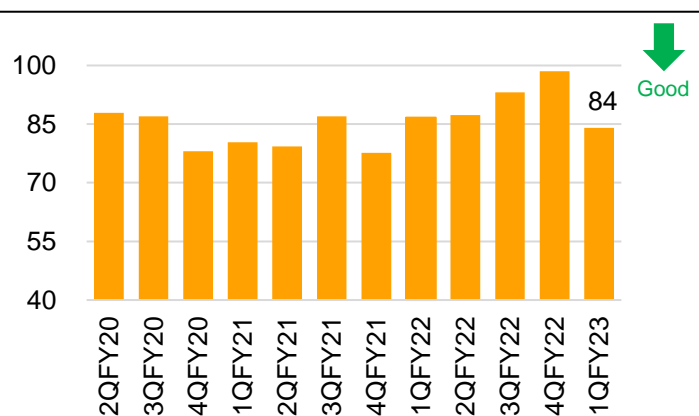
## PCI rate



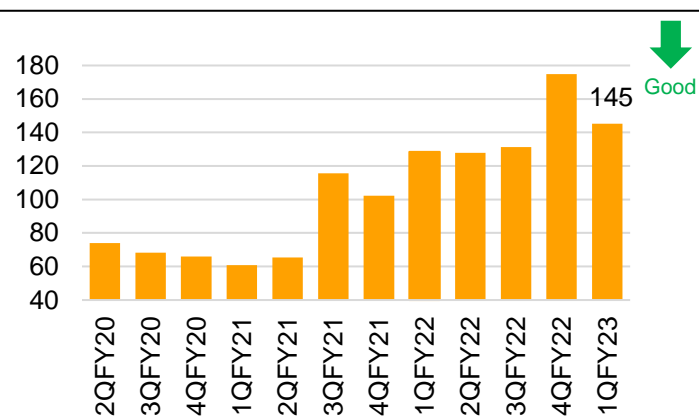
## Crude Steel Yield



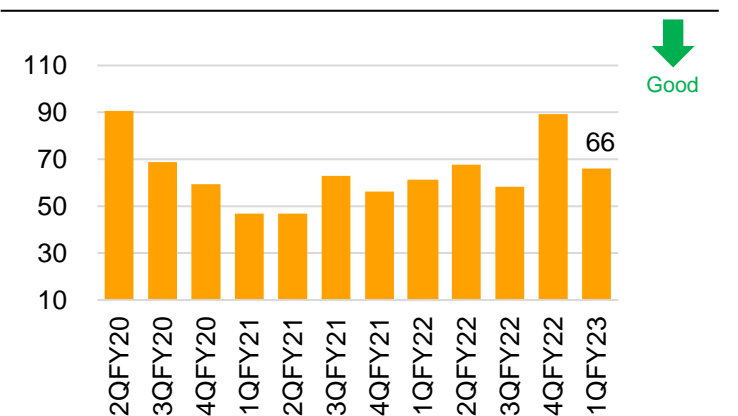
## Power consumption



## Electrode consumption



## Oil consumption at Mill



# Tata Steel Standalone<sup>1</sup>: Operating performance

(All figures are in Rs. Crores unless stated otherwise)	1QFY23	4QFY22	1QFY22
<b>Production (mn tons)</b>	<b>4.73</b>	<b>4.73</b>	<b>4.45</b>
<b>Deliveries (mn tons)</b>	<b>3.89</b>	<b>4.97</b>	<b>3.99</b>
<b>Total revenue from operations</b>	<b>32,021</b>	<b>36,681</b>	<b>27,690</b>
Raw material cost <sup>2</sup>	17,336	12,647	6,917
Change in inventories	(4,562)	1,826	(1,326)
Employee benefits expenses	1,540	1,723	1,546
Other expenses	8,139	8,251	7,255
<b>EBITDA</b>	<b>9,616</b>	<b>12,363</b>	<b>13,370</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>8,304</b>	<b>11,766</b>	<b>13,040</b>
<b>Adjusted EBITDA per ton (Rs.)</b>	<b>21,326</b>	<b>23,690</b>	<b>32,712</b>
Other income	736	506	284
Finance cost	722	646	773
<b>Pre exceptional PBT from continuing operations</b>	<b>8,237</b>	<b>10,715</b>	<b>11,437</b>
Exceptional items (gain)/loss	55	76	(153)
Tax expenses	2,068	2,799	2,810
<b>Reported PAT</b>	<b>6,114</b>	<b>7,839</b>	<b>8,780</b>
Other comprehensive income	4	348	31

## Key drivers for QoQ change:

- **Revenues:** were up on per ton basis driven by better realisations but were down on absolute basis due to lower volumes
- **Raw Material cost:** increased primarily due to increase in coking coal prices
- **Other expenses:** were lower due to lower freight & handling charges and favourable FX movement
- **EBITDA:** margin stood at 30% and was broadly stable on per ton basis
- **Finance cost:** increased driven by marginal increase in debt
- **Exceptional item:** for the quarter primarily reflects charge relating to Employee Separation Scheme and net impairment on ICD / investments

1. Tata Steel Standalone numbers have been restated from April 1, 2019 to reflect Tata Steel BSL's merger into Tata Steel; Figures for previous periods have been regrouped and reclassified to conform to classification of current period, where necessary 2. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products 3. Adjusted for fair value changes on account of FX rate movement on offshore liabilities

# Tata Steel Europe: Operating performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	1QFY23	4QFY22	1QFY22
Liquid Steel production (mn tons)	2.44	2.31	2.67
Deliveries (mn tons)	<b>2.14</b>	<b>2.40</b>	<b>2.33</b>
<b>Total revenue from operations</b>	<b>25,961</b>	<b>26,389</b>	<b>19,441</b>
Raw material cost <sup>1</sup>	11,162	9,364	9,785
Change in inventories	(2,563)	902	(1,458)
Employee benefits expenses	3,929	3,855	3,588
Other expenses	7,415	7,939	6,001
<b>EBITDA</b>	<b>6,037</b>	<b>4,349</b>	<b>1,533</b>
<b>EBITDA per ton (Rs.)</b>	<b>28,220</b>	<b>18,135</b>	<b>6,590</b>

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

## Key drivers for QoQ change:

- **Revenues:** increased on absolute basis (in £) and per ton basis driven by relatively higher steel realisations and sales mix
- **Raw Material cost:** increased primarily due to higher coal consumption cost due to higher prices. Iron ore related costs were also higher
- **Change in inventories:** inventory value increased on higher costs
- **Other expenses:** decreased primarily due to lower energy costs
- **EBITDA:** increased on significant margin expansion during the quarter

# Tata Steel Long Products: Operating performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	1QFY23	4QFY22	1QFY22
<b>Total revenue from operations</b>	<b>1,994</b>	<b>1,799</b>	<b>1,688</b>
Raw material cost <sup>1</sup>	<b>1,665</b>	<b>1,132</b>	<b>752</b>
Change in inventories	(147)	(13)	(23)
Employee benefits expenses	61	54	53
Other expenses	484	462	386
<b>EBITDA</b>	<b>(34)</b>	<b>177</b>	<b>554</b>
<b>EBITDA per ton (Rs.)<sup>2</sup></b>	<b>(1,956)</b>	<b>11,186</b>	<b>34,286</b>
EBITDA Margin (%)	-	9.8%	32.9%
<b>Reported PAT</b>	<b>(331)</b>	<b>60</b>	<b>332</b>

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products
2. EBITDA/Steel deliveries

## Key drivers for QoQ change:

- **Revenues:** increased driven primarily by higher steel realisations and product mix
- **Raw material cost:** was driven by higher coking coal & DRI coal prices and one-time NRV provision of Rs 78 crores on Coking coal and Iron ore
- **Change in inventories:** inventory value increased on higher costs net off one-time NRV provision of Rs 15 crores
- **Other expenses:** increased due to rise in fuel and power costs and higher freight and handling expenses

# Tata Steel Thailand : Operating performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	1QFY23	4QFY22	1QFY22
Saleable Steel production (mn tons)	0.31	0.34	0.35
<b>Deliveries (mn tons)</b>	<b>0.31</b>	<b>0.34</b>	<b>0.35</b>
<b>Total revenue from operations</b>	<b>1,966</b>	<b>1,982</b>	<b>1,848</b>
Raw material cost <sup>1</sup>	1,591	1,420	1,338
Change in inventories	(189)	(5)	(130)
Employee benefits expenses	53	93	55
Other expenses	360	371	354
<b>EBITDA</b>	<b>150</b>	<b>102</b>	<b>232</b>
<b>EBITDA per ton (Rs.)</b>	<b>4,891</b>	<b>3,004</b>	<b>6,697</b>

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

## Key drivers for QoQ change:

- **Volumes:** production and sales were marginally lower. Export volumes were aided by rebar exports to Canada
- **Revenues:** were broadly similar as higher steel prices offset the drop in volumes
- **EBITDA:** increased due to higher prices and decrease in Other expenses. 4Q included provision for bonus



### Investor enquiries :

Hriday Nair

Email: [hnair@tatasteel.com](mailto:hnair@tatasteel.com)

Pavan Kumar

Email: [pavan.kumar@tatasteel.com](mailto:pavan.kumar@tatasteel.com)