
Corus results hit TATA Steel numbers for 200-09

Monday, 29 Jun, 2009

BL reported that TATA Steel's overseas operations proved to be a drag on its performance, even as its Indian operations concluded 2008-09 with reasonable profit growth.

TATA Steel's consolidated profits plunged 61% even as standalone profits grew by over 21% for the year over the previous fiscal. Sales for the consolidated business were up by 11% at INR 145,686 crore for the fiscal.

Corus cut production by as much as 30% during the year. High raw material prices for a large part of the June to December 2008 period further impacted margins, even as realizations plunged.

Production cuts at Corus considerably reduced the gap between standalone and consolidated raw material costs.

Extraordinary items also played a big role in boosting TATA Steel's profits in the current year. On consolidated operations, the company's decision to adopt accounting standards used by Corus for registering actuarial gains or losses resulted in a better profit picture. The actuarial losses of INR 5,500 crore were, as a result, adjusted against the general reserve instead of being charged against the profit and loss account.

FOREX losses, which under the earlier AS-11 standard would have depressed profits by INR 890 crore, have been charged against the general reserve.

As part of the cost saving and modernization efforts of TATA Steel UK called Fit for the Future several assets were disposed of or re-valued and charged as exceptional items, totaling INR 4,094.53 crore, this may not recur next year.

(Sourced from Business Line)

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