



# TATA STEEL

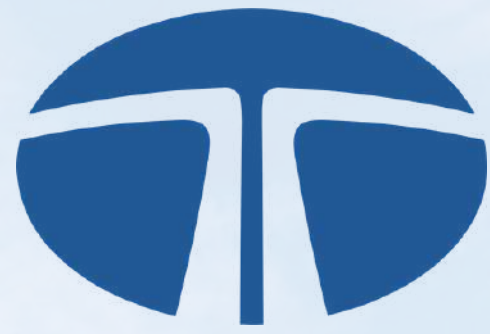


**MARKET CAP- 217525.46 CR**

**CURRENT MARKET PRICE- 172.05 INR**

**Research report as on 6th may, 2024**

**BY- SAMBHAV LALWANI  
JUNIOR ANALYST  
PEE AAR SECURITIES**



# INTRODUCTION

Tata Steel Limited, headquartered in Mumbai, India, is a leading steel-making company and a flagship entity of the Tata Group. Founded in 1907 by Jamsetji Tata, Tata Steel established its first plant in Jamshedpur, Jharkhand. Over the years, it has expanded its operations globally, acquiring major companies like Corus Group (now Tata Steel Europe) and NatSteel in Singapore.

Tata Steel's product portfolio includes flat and long steel products, tubes, bearings, and construction materials. The company emphasizes innovation and sustainability, adopting advanced technologies and efficient resource management practices to reduce its environmental footprint.



# HISTORY

Tata Iron and Steel Company (TISCO) was founded by Jamsetji Nusserwanji Tata and established by Sir Dorabji Tata on 26 August 1907. TISCO started pig iron production in 1911 and began producing steel in 1912 as a branch of Jamsetji'. The first steel ingot was manufactured on 16 February 1912. During the First World War (1914–1918), the company made rapid progress.

In 1920, The Tata Iron & Steel Company also incorporated The Tinsplate Company of India Ltd (TCIL), as a joint venture with then Burmah Shell to manufacture Tinsplate. TCIL is now Tata Tinsplate and holds 70% market share in India.



1882-JN Tata reads a report by German geologist, Ritter Von Schwarz, titled "Report on the financial prospects of iron-working in the Chanda district". The paper indicates the availability of rich deposits of iron ore in Lohara. But the plan is dropped due to unavailability of suitable coal.

1900- A momentous meeting. JN Tata meets Lord George Hamilton, Secretary of State for India, in England, setting the ball rolling for the establishment of a steel plant in India.

1910-The first coal mine. Tata Iron & Steel obtains its first colliery in 1910, adding six more in the course of time.

1918- India's first steel (coke) plant is established on June 18th as an enterprise financed by Indian capital and built by Indian workers. The plant served as a beacon for India's economic independence and the Swadeshi movement.

1937- The Research and Control laboratory is established in Jamshedpur.

1993- Mr Ratan Tata takes over as Chairman from JRD Tata on April 19, 1993.

2000- Ratan N Tata is conferred the Padma Bhushan on January 26, 2000.

2007- London-based steel manufacturer Corus Group is acquired on April 2, 2007 and Tata Steel Europe is established. The merger makes us among the top ten steel producers globally and the second-most geographically diversified steel producer in the world.

# Meet Our Team



**Thachat  
Vishwanath  
AnanNarendran**

**CEO**

Experience:  
Natsteel holdings  
Tata Steel



**Koushik  
Chatterjee**

**CFO**

Experience:  
Tata Steel  
Tata Sons



**Jayanta  
Banerjee**

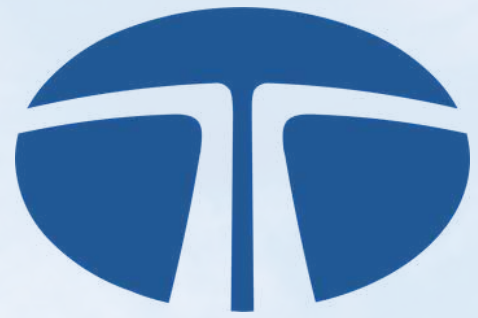
**CIO**

Experience:  
Tata Group  
TCS  
Tata Steel

- National Institute of Technology, Tiruchirappalli (Bachelor of Technology)
- Indian Institute of Management Calcutta (Master in Business Administration)

- Calcutta University (Honours Graduate in Commerce)
- Fellow Member of the Institute of Chartered Accountants of India. Mr. Chatterjee

- University of Michigan
- CEDE-Fontainbleau
- AIMA Berkley
- TMTTC (Ross school of business)



# INDUSTRY OVERVIEW

The India Steel Market size is estimated at 135.81 Million tons in 2024, and is expected to reach 209.93 Million tons by 2029, growing at a CAGR of 9.18% during the forecast period (2024-2029).

- Steel consumption across industries in India, including automotive and transportation, building and construction, and others, was restricted owing to the COVID-19 pandemic. However, the Indian steel market witnessed a strong recovery with the smooth functioning of the end-user industries in curbing the spread of the virus. Currently, the steel market recovered from the pandemic and is expanding significantly.
- Over the short term, strong policy support by the Indian Government, the strong influx of investments in the steel sector, increasing urbanization, and increased spending on construction and infrastructure projects are projected to drive the market during the forecast period.

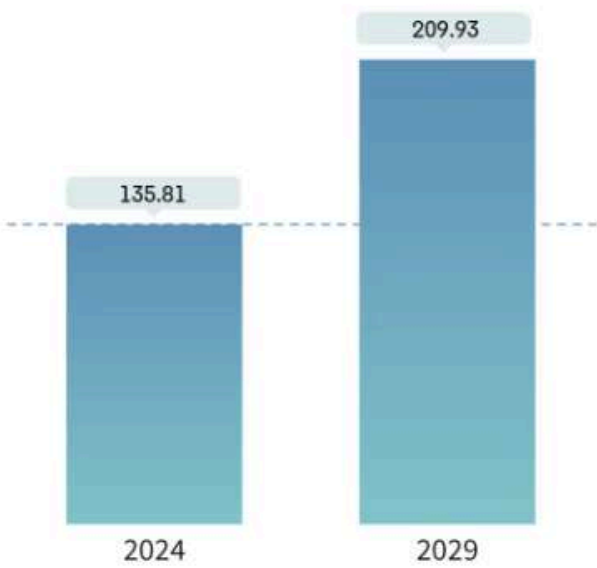


- However, due to low per capita steel consumption and high production costs, the profit margin significantly decreased for steel manufacturers in India. The price fluctuation caused huge losses to importers, which hampered the growth of the Indian steel market.
- Nevertheless, using hydrogen instead of carbon in steel manufacturing and increasing trade and investment opportunities in the future for the market studied are likely to create lucrative growth over the forecast period.



### India Steel Market

Market Size in Million Tons  
CAGR 9.18%



Study Period 2024-2029

Base Year For Estimation 2023

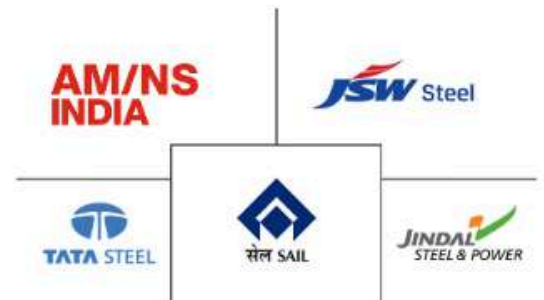
Market Volume (2024) 135.81 Million tons

Market Volume (2029) 209.93 Million tons

CAGR (2024 - 2029) 9.18 %

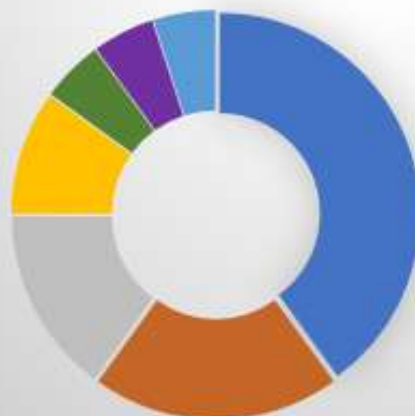
Market Concentration Medium

#### Major Players



\*Disclaimer: Major Players sorted in no particular order

### India Steel Market, By Product Type, Market Share (%), 2030



- Structural Steel
- Prestressing Steel
- Bright Steel
- Welding Wire & Rod
- Iron Steel Wire
- Ropes
- Braids

Source: BlueWeave Consulting

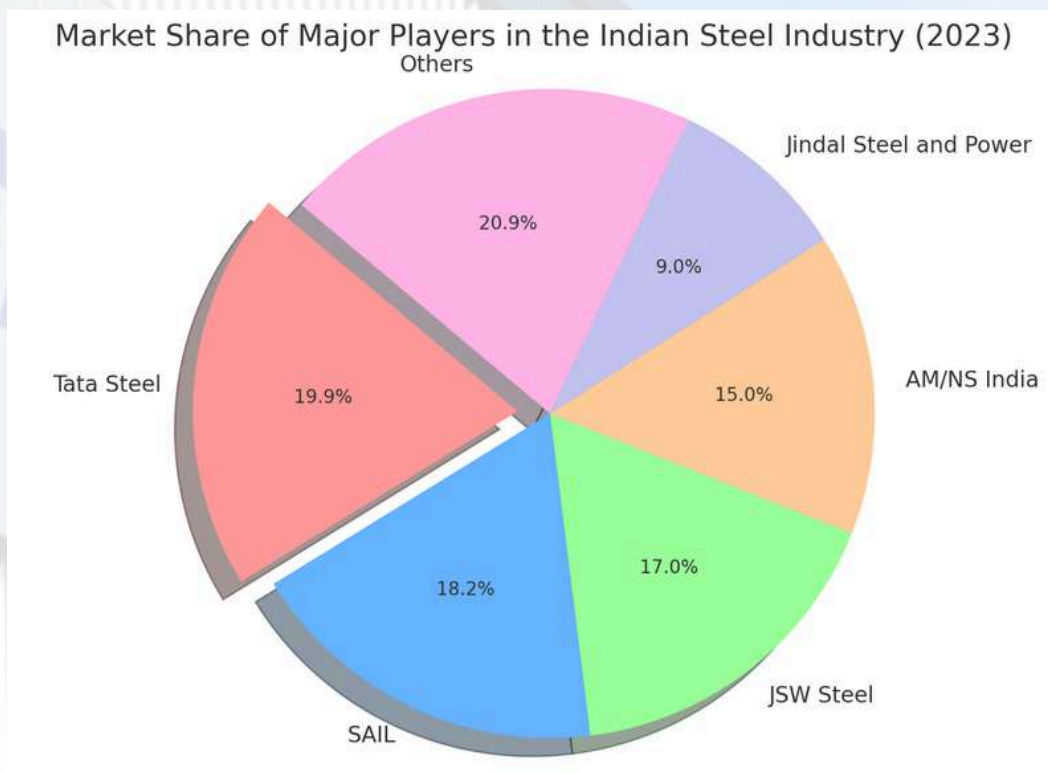


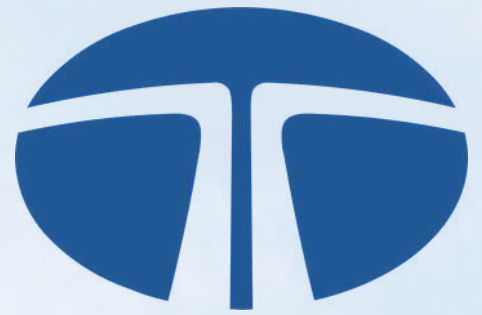


# MARKET SHARE

*As of 2023, India's steel production reached approximately 125.32 million tonnes of crude steel and 121.29 million tonnes of finished steel.*

*TATA STEEL annual crude steel production was approximately 19.9 million tonnes which is 15.9% and finished steel production stands approximately at 18.87 million tonnes which is 15.5% of the total market as in 2023*





# OPERATIONS

Tata Steel operates extensively in India and globally, with significant production facilities, a wide range of products, and various industries served. Below is a detailed overview of their operations:

## 1. Production Facilities in India

### Jamshedpur (Jharkhand):

**Description:** The flagship plant and one of the oldest steel plants in India.

**Capacity:** Approximately 10 million tonnes per annum (MTPA).

**Products:** Flat and long products, including hot rolled coils, cold rolled coils, galvanized sheets, rebars, wire rods, and structurals.

### Kalinganagar (Odisha):

**Description:** A state-of-the-art plant with modern facilities.

**Capacity:** Initially 3 MTPA, with plans for expansion.

**Products:** Mainly flat products such as hot rolled coils and cold rolled coils.

### Bamnival (Odisha):

**Description:** Focuses on high-quality steel production.

**Capacity:** 2MTPA Assumed

**Products:** Primarily flat and long products.

### Dharwad (Karnataka):

**Description:** Specializes in wire and rod products.

**Capacity:** 1MTPA Assumed

**Products:** Wires, wire rods, and other related products.



# OPERATIONS

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**Neelachal Ispat Nigam Limited (Odisha):**

Description: Recently acquired and being ramped up to increase capacity.

Products: Crude steel and pig iron.

## 2. Global Production Facilities

**Tata Steel Europe:**

Locations: IJmuiden (Netherlands) and Port Talbot (UK).

Capacity: Significant production capacity serving European markets.

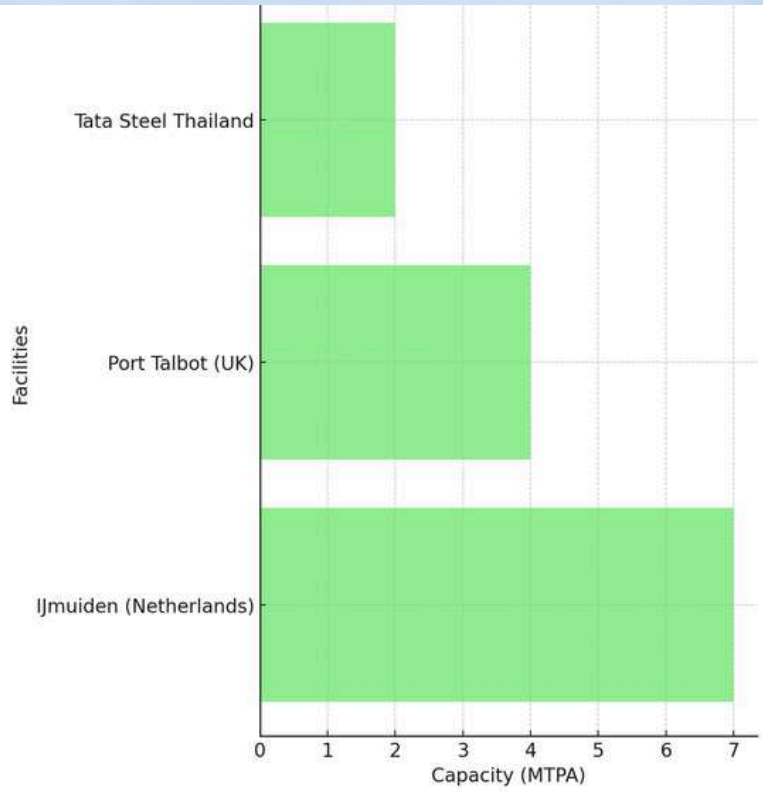
Products: High-quality flat products, coated steels, and other specialty steels.

**Tata Steel Thailand:**

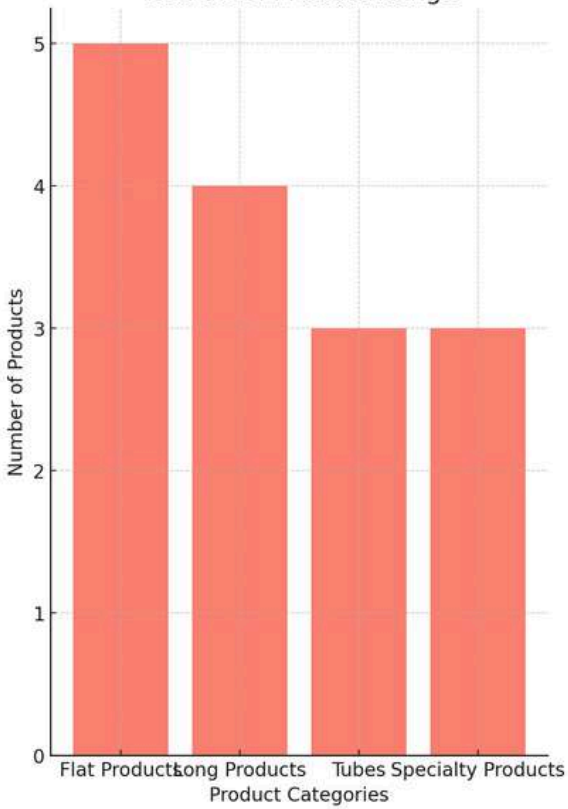
Description: Focuses on construction-grade steel.

Products: Long products, including rebars and wire rods.

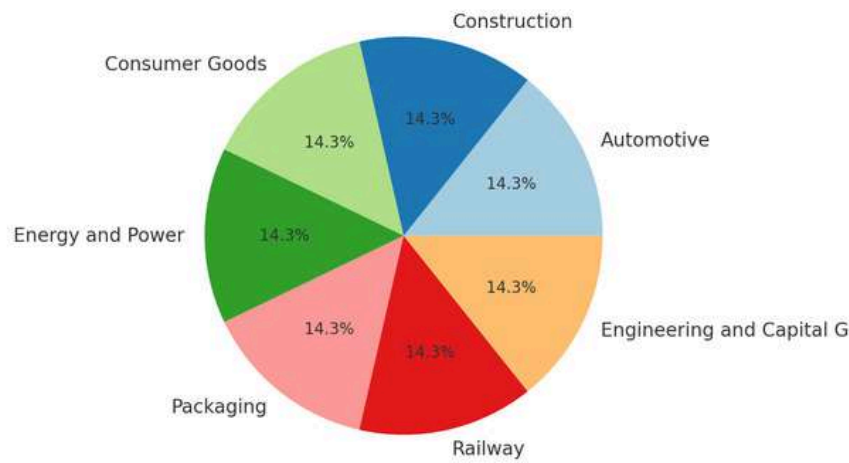
TATA STEEL



Tata Steel Product Range



Industries Served by Tata Steel





# TOP BUSINESS CUSTOMERS OF TATA STEEL

SOURCE : TLIORIFINANCE





# SWOT

## Strengths

- 1. Global Presence and Market Leadership:** Tata Steel is one of the leading steel manufacturers globally, with operations in over 26 countries. This widespread presence allows for market diversification and reduces dependence on any single market.
- 2. Integrated Operations:** The company has a fully integrated business model from mining to finished steel products, ensuring control over the supply chain, cost efficiencies, and product quality.
- 3. Strong Brand and Reputation:** Tata Steel enjoys a robust brand reputation for quality and reliability, which helps in maintaining customer loyalty and premium pricing.
- 4. Technological Advancements:** Investment in research and development has led to innovations in steel production and sustainable practices, positioning Tata Steel as a leader in adopting new technologies.
- 5. Financial Stability:** The company has a strong balance sheet, with significant revenues and profit margins that provide stability and the ability to invest in future growth.

## Weaknesses

- 1. High Debt Levels:** Despite financial stability, Tata Steel has substantial debt levels due to past acquisitions and expansions, which can be a concern during economic downturns or interest rate hikes.
- 2. Operational Challenges in Overseas Markets:** Challenges in integrating and optimizing operations in overseas acquisitions, particularly in Europe and Southeast Asia, can lead to inefficiencies and losses.
- 3. Dependence on Cyclical Industry:** The steel industry is highly cyclical and susceptible to economic downturns, which can significantly impact Tata Steel's revenue and profitability.
- 4. Environmental Concerns:** Steel production is associated with high carbon emissions, and increasing regulatory pressures on environmental sustainability could lead to higher compliance costs.



### Opportunities

- 1. Expansion in Emerging Markets:** Growing economies in Asia and Africa present significant opportunities for Tata Steel to expand its market share and increase sales.
- 2. Sustainability and Green Steel:** There is a growing demand for environmentally friendly products. Tata Steel can capitalize on this by increasing its production of green steel and investing in sustainable practices.
- 3. Technological Innovation:** Continued investment in new technologies such as AI, IoT, and automation can enhance operational efficiencies and reduce costs.
- 4. Strategic Partnerships and Joint Ventures:** Forming strategic alliances with other global players and entering into joint ventures can help Tata Steel leverage additional resources and expertise.

### Threats

- 1. Economic Uncertainty:** Global economic instability, including trade wars and geopolitical tensions, can adversely affect demand for steel and disrupt supply chains.
- 2. Raw Material Price Volatility:** Fluctuations in the prices of key raw materials like iron ore and coal can impact production costs and margins.
- 3. Intense Competition:** The steel industry is highly competitive, with significant competition from both established players and new entrants, particularly from China.
- 4. Regulatory and Compliance Risks:** Increasing regulations related to environmental protection, labor laws, and trade policies can increase operational costs and limit flexibility.



# KEY RATIOS

Market Cap	₹ 2,23,330 Cr.	Current Price	₹ 179	High / Low	₹ 180 / 108
Stock P/E		Book Value	₹ 73.7	Dividend Yield	2.01 %
ROCE	7.67 %	ROE	-2.21 %	Face Value	₹ 1.00
Sales	₹ 2,29,171 Cr.	Sales Qtr	₹ 58,687 Cr.	Qtr Profit Var	-54.9 %
EPS	₹ -3.55	Promoter holding	33.2 %	Profit after tax	₹ -2,156 Cr.
PAT Qtr	₹ 704 Cr.	Price to Earning		Return on assets	-0.85 %
Change in Prom Hold	-0.51 %	Qtr Sales Var	-6.79 %	Price to book value	2.43
Debt to equity	0.95	Debt	₹ 87,082 Cr.	Pledged percentage	0.00 %







# FINANCIALS

- As of March 2024 , company promoters held 33.19% stake in TATA STEEL, with no shares having been pledged.
- Tata Steel's revenue in the fourth quarter of 2024 fell 6.7% year-on-year to Rs 58,687.3 crore, compared to Rs 62,961.5 crore in the same period in 2023. This was due to a number of factors, including:
  1. Lower steel prices: Domestic steel prices were under pressure due to higher imports of finished steel from China.
  2. Weak international performance: Tata Steel's international operations also performed poorly.
  3. Restructuring expenses: The company also incurred restructuring expenses for some of its loss-making operations.
- Over the last one year, Tata Steel share price has moved up from Rs. 109.65 to Rs. 172.05 registering a gain of Rs. 62.4 which is around 56.86%.
- Quaterly net profit is at Rs. 555 crore in March 2024 which is down by 35.45% which was Rs. 1566 crore in March 2023.
- EBITDA stands at Rs.22248 crore in March 2024 which is down by 68.87% from Rs.32300 in March 2023.



# COMPARISON

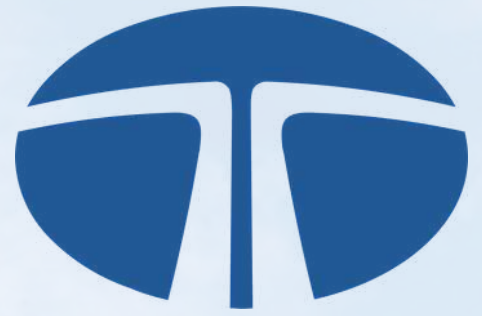
## Peer comparison

[EDIT COLUMNS](#)

 Sector: [Steel](#) Industry: [Steel - Large](#)

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	<a href="#">Tata Steel</a>	178.90		223330.30	2.01	554.56	-54.88	58687.31	-6.79	7.67
2.	<a href="#">JSW Steel</a>	912.15	26.48	223062.08	0.80	1322.00	-64.55	46269.00	-1.48	13.24
3.	<a href="#">Tube Investments</a>	3930.75	91.90	76022.89	0.09	271.31	-13.56	4490.11	18.86	26.05
4.	<a href="#">Jindal Stain.</a>	794.90	24.99	65454.82	0.19	500.65	-29.94	9454.02	-3.19	22.27
5.	<a href="#">SAIL</a>	152.75	17.05	63093.77	0.98	1125.68	27.78	27958.52	-4.02	8.24
6.	<a href="#">APL Apollo Tubes</a>	1625.05	61.57	45099.13	0.31	170.44	-15.55	4765.74	7.55	25.29
7.	<a href="#">Jindal Saw</a>	555.15	11.12	17751.15	0.72	480.37	61.47	5425.16	4.57	21.38
	Median: 14 Co.	598.45	18.92	17601.24	0.56	272.14	-14.14	4475.64	1.55	21.2

 Detailed Comparison with: 

# CONCLUSION

Tata Steel reported 64 percent decline in Q4 net profit (attributable to owners) at Rs 611.48 crore amid lower steel realisations and poor performance in the steelmaker's international operations. The fall in domestic steel prices is posing a question mark on the future earnings growth of steel companies.

Negative eps which means the company has more expenses than profits. Promoter shareholding is also decreasing QoQ, main reason is company's performance.

Tata Steel had a significant decline of over 60% in earnings at Tata Steel Europe, which encompasses the UK business.

The slump in domestic steel consumption and decrease in investment across sectors have affected the overall growth. The current wave of protectionism and trade wars are further impacting the industry.

