

MARKET RESEARCH

REPORT



Target ₹ 1200



LIQUID TALK

Prepared on:
TATA STEEL LTD.



TATA STEEL

MARKET ANALYSIS REPORT

TATA STEEL Ltd.

Call- Buy Target- ₹1200

Target Period-8 months Incorporation date-1907 Public Issue Date-02/02/2011

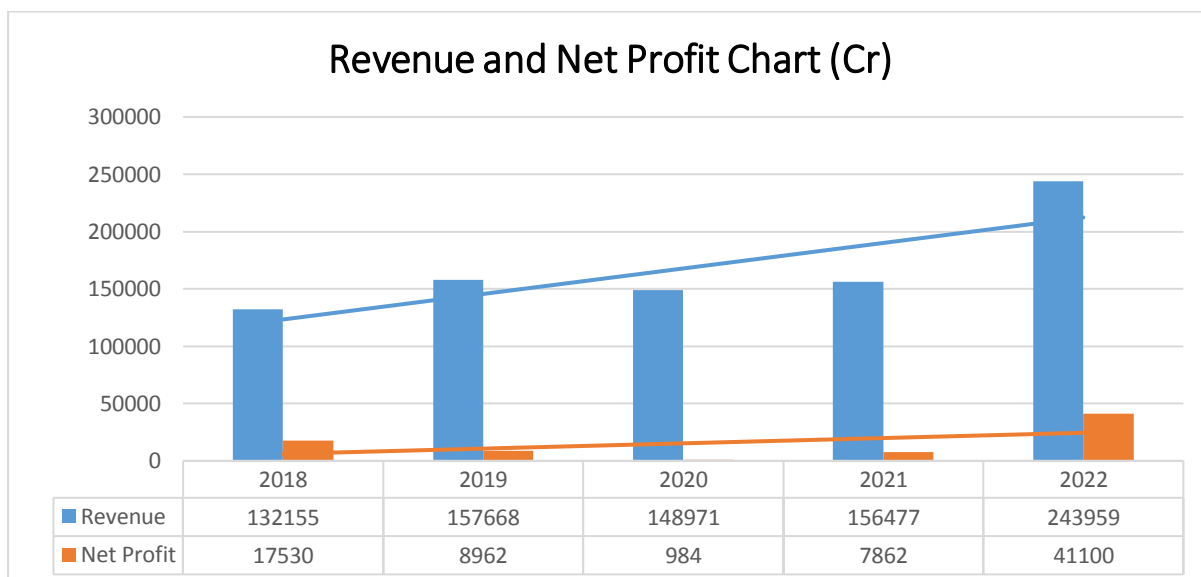
Business Overview-

Tata Steel aims to achieve Global Leadership after becoming the leading steel manufacturer in Indian Markets. It focuses on minimizing the waste of resources and implementing a sustainable business plan while adding value to the Society through its CSR activities.

In recent years economies of many countries have suffered due to the pandemic and global conflicts. With travelling and trade restrictions, the global supply chains have been disrupted. This has restricted the growth of many Indian Companies and created a high degree of Volatility in the Indian Financial Markets.

The Rate of Inflation has risen considerably, and the market is in a bearish grip due to the fear of a recession in the near future. Many consumer-based industries have faced economic stagnation due to rising production costs. FMCG industries have had to reduce packaging sizes and suffer from reduced net profit margins. IT industries have had to lay off many employees to cut costs.

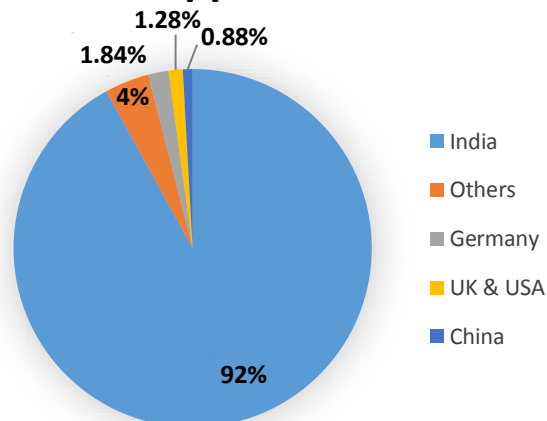
Due to this, shares have started trading at a discount from their actual value, making it very lucrative for investors with money or new investors to invest. Steel is a product essential in many industries and is almost guaranteed to get returns with the upcoming rebound in the economy. Tata Steels' performance has been significantly better this year than last when the steel demand was comparatively low. This shows their capabilities to keep up with the dynamic orders and deliver when required while maintaining high net profit margins.



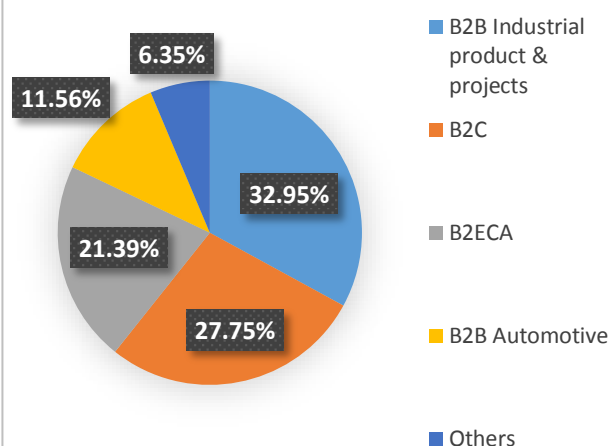
Key information to consider before investing-

- Has a significant presence in the Indian steel market
- Has shown increasing revenue trends
- Share is trading at heavy discounts due to volatile market conditions
- TATA Steel has a Global presence even though the majority of deliveries are in India (62%)
- Highest ever dividend yield ratio of 5.88% for FY 2022
- Upcoming Global Opportunities due to the absence of Russian and Chinese steel suppliers, opening up export opportunities
- Crude steel production showed a YOY growth of 9% to 31.03 (MnT)
- 40% Increase in net Cash flow from operations
- The company aims to enter new markets while retaining the leadership in the steel sector
- TATA has national and international iron ores and subsidiaries with the required raw material, resulting in a constant supply of raw materials and a relatively stable cost of production

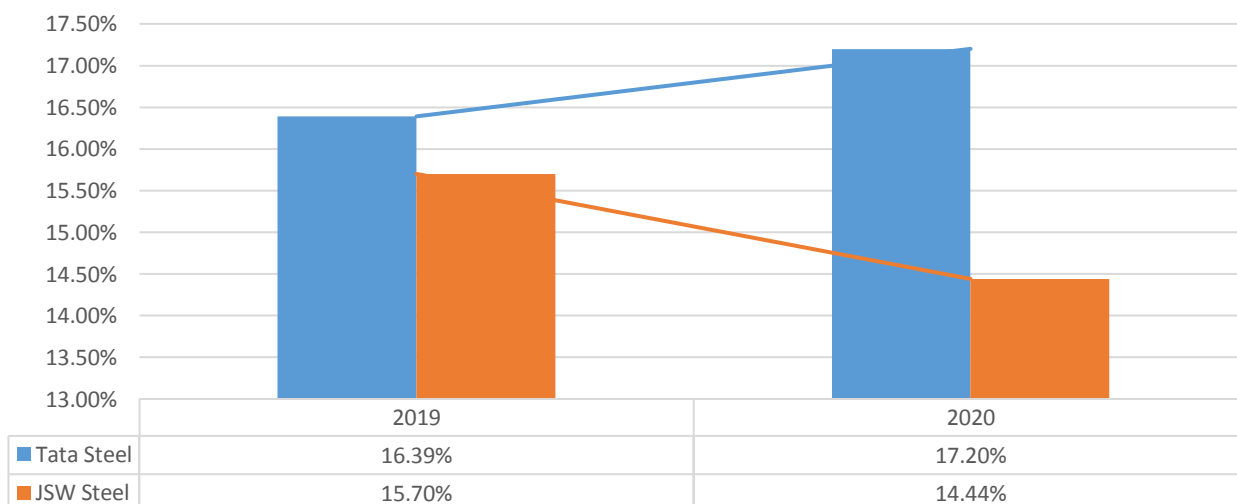
Supplier Data



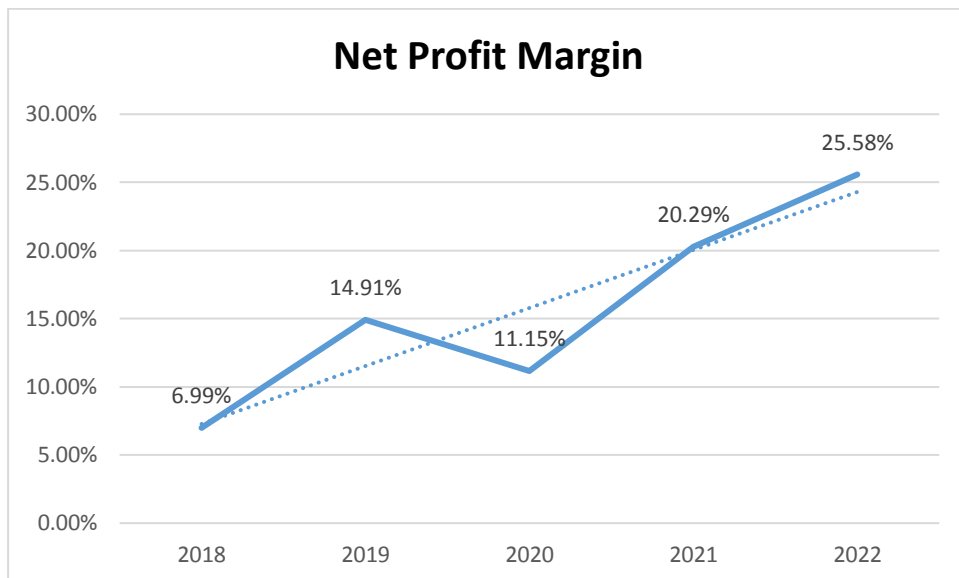
Buyer Data



Change in Market Share



- Company has delivered a CAGR of 76.76% last five years
- Has maintained a good dividend pay-out ratio of 43.01%
- The Net Profit Margin has consistently improved over the past 5 years



Recent News-

- Tata steel after completing acquisition of Neelachal Ispat Ltd. will boost the operation to rated capacity of 1.1 million tonne per annum within the next one year.
- Tata Steel Subsidiary, Tata Steel Mining completed 100% acquisition of Rohit Ferro-Tech.
- Tata Steel also acquired Odisha-based Stock Ferro and Mineral Industries for ₹155 crore in an all-cash deal.
- Tata Steel aims to spend ₹10,000 to ₹12,000 crore capex per year, while continuing to reduce debt by around \$1 Billion yearly. The capex plan would mostly be India centric. The debt reduction favours the company as interest rates are climbing.
- Industry Specific steps taken by government are considered short term.

References

Moneycontrol. (2022). *Tata Steel Ltd.* Retrieved from Moneycontrol:

<https://www.moneycontrol.com/india/stockpricequote/ironsteel/tatasteel/TIS>

Tata Steel Ltd. (2022). *Integrated Report & Annual Accounts 2021-2022.* bseindia.