



CMP – 108

| Target Price 135 |

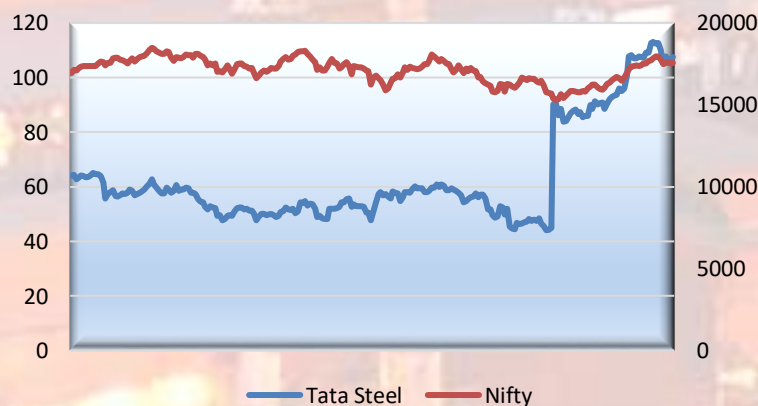
Time Horizon 2M

## About the company

*Tata Steel Ltd was established in 1907 as Asia's first integrated private steel company. The Company is present throughout the steel manufacturing value chain, from mining and processing iron ore and coal to producing and distributing finished products. The Company provides a diverse range of steel products, including a portfolio of high-value-added downstream products such as hot-rolled, cold-rolled, and coated steel, rebars, wire rods, tubes, and wires. By 2025, the company hopes to increase domestic steelmaking capacity to 30 MnTPA.*

*The company is a steel producer with significant operations in India, Europe, and South East Asia. The company has manufacturing facilities in 26 countries and a commercial presence in more than 50. Tata Steel is Europe's second largest steel producer, with a crude steel production capacity of more than 12.1 million tonnes per year.*

*Bearings Division, Ferro Alloys and Minerals Division, Agrico Division, Tata Growth Shop (TGS), Tubes Division, and Wire Division are Tata Steel's six Strategic Business Units. Tata Steelium (the world's first branded Cold Rolled Steel), Tata Shaktee (Galvanised Corrugated Sheets), Tata Tiscon (rebars), Tata Pipes, Tata Bearings, Tata Structural, Tata Agrico (hand tools and implements), and Tata Wiron are some of their branded steel products (galvanised wire products).*



Note: Tata Steel Chart after Stock Split

# **Board of Directors,**



**Mr Natarajan Chandrasekaran**  
Chairman, Non-Executive



**Mr Noel Naval Tata**  
Vice-Chairman, Non-Executive



**Mr O P Bhatt**  
Independent Director



**Mr Deepak Kapoor**  
Independent Director



**Mrs Farida Khambata**  
Independent Director



**Mr. David W. Crane**  
Independent Director

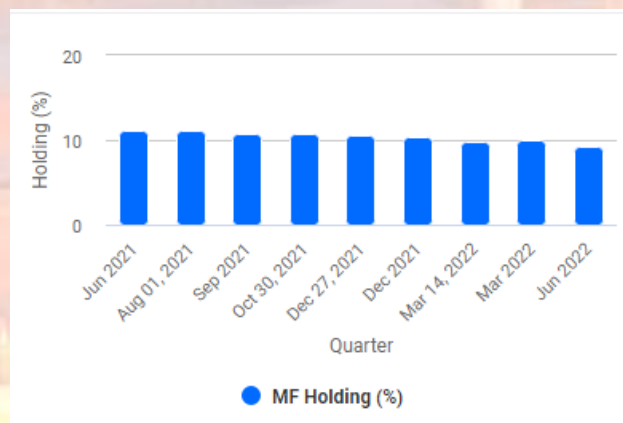
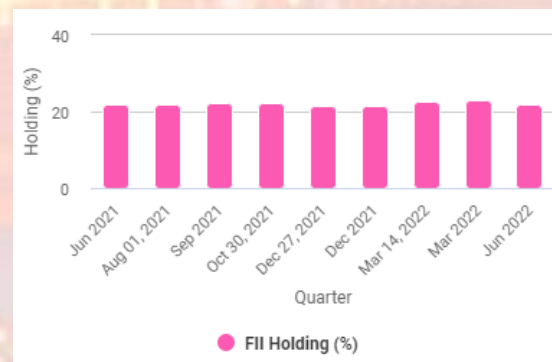
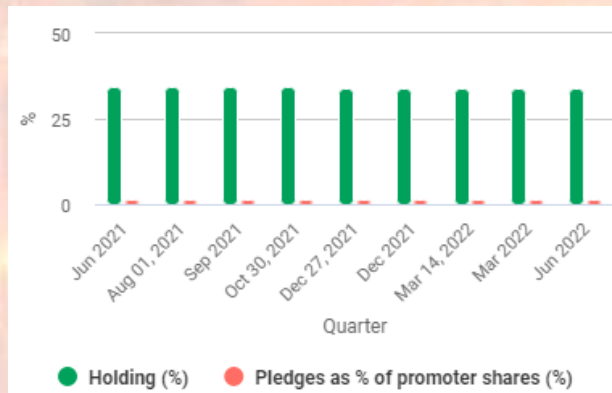
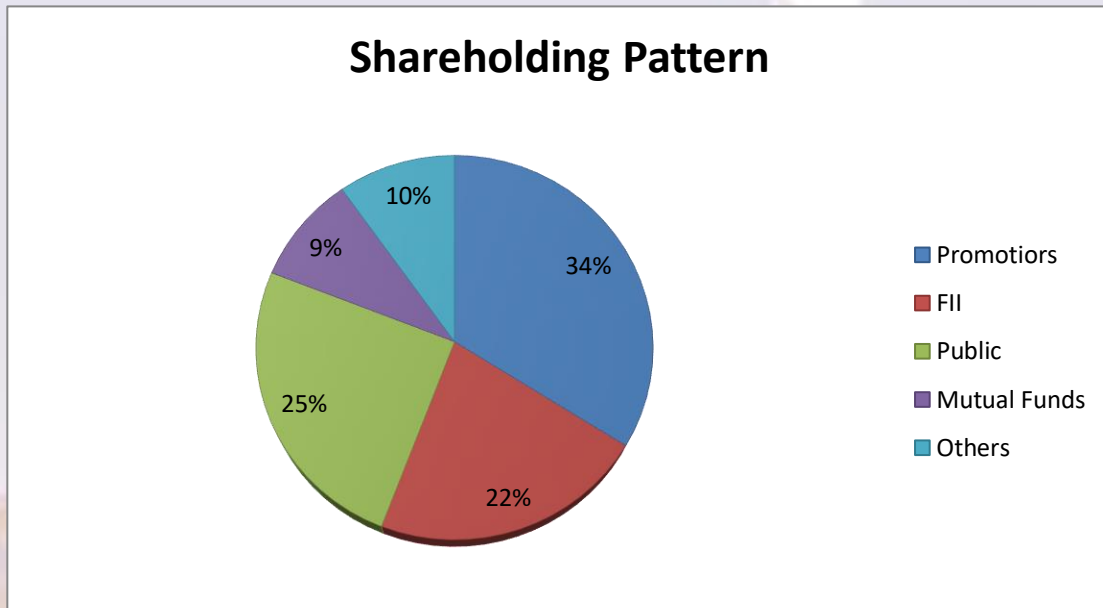


**Mr TV Narendran**  
CEO & Managing Director



**Mr Koushik Chatterjee**  
Executive Director and Chief Financial  
Officer

# Shareholding Pattern



Sources - Marketscreener



# Financial Analysis

## Quarterly Results

Particulars	Q1FY23	Q1FY22	Q4FY22	Q-o-Q %	Y-O-Y%
Revenue from Operations	32021.09	27689.21	36680.93	-15%	14%
Expenses	22453	14298	24447	-9%	36%
EBITDA	9568	13298	12234	-27%	-38%
EBITDA Margins	30%	48%	33%		
Depreciation/Amortization	1344	1372	1380	3%	2%
Interest	722	773	646	-11%	7%
PBT	8183	11590	10639	-30%	-41%
Taxes	2068	2809	2799		
Net Profit	6114	8780	7839	-28%	-43%
EPS	50.03	72.02	64.14	-9%	-44%

## Key ratios

Current Ratio	0.76
Debt to equity ratio	0.01
PE ratio	4.32
P/Bv	1.03
EV/EBIT	3.36
EV/EBITDA	3.35
EV/Sales	1.27
FCFF	25735
Price to Cash flow	0.45
ROCE	32%
ROE	30%
Dividend Yield	4.69%

# Yearly Results

Total Revenue

EBITDA

Net Profit



129021 Cr



51130 Cr



33011 Cr

**Y-0-Y**

53%

89%

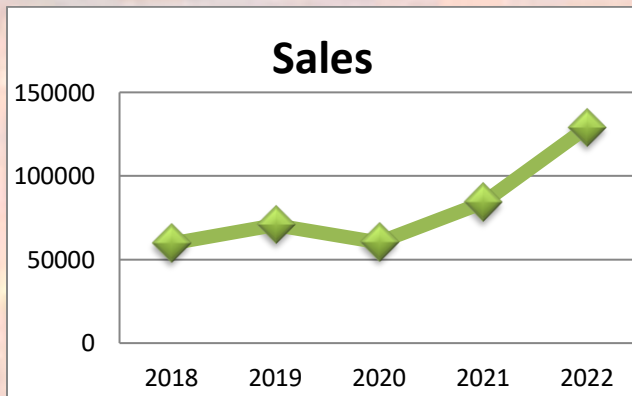
93%

**5Yr CAGR**

22%

34%

57%



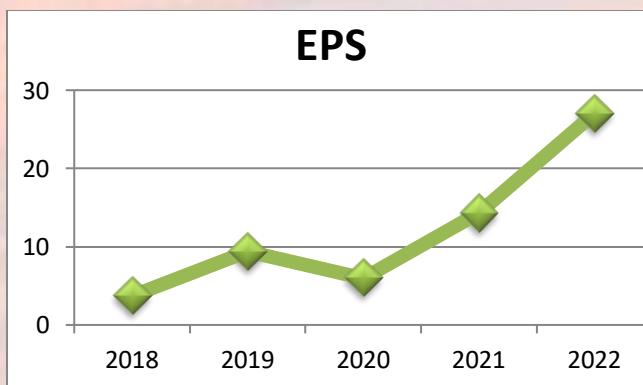
1 Year 53%

3 Year 22.25%



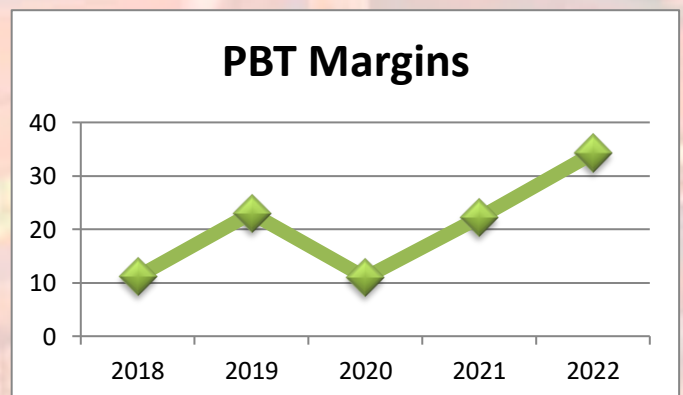
1 Year 93%

3 Year 46.34%



1 Year 89%

3 Year 61.01%



1 Year 53%

3 Year 46%

*This is showing strong fundamentals*

Particulars	FY2018	FY2019	FY2020	FY2021	FY2022
Total Revenue	59,617	70,611	60,436	84,133	129,021
Sales Growth %	24%	18%	-14%	39%	53%
Cost of Material Consumed	16,877	19,840	17,407	20,757	35,256
Changes in Inventory	545	-554	-564	2176	-1820
Depreciations & Amortizations	3727	3802	3920	5469	5463
Other Expenses	21,275	24,622	28,803	27,699	36,458
Total Expenses	50,375	56,674	52,525	67,019	86,147
Expenses %		13%	-7%	28%	28%
EBITDA	16,167	20,563	14,918	27,124	51,130
Depreciations/Amor	3727	3803	3920	5469	5464
Interest	2811	2824	3031	4541	2792
EBT	6638	16227	6611	18,610	44,091
Taxes	2468	5694	-132	1531	11079
Net Profits	4170	10533	6743	17,077	33,011
Net Profits %	21%	153%	-35%	153%	93%

### Cash flow Statement

Particulars	2018	2019	2020	2021	2022
Cash from Operations	11,791	15,193	13,454	37,555	41,986
Cash from investing	-12,273	-16,350	-17,635	-13,665	-34,168
Cash from Financing	4166	-2887	4630	-23,385	-7368
Net Cash	3684	-4044	449	504	450

**Note:** *The cash flow from operations of the company increases at a CAGR of 28%, while the cash flow from investment is negative, indicating that the company is actively investing to expand its business. Finally, in the last three years, net cash has been consistently positive.*

## **Valuation**

The stock is currently trading at an attractive valuation of 4.3x PE and 3.35 EV/EBITDA. This implies that the CMP has a 25% potential upside. Commodity prices in the steel market have been volatile in recent quarters as a result of the Russia-Ukraine war, but business segments have shown good growth in volume sales. Because of government infrastructure spending and the gradual revival of auto production, the Indian market remains strong. Management also believes that steel demand and prices will continue to be strong in the future, allowing it to further reduce debt. Following the 1:10 split, we remain bullish on the stock and reiterate our BUY rating with a target price of Rs. 132 based on trading comps valuation.



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