BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 140 | ⮝ 31%

TATA STEEL | Metals & Mining | 03 August 2022

Preferred pick as we look beyond volatility

- **TATA exposed to slower pickup in China but we expect Chinese demand to stabilise over H2, providing support to regional margins**
- **Stock currently discounting EBITDA/t of Rs 12.7k-13.7k based on 5Y/10Y EV/EBITDA multiples – below mid-cycle levels**
- **Retain BUY with TP of Rs 140 (vs. Rs 170) based on reduced forecasts and cut in target EV/EBITDA to 5.5x (vs. 6x) to reflect economic uncertainty**

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Exposed to slowdown in China…: India's steel sector is directly exposed to developments in China which has a strong influence on regional pricing. With the latter's July PMI entering into a contraction zone, there is a possibility that demand pickup could take longer in China. This could put pressure on regional margins and pricing over the next quarter.

…but China to eventually provide support: We believe the Chinese government's efforts to accelerate infrastructure projects to offset economic weakness will yield results. While the real estate situation is difficult, a decline is likely to be arrested if the government succeeds in completing unfinished projects. With the election of the Chinese premier due in Mar'23, we believe the government has a strong incentive to stabilise the economy over H2CY22. This could help steady regional margins.

TATA also expects recovery in H2FY23: Management expects margin improvement from Q3FY23 as the benefit of lower coking coal costs would feed through the cost base. Demand growth will also be underpinned by a rebound in the auto segment given the easing of chip shortages and post monsoon pick-up in infrastructure projects.

Estimates cut on conservative basis: We now assume FY23/FY24 EBITDA/t of Rs 15.4k/Rs 16.9k for standalone operations including BPSL. With the ability to earn a premium via its integrated operations and strong B2C network, the company can deliver better margins than the US$ 200/t possible for the Indian industry, assuming China's gross margin settles at US$ 250, a 10Y historical average. The stock is currently discounting EBITDA/t of Rs 12.7k-13.7k based on 5Y/10Y multiples.

Maintain BUY: We cut our FY23/FY24 EBITDA estimates for TATA by 16%/5% and lower our target 1Y forward EV/EBITDA multiple to 5.5x (from 6.0x) to reflect global economic uncertainty. Our TP thus reduces to Rs 140 (from Rs 170). We maintain our rating at BUY given the company's healthy growth and margin profile. TATA is trading at 4.5x FY24E EV/EBITDA compared to its 5Y/10Y mean of 5.5x/5.7x.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	TATA IN/Rs 107
Market cap	US$ 16.4bn
Free float	66%
3M ADV	US$ 15.4mn
52wk high/low	Rs 153/Rs 83
Promoter/FPI/DII	34%/22%/20%

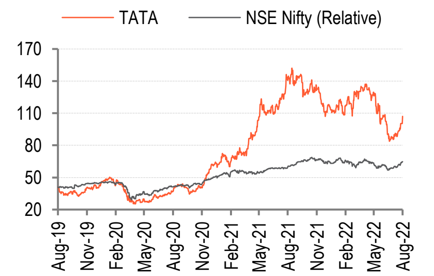
Source: NSE | Price as of 3 Aug 2022

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	2,423	2,278	1,975
EBITDA (Rs mn)	635	432	400
Adj. net profit (Rs mn)	402	221	190
Adj. EPS (Rs)	33.2	18.3	15.7
Consensus EPS (Rs)	33.3	17.6	14.5
Adj. ROAE (%)	42.6	17.8	13.3
Adj. P/E (x)	3.2	5.8	6.8
EV/EBITDA (x)	3.4	4.5	4.5
Adj. EPS growth (%)	436.1	(44.9)	(14.2)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Steel sector: China to eventually provide support

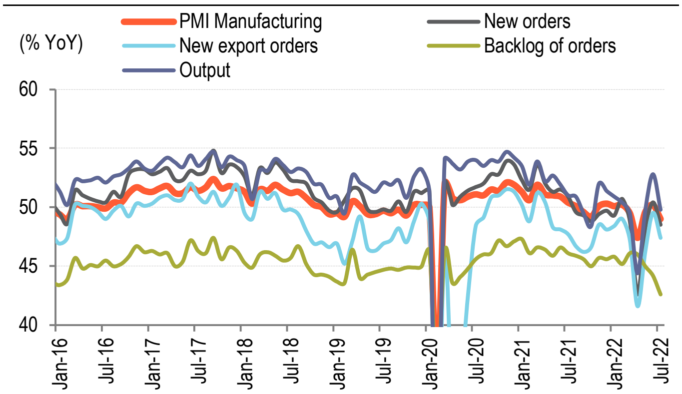
India's steel sector is directly exposed to developments in China which has a strong influence on regional pricing. With the latter's July PMI entering into a contraction zone, there is a possibility that demand pickup could take longer in China and this could put pressure on regional margins and pricing.

However, we believe the Chinese government's efforts to accelerate infrastructure projects to offset economic weakness will yield results. While the real estate situation is difficult, a decline is likely to be arrested if the government succeeds in completing unfinished projects. With the election of the Chinese premier due in Mar'23, we believe the government has a strong incentive to stabilise the economy over H2CY22. This could help stabilise regional margins.

China – slower pickup means delayed support to steel prices

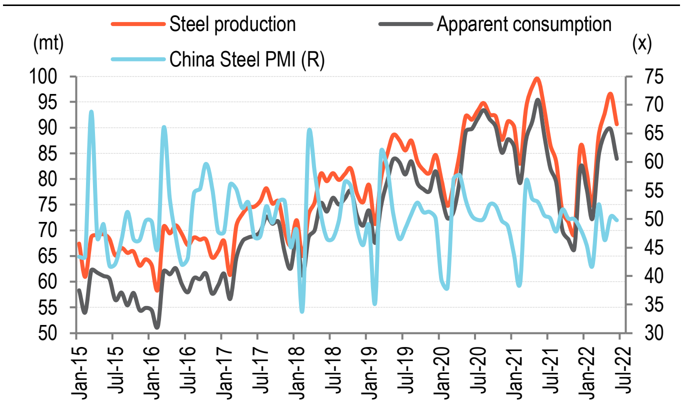
After a recovery in physical indicators in June, the surprise decline in China's July PMI survey readings suggest that revival is likely to be sluggish as well as volatile. In particular, the manufacturing PMI reading dropped into a contraction zone, weighed down by soft export orders. China's steel PMI also fell to 33 in June from 36.2 the month prior, with a decline in output, export orders and inventories.

Fig 1 – China manufacturing PMI in contraction zone



Source: Bloomberg, BOBCAPS Research

Fig 2 – China steel PMI easing as well

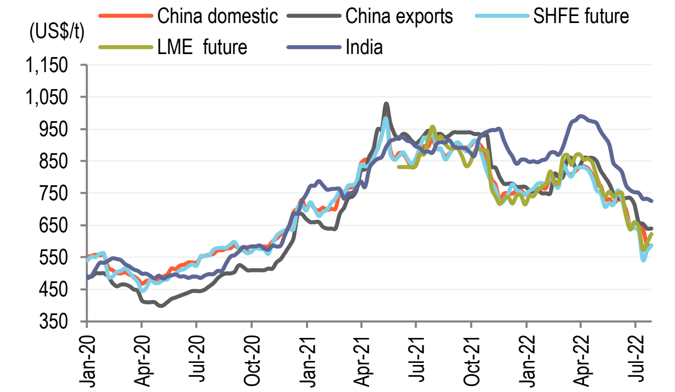


Source: Bloomberg, BOBCAPS Research

Slower recovery is also reflected in the absence of support to domestic steel prices in China which have softened, in turn putting pressure on regional prices. This could lead to another quarter of pain before stabilisation.

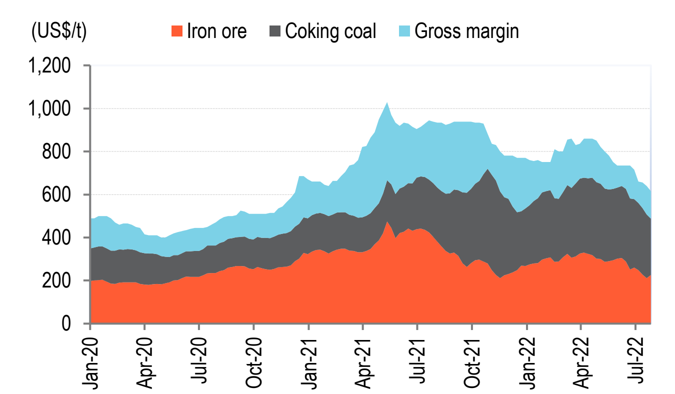
In the absence of steady demand, the steel sector is in the process of self-balancing (i.e. closing excess capacity) to restore margins. Steel production in China has come off the highs in June, declining 3% MoM, but was still elevated at 1.1bn tonnes annualised. The Mysteel survey indicates that curtailments have continued through July, and capacity utilisation at the blast furnaces of 247 steel mills has dropped to 79.3%, a low since late-February, and is down 7% YoY for the week of 28 July.

Fig 3 – Chinese steel prices declining …



Source: Bloomberg, BOBCAPS Research

Fig 4 – …leading to compression in gross margins



Source: Bloomberg, BOBCAPS Research

China still committed to stabilising growth

In a review of its CY22 economic outlook published in end-July, the China Politburo omitted reference of CY22 GDP growth targets. We believe that amounts to withdrawal of hard target for CY22 and reflects acceptance of a lower growth while prioritisation of the country's zero-Covid policy. This was not a complete surprise as consensus estimates were building in lower growth of 3.5-4.5%, below the original target of 5.5% for CY22. The IMF has also recently cut its CY22/CY23 China growth forecast by 1.1%/1.3% to 3.3%/4.6%.

Importantly, China has shown a commitment to stabilising growth and has a good incentive to deliver the same well ahead of elections of the next Chinese premier in Mar'23, wherein Xi Jinping is to contest for a third term. The Politburo statement explicitly highlights the following broad steps to stabilise growth:

- Proactive policy support to offset deficiency in social demand
- Accelerate funding support for infrastructure projects by encouraging local governments to make adequate and good use of the special local government bond quota
- Support from monetary policy for adequate liquidity, increase in credit support to enterprises, and new loans from policy banks as funding for infrastructure projects
- Local government to be made accountable for ensuring timely delivery of pre-sale housing

To accelerate the execution of infrastructure projects, the central government has focused on improving the availability of funding for local governments and making the latter accountable for delivery.

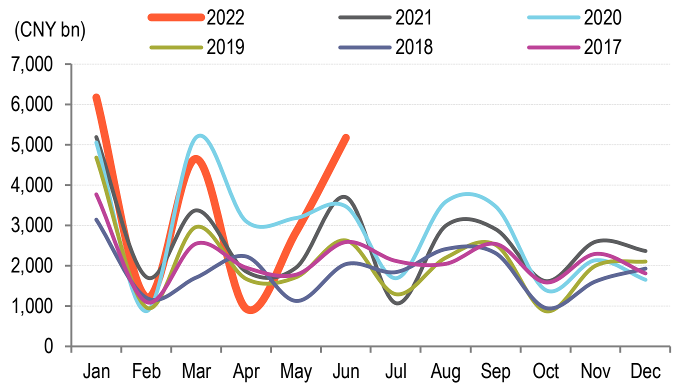
- China has nearly completed issuance of special bonds for CY22 in June itself by issuing CNY 3.41tn (US$ 500bn) in H1.
- For H2CY22, the country has committed another CNY 1.1tn (US$ 160bn) in the form of new credit quotas of CNY 800bn and permission for issuance of CNY 300bn of new bonds. The Chinese cabinet further mentioned that it has

considerable room for polices, such as financing instruments via policy banks, to play a role in boosting investment. An additional US$ 75bn of support through an infrastructure fund is also on the anvil.

- There is a possibility that the Chinese government may opt for added issuance of special bonds in H2CY22 to increase its war chest. Two possibilities being debated by market participants are: (a) advance issuance of the CY23 quota, and (b) use of the incomplete quota from previous years, which stands at CNY 1.55tn at end-June.

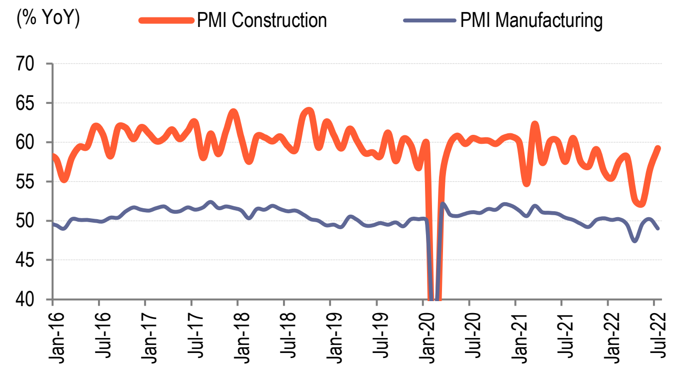
Government efforts to stabilise the economy through acceleration of infrastructure projects are showing initial signs of traction. In July, construction sector PMI rose, on top of a recovery in the June reading, potentially boosted by government-led investment. FAI growth in infrastructure investments (excluding utilities) was up 7.1% YoY in H1CY22 vs. 0.4% in CY21.

Fig 5 – China has accelerated issuance of special bonds



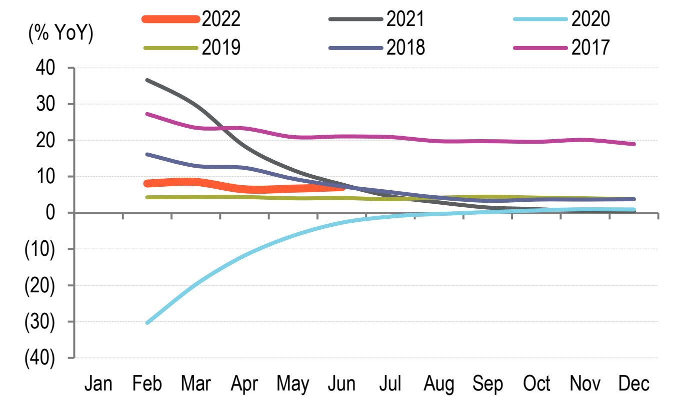
Source: Bloomberg, BOBCAPS Research

Fig 6 – China construction PMI up for past two months



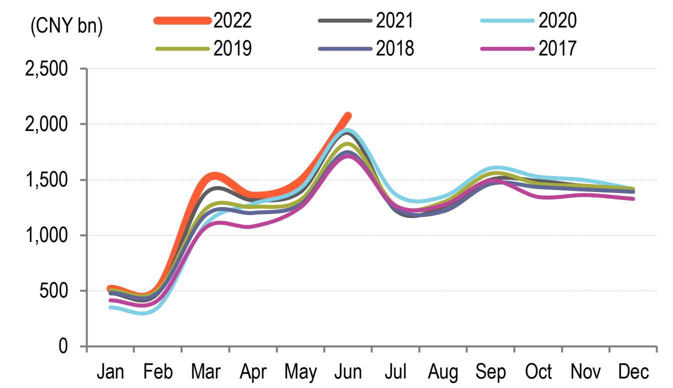
Source: Bloomberg, BOBCAPS Research

Fig 7 – China Infrastructure FAI has increased YoY,,,



Source: Bloomberg, BOBCAPS Research

Fig 8 – … and is continuing momentum



Source: Bloomberg, BOBCAPS Research

Tata Steel – Look for recovery in H2FY23

TATA reported strong Q1FY23 results. EBITDA at Rs 143.5bn was 15% ahead of consensus primarily owing to strong results in Europe. Management is guiding for a weaker Q2 on margin compression, only partially offset by volume recovery (0.5mt QoQ higher). The guidance implies a bottoming out in Q2 and recovery in H2FY23. We also expect European margins to normalise in Q2.

- **India operations to face margin contraction in Q2:** With benchmark steel prices currently running Rs 10k below the Q1 average, realisations are likely to be lower, although TATA's exposure to auto, oil & gas and B2C may help reduce the level of decline. Management has guided for only a US$ 40 benefit on reduction in coking coal prices in Q2. The decline in margin will likely be partly offset by 0.5mt of higher sales in India QoQ.

- **European margin to normalise:** European prices are also likely to decline QoQ, albeit less than the decline in spot level, with 30% of yearly contracts still earning higher prices. Close to 30% of half-yearly contracts and 40% of monthly and quarterly contracts will face a price reset in Q1. European margins will further be impacted by the EUR 20-30/t QoQ increase in coking coal cost. In terms of energy inflation in the UK, the company is hedged for 75% of its requirements for FY23.

- **Expects rebound in H2 with improvement in both margin and volumes:** TATA expects margin improvement from Q3 as the benefit of lower coking coal costs would feed through the cost base by September in Indian operations and by Q3 in European operations. Management also sees demand improvement from a rebound in the automotive segment (TATA market share 55%), given the easing of chip shortages and pickup in the infrastructure segment post monsoon.

Project update

- **6mt pellet plant:** Aims to commission the 6mt pellet plant in Q3FY23 which has the potential to contribute Rs 500mn to Rs 1bn of savings per month

- **CRM plant:** Targets completion of the 2mtpa PLTCM plant in FY23 and annealing and galvanising lines in FY23

- **NINL start-up:** Aims to restart the blast furnace over the next three months and ramp-up to a 100kt/month run-rate by Mar'23. Initial start-up planned with coke supply from another source as its coking coal plant will need at least six months to restart

- **NINL expansion to 5mt:** Aims to draw up a plan for NINL expansion over the next six months and then implement it over the next three years after board approval

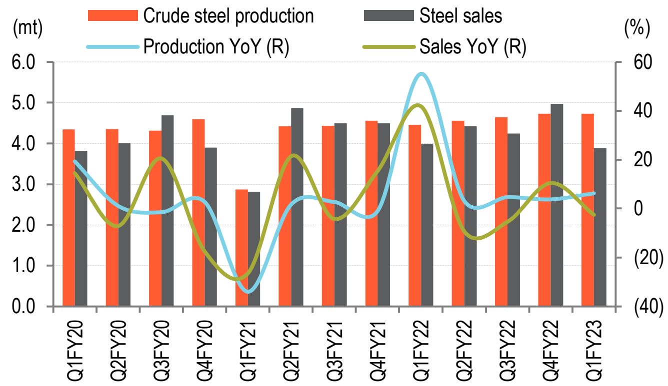
- **Growth options under evaluation:** (a) Kalinganagar expansion from 8mtpa to 13mtpa, (b) BPSL expansion from 5mtpa to 10mtpa

Fig 9 – Quarterly performance

(Rs bn)	Q1FY23	Q4FY22	QoQ (%)	Q1FY22	YoY (%)	FY22	FY21	YoY (%)
Consolidated P&L								
Revenue from operations	634	693	(8.5)	534	18.8	2,439	1,565	55.8
Adj. EBITDA	**143**	**159**	**(9.7)**	**159**	**(9.7)**	**655**	**289**	**126.4**
EBIT	127	128	(0.4)	138	(7.6)	544	213	155.7
PBT before exceptionals	119	121	(1.6)	123	(2.6)	504	149	238.3
PAT	77	98	(21.6)	98	(21.0)	417	82	409.8
Net income to owners	**78**	**98**	**(20.4)**	**89**	**(12.8)**	**402**	**75**	**436.1**
EPS (Rs)	64	80	(20.4)	74	(14.2)	332	64	420.7
Effective tax rate (%)	35.1	16.7		18.8		16.8	38.0	(55.7)
Adj. EBITDA break-up								
Standalone (incl BSL)	83	118	(29.4)	130	(36.3)	506	273	85.0
Europe	60	43	38.8	15	293.8	122	(6)	2,068.3
Long Products	0	2	(119.2)	6	(106.1)	13	12	11.5
SEA	2	1	47.1	0	NA			
Others	(1)	(5)	78.3	8	(114.2)			
Consolidated	**143**	**159**	(9.7)	**159**	(9.7)	**655**	**289**	126.4
Standalone operational parameters								
Production (mt)	4.7	4.7	0.0	4.5	6.3	18.4	16.3	12.9
Sales (mt)	3.9	5.0	(21.7)	4.0	(2.5)	17.6	16.6	6.0
Apparent realisation (Rs'000/t)	82.3	73.8	11.5	69.2	19.0	73.1	50.6	44.5
EBITDA (Rs'000/t)	21.3	23.7	(9.8)	32.7	(34.7)	28.7	16.4	74.6
Europe operational parameters								
Production (mt)	2.4	2.3	5.6	2.7	(8.6)	10.1	9.6	5.9
Sales (mt)	2.1	2.4	(10.8)	2.3	(8.2)	9.0	8.8	2.3
Apparent realisation (Rs'000/t)	121.3	110.0	10.3	83.4	45.4	99.7	63.5	57.1
EBITDA (Rs'000/t)	28.2	18.1	55.7	6.6	328.8	13.5	(0.7)	2,024.7
EBITDA (US$/t)	365	241	51.6	89	309.2	181	(9)	2,017.6
Consolidated operational parameters								
Production (mt)	7.7	7.6	1.6	7.9	(1.8)	31.0	28.5	8.7
Sales (mt)	6.6	8.0	(17.4)	7.1	(6.9)	29.5	28.5	3.6
Apparent realisation (Rs'000/t)	95.8	86.5	10.7	75.1	27.6	82.6	54.9	50.5
EBITDA (Rs'000/t)	21.7	19.8	9.2	22.4	(3.0)	22.2	10.1	118.6

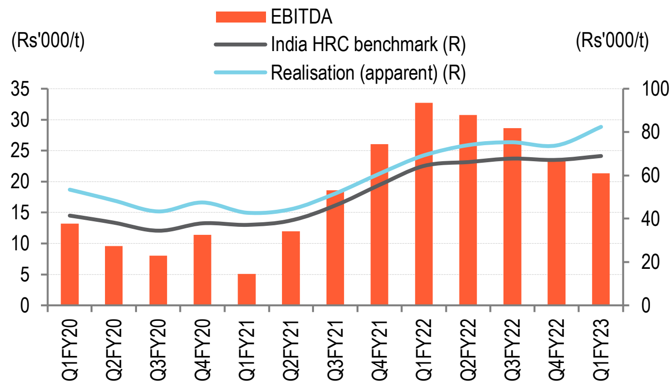
Source: Company, BOBCAPS Research

Fig 10 – Standalone sales plummeted on drop in demand



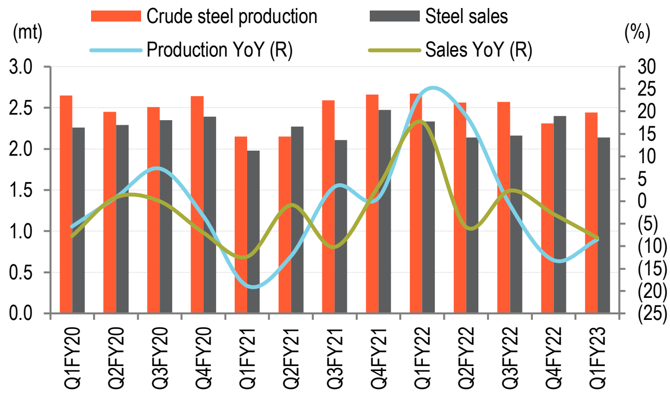
Source: Company, BOBCAPS Research

Fig 11 – Standalone EBITDA decline relatively modest



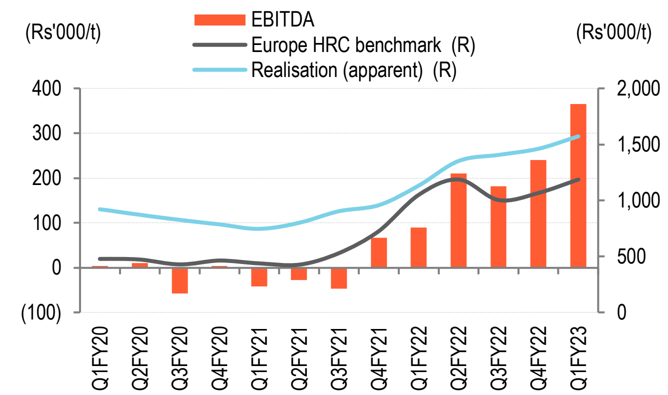
Source: Company, BOBCAPS Research

Fig 12 – Europe sales faced a sequential decline…



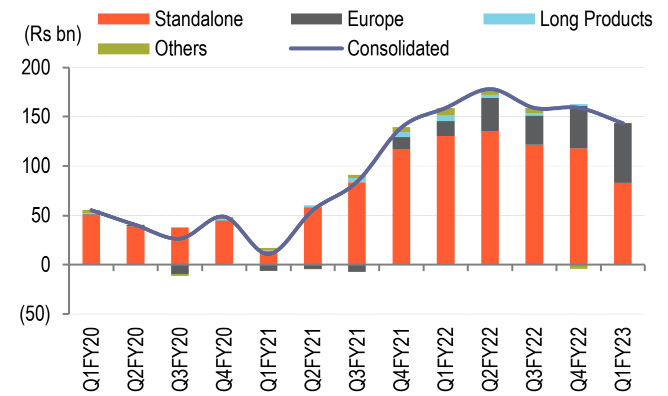
Source: Company, BOBCAPS Research

Fig 13 – …but delivered record EBITDA



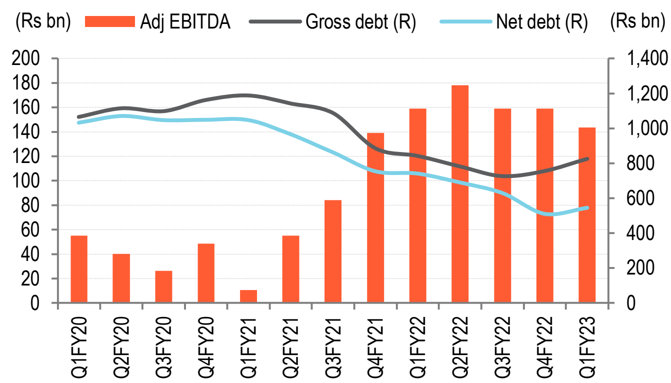
Source: Company, BOBCAPS Research

Fig 14 – Total EBITDA fall arrested on strong Europe performance



Source: Company, BOBCAPS Research

Fig 15 – Net debt increase muted despite sharp rise in inventory levels



Source: Company, BOBCAPS Research

Valuation methodology

Forecast changes

Accounting for Q1FY23 actuals and the global economic downturn, we lower our FY23/FY24 standalone EBITDA/t estimates by 32%/8%% to Rs 15.3k/16.9k. This results in a 16%/5% cut in our EBITDA estimates.

Fig 16 – Revised estimates

(Rs bn)	Actual	New			Old			Change (%)		
	FY22	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	2,423	2,278	1,975	1,988	2,313	2,029	2,022	(1.5)	(2.6)	(1.7)
EBITDA	635	432	400	427	517	419	421	(16.4)	(4.5)	1.3
EBITDA growth (%)	108	(32)	(7)	7	(19)	(19)	1	-	-	-
Net income	402	221	190	204	280	200	198	(21.1)	(5.3)	3.0

Source: Company, BOBCAPS Research

Fig 17 – Key assumptions

	FY22	FY23E	FY24E	FY25E
Sales India (mt)	17.9	18.1	18.1	18.8
Sales Europe (mt)	9.0	9.1	9.1	9.1
India HRC price ($/t)	891	746	642	612
EBITDA/t Standalone+Bhushan (Rs'000/t)	28.6	15.4	17.4	17.4
EBITDA/t Europe (US$/t)	180	205	102	115

Source: Company, BOBCAPS Research

Maintain BUY, TP lowered to Rs 140

We lower our TP to Rs 140 (from Rs 170 adjusted for a 1:10 stock split) – this factors in our revised estimates and reduction in our target one-year forward EV/EBITDA multiple to 5.5x (from 6.0x) to account for increased uncertainty due to a slower-than-anticipated recovery in China and risks to global demand from the inflationary impact of the Russia-Ukraine war.

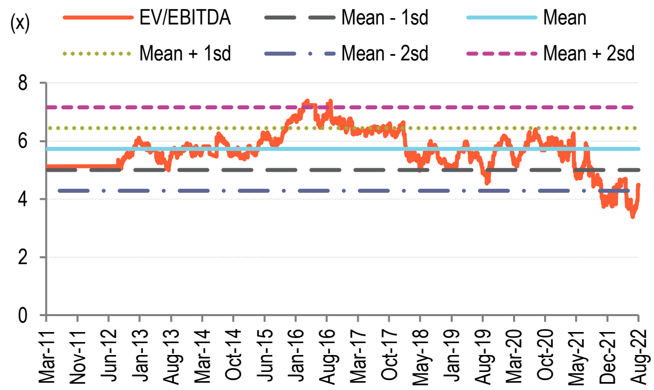
Our valuation multiple is below our target 6x mid-cycle multiple for the Indian steel sector and reflects increased economic uncertainty despite TATA's healthy margin and growth profile. The target multiple is also below the stock's historical trading average of 5.8x/6.3x over the past five/ten-year period. Maintain BUY.

Fig 18 – Valuation summary

(Rs bn)	Value
FY24E EBITDA	400
Target EV/EBITDA multiple (x)	5.5
EV	**2,201**
FY23E Net debt	501
Equity value	**1,700**
Fair value (Rs)	141
Target price Mar'23 (rounded to nearest Rs 5)	**140**

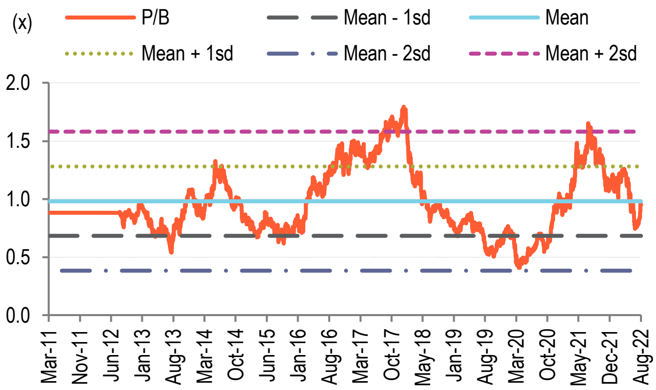
Source: BOBCAPS Research

Fig 19 – TATA EV/EBITDA 2Y forward



Source: Bloomberg, BOBCAPS Research

Fig 20 – TATA P/B 1Y forward



Source: Bloomberg, BOBCAPS Research

Fig 21 – Peer comparison

Ticker	CMP (Rs)	Rating	Target price (Rs)	Upside (%)	EV/Sales (x)		EV/EBITDA (x)		Net income (Rs bn)		P/B (x)		P/E (x)	
					FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
TATA IN	100	BUY	140	39.5	0.8	0.8	4.0	4.1	280	200	1.1	0.8	5.5	6.4
JSTL IN	649	HOLD	655	1.0	1.3	1.3	7.6	5.7	122	175	2.3	1.7	12.8	9.0
JSP IN	384	BUY	460	19.8	0.9	0.9	4.1	3.7	53	59	1.1	0.8	7.4	6.6
SAIL IN	78	HOLD	150	93.5	0.6	0.6	3.3	2.8	80	93	0.6	0.5	4.0	3.4

Source: BOBCAPS Research

Key risks

- Steel producer valuations are highly sensitive to product and raw material prices. Key downside risks to our estimates are unfavourable changes in global demand-supply balance for steel and its raw materials, leading to lower prices and margins than our assumptions

- TATA is exposed to the risk of delay in implementation of its capital investment plan, including expansion, which could impact earnings growth. The company is targeting completion of margin enhancement projects such as the pellet plant and cold rill mill at Kalinganagar plant in FY23 and annealing and galvanizing line in FY24. It is also expanding Kalinganagar capacity by 5mtpa to raise total India capacity to 25mt by FY25.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Jindal Steel & Power	JSP IN	4.9	378	460	BUY
JSW Steel	JSTL IN	19.9	653	655	HOLD
SAIL	SAIL IN	4.0	76	150	HOLD
Tata Steel	TATA IN	16.4	107	140	BUY

Source: BOBCAPS Research, NSE | Price as of 3 Aug 2022

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	**1,547**	**2,423**	**2,278**	**1,975**	**1,988**
EBITDA	305	635	432	400	427
Depreciation	(92)	(91)	(96)	(101)	(105)
EBIT	213	544	336	299	322
Net interest inc./(exp.)	(76)	(55)	(47)	(42)	(36)
Other inc./(exp.)	9	8	12	10	11
Exceptional items	(10)	(1)	0	0	0
EBT	138	502	307	274	303
Income taxes	(57)	(85)	(77)	(77)	(91)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	3	6	6	6	6
Reported net profit	**75**	**402**	**221**	**190**	**204**
Adjustments	0	0	0	0	0
Adjusted net profit	**75**	**402**	**221**	**190**	**204**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	260	368	354	302	299
Other current liabilities	241	260	241	209	210
Provisions	47	28	28	28	28
Debt funds	885	756	676	596	516
Other liabilities	247	273	258	230	231
Equity capital	12	12	12	12	12
Reserves & surplus	730	1,132	1,332	1,495	1,670
Shareholders' fund	775	1,171	1,380	1,550	1,733
Total liab. and equities	**2,455**	**2,854**	**2,936**	**2,914**	**3,017**
Cash and cash eq.	130	244	175	183	208
Accounts receivables	95	122	125	108	109
Inventories	333	488	455	388	385
Other current assets	44	71	66	60	60
Investments	43	66	66	66	66
Net fixed assets	1,190	1,162	1,314	1,275	1,283
CWIP	190	220	290	385	455
Intangible assets	168	171	135	138	141
Deferred tax assets, net	0	0	0	0	0
Other assets	305	376	376	376	376
Total assets	**2,455**	**2,854**	**2,936**	**2,914**	**3,017**

Cash Flows

Y/E 31 Mar (Rs bn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	**369**	**455**	**365**	**335**	**344**
Capital expenditures	(100)	(97)	(283)	(160)	(185)
Change in investments	(9)	(23)	0	0	0
Other investing cash flows	89	(40)	12	10	11
Cash flow from investing	**(19)**	**(159)**	**(271)**	**(150)**	**(175)**
Equities issued/Others	1	0	0	0	0
Debt raised/repaid	(248)	(129)	(80)	(80)	(80)
Interest expenses	(76)	(55)	(47)	(42)	(36)
Dividends paid	(30)	(616)	(30)	(35)	(37)
Other financing cash flows	19	619	(6)	(20)	9
Cash flow from financing	**(335)**	**(181)**	**(163)**	**(177)**	**(144)**
Chg in cash & cash eq.	**15**	**114**	**(70)**	**9**	**25**
Closing cash & cash eq.	**130**	**244**	**175**	**183**	**208**

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	6.2	33.2	18.3	15.7	16.9
Adjusted EPS	6.2	33.2	18.3	15.7	16.9
Dividend per share	2.5	51.0	2.5	2.9	3.0
Book value per share	61.4	94.7	111.3	124.7	139.2

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	1.4	0.9	0.8	0.9	0.9
EV/EBITDA	7.3	3.4	4.5	4.5	4.1
Adjusted P/E	17.3	3.2	5.8	6.8	6.3
P/BV	1.7	1.1	1.0	0.9	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	50.3	79.7	72.1	69.2	67.3
Interest burden (PBT/EBIT)	70.0	92.6	91.3	91.7	94.1
EBIT margin (EBIT/Revenue)	13.7	22.4	14.8	15.1	16.2
Asset turnover (Rev./Avg TA)	62.4	91.3	78.7	67.5	67.0
Leverage (Avg TA/Avg Equity)	3.4	2.8	2.3	2.1	1.9
Adjusted ROAE	10.1	42.6	17.8	13.3	12.8

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	5.9	56.6	(6.0)	(13.3)	0.6
EBITDA	71.1	108.1	(31.9)	(7.4)	6.6
Adjusted EPS	356.4	436.1	(44.9)	(14.2)	7.3
Profitability & Return ratios (%)					
EBITDA margin	19.7	26.2	19.0	20.3	21.5
EBIT margin	13.7	22.4	14.8	15.1	16.2
Adjusted profit margin	4.8	16.6	9.7	9.6	10.3
Adjusted ROAE	10.1	42.6	17.8	13.3	12.8
ROCE	11.1	26.9	15.4	13.2	13.7
Working capital days (days)					
Receivables	23	18	20	20	20
Inventory	79	74	73	72	71
Payables	75	74	70	70	70
Ratios (x)					
Gross asset turnover	0.6	0.9	0.8	0.7	0.7
Current ratio	0.8	1.0	0.9	0.9	1.0
Net interest coverage ratio	2.8	10.0	7.1	7.2	8.9
Adjusted debt/equity	1.0	0.4	0.4	0.3	0.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

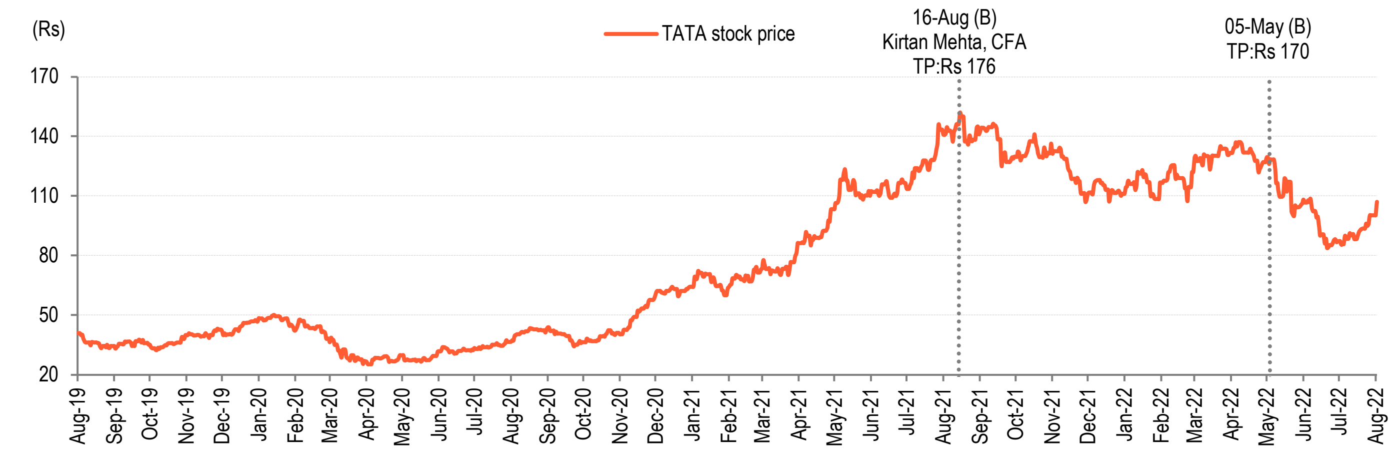
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): TATA STEEL (TATA IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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