

# TM : POST

## Risk and Opportunities | Steel Industry

### Company Overview

IT IS NOW THE WORLD'S SECOND-MOST GEOGRAPHICALLY-DIVERSIFIED STEEL PRODUCER, WITH OPERATIONS IN 26 COUNTRIES AND A COMMERCIAL PRESENCE IN OVER 50 COUNTRIES. THE TATA STEEL GROUP, WITH A TURNOVER OF RS. 1, 48,614 CRORES IN FY 14, HAS OVER 80,000 EMPLOYEES ACROSS FIVE CONTINENTS AND IS A FORTUNE 500 COMPANY.

### Government Initiative

WITH A SUBSTANTIAL SLASH IN TRANSPORT COSTS DUE TO UNIFIED AND STANDARD TAX RATE UNDER GST, WHICH HAS BEEN FINALIZED AT 18%, THIS IS LIKELY TO HELP STEEL COMPANIES REELING UNDER LARGE DEBT AND ALSO KEEP STEEL PRICES STABLE ALONG WITH IMPOSING OF DEFINITIVE ANTI-DUMPING DUTY RANGING FROM \$478 TO \$489 PER TONE ON HOT ROLLED ALLOY AND NON ALLOY COILS & \$561/MT ON HOT ROLLED STEEL PLATES ORIGINATING FROM CHINA, JAPAN, RUSSIA, INDONESIA, BRAZIL AND SOUTH KOREA THAT WILL BENEFIT DOMESTIC MILLS & VARIOUS OTHER INITIATIVES SET UP BY THE GOVERNMENT IS TOTALLY A BOON FOR THIS INDUSTRY & PARTICULARLY



## TATA STEEL CMP 504 Target 590

### INDUSTRY OUTLOOK

INDIA'S STEEL SECTOR IS ROCKING, NOT WITHSTANDING NEWS OF SOME COMPANIES FACING PROBLEMS OF PILING DEBT AND THE RBI INITIATING MEASURES AGAINST SOME CHRONIC DEFAULTERS. THE COUNTRY IS CLOSING THE GAP WITH JAPAN IN PRODUCTION, GIVEN THE DATA FOR THE FIRST FOUR MONTHS OF THE CALENDAR YEAR 2017. WHILE JAPAN'S PRODUCTION WAS 35 MILLION TONNES, INDIA PRODUCED 33.2 MILLION TONNES, ACCORDING TO STATISTICS PUBLISHED BY WORLD STEEL ASSOCIATION (WSA). THE GAP IS SET TO SHRINK FURTHER AS INDIA'S PRODUCTION HAS BEEN GROWING AT A FASTER PACE (7.1 PERCENT IN JAN-APR 2017) COMPARED TO JAPAN (1.9 PERCENT YOY)





Natrajan Sheckrana,  
Chairman TATA Steel

## Weakness and Threats

1. Operational efficiency are not as good as international leaders
2. Slightly lagging in technological front
3. Rising coking coal prices
4. India is plagued with violent agitation against land acquisition
5. Government & regulatory norms
6. International competition

For Detail Report

[www.rudrashares.com](http://www.rudrashares.com)

## Opportunity

**COMPANY PLANS TO INVEST ` 7000 CRORE FOR DOMESTIC EXPANSION IN FY18**

**COMPANY HAS OBTAINED ENVIRONMENTAL CLEARANCE FOR 1 MT EXPANSION AT THE JAMSHEDPUR PLANT . HOWEVER, THIS WILL BE DONE THROUGH DE- BOTTLENECKING AT MINIMAL ADDITIONAL CAPITAL EXPENDITURE.**

**KALINGANAGAR PHASE 2 WILL ONLY START AFTER 3-4 YEARS WHEN THE EXISTING CAPACITY HAS STABILIZED.**

**EUROPE WILL CONTINUE TO SHOW BETTER RESULTS AS PART OF THE IMPACT OF THOSE LOSS-MAKING STEEL PLANTS IS YET TO BE SEEN FULLY IN**

**THE PROFITABILITY OF THE EUROPEAN OPERATIONS.**

**COMMISSIONED FERRO-CHROME PLANT AT GOPALPUR , ODISHA WITH A CAPACITY OF 55,000 MTPA .**



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