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Tata Steel's Global Strategy: India's Growth in Relation to Europe's Transformation

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ABSTRACT

A comprehensive financial analysis provides a broad view of the company's fiscal health. Financial performance analysis within the industry allows management to make well-informed decisions that focus on improving operational productivity. Regularly achieving higher profits will help ease their financial burdens.

Tata Steel stands as a prominent global steel manufacturer, possessing a crude steel production capacity of 35 million tonnes per annum (MTPA). The company has a diverse geographical footprint, with manufacturing facilities located in India, the Netherlands, the UK, and Thailand. The Tata Steel Global Strategy is fundamentally based on utilizing this varied presence to achieve a balance between growth, sustainability, and long-term value for shareholders. With the strategic aim of becoming the most esteemed and valuable steel enterprise worldwide, Tata Steel is also actively working towards an ambitious Net Zero goal by 2045. The company implements a "dual-engine" strategy, which emphasizes strong domestic growth in India while simultaneously undertaking significant restructuring and sustainability initiatives within its European operations. (https://www.tatasteel.com/)

This article aims to examine the performance of Tata Steel's primary international segments – Europe (which encompasses the UK and Netherlands units) and India – in order to provide a thorough understanding of their contributions, challenges, and strategic directions.

Keywords: *Global Value Chain, Financial Analysis, Business Performance and Indicators of Tata Steel Group etc.*

Introduction

Financial statements are the performance indicators of a company that also helps to measure financial performance. The income statement shows the earnings for a given period as well as the company's expenses and profit or loss. This aids in evaluating the profitability and operational effectiveness of the company.[1]

Overall financial analysis provides a holistic view of the company's financial health and performance, allowing stakeholders to assess its overall competitiveness and make strategic decisions at the organizational level. It involves analyzing consolidated financial statements that encompass all the activities and operations of the organization. Those organization whose operations are conducting in Holding and subsidiaries they can mobilize there resources up to the optimum level. Financial statement analysis is very much helpful in assessing the financial position and profitability of a concern.[2]

The value chain describes the full range of activities that firms and workers perform to bring a product from its conception to end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. The activities that comprise a value chain can be contained within a single firm or divided among different firms. (globalvaluechains.org,2011)

India is a crucial growth engine for Tata Steel, with the company aggressively expanding its capacity to capitalise on the country's strong steel demand. This demand is largely driven by infrastructure development, rapid urbanisation, and initiatives like 'Atmanirbhar Bharat'. India is currently the world's second-largest producer and consumer of crude steel, highlighting its significant growth potential.[3]

Review of Literature

Dewan Md. Zahurul Islam (2020) - A study regarding the financial performance of SMEs indicates that, based on this evidence, we propose that entrepreneurial efficacy can assist entrepreneurs in motivating themselves to work diligently with a concentrated focus on their objectives, thereby sustaining their financial performance even during the ongoing pandemic.[4]

Gereffi (1995) - There are four basic dimensions that GVC methodology explores:

1. An input-output structure, which describes the process of transforming raw materials into final products;
2. Geographical consideration;
3. A governance structure, which explains how the value chain controlled; and
4. An institutional context in which the industry value chain is embedded. [5]

Objectives of Study

The study's main objective is to assess a company's performance by looking at its financial statements. Financial statements provide information on profitability, stability, and liquidity.

1. Evaluate the effectiveness of Tata Steel's primary international divisions.
2. To analyze the overall financial performance of Tata Steel Group.
3. To provide a thorough insight into their contributions and challenges.
4. To assess the earning capacity or profitability of Tata Steel Group.
5. To assess the operational efficiency and managerial effectiveness.

Research Methodology

It is a descriptive study by nature basically it is based on secondary data which has been taken from case studies journals newspapers books and online database. We have kept the research study easy to understand.

Brief Profile of Tata Steel Group

Tata Steel was founded in India in 1907 as Asia's first integrated private steel company, establishing the country's first industrial city in Jamshedpur. Today, it stands among the leading global steel manufacturers. Tata Steel owns and operates captive mines, which contribute to maintaining cost competitiveness and production efficiency by ensuring a steady supply of raw materials. It is recognized as the lowest cost steel producer in Asia. The Indian product range is categorized into four segments: Automotive and Special Products; Industrial Products, Projects and Exports; Branded Products and Retail; and Services and Solutions. The company offers a variety of products, including hot-rolled, cold-rolled, galvanized, and branded solution offerings, among others.[6]

Performance Snapshot of Standalone and consolidated

The performance snapshot of the Standalone and Tata Steel Group for the year ended 31st March 2025 as compared to previous financial year is summarized below:[7]

Table 1: PERFORMANCE SNAPSHOT

Particulars	Standalone			Consolidated		
	2023-24	2024-25	Increase/Decrease	2023-24	2024-25	Increase/Decrease
Production (MT)	20.12	21.68	1.56	29.94	30.92	0.98
Deliveries (MT)	19.91	20.94	1.03	29.39	30.96	1.57
Turnover (Rs. Crore)	140987	133444	-7543	229171	218543	-10628
Reported PAT (Rs. Croce)	4807	13803	8996	-4910	3174	-1736

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

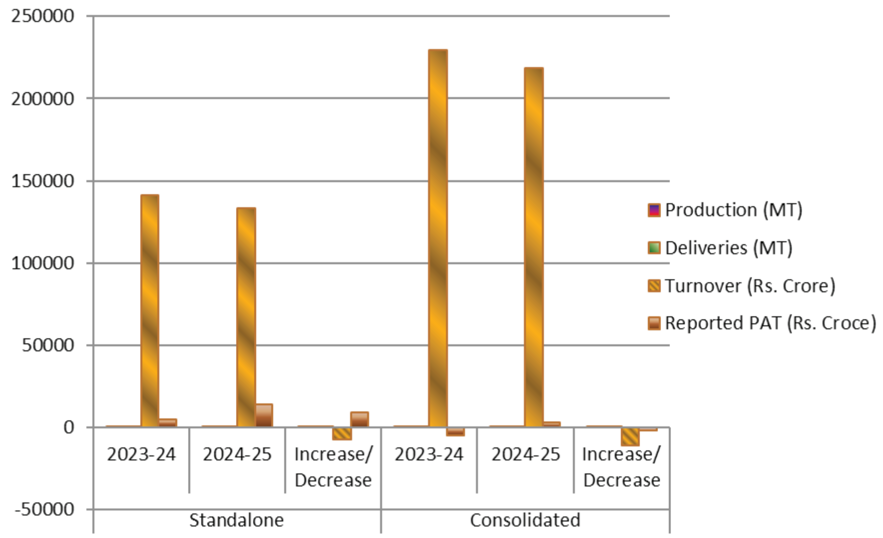

Figure 1: Performance Snapshot Consolidated v/s Standalone

Product production performance of Tata Steel Group

Tata Steel consistently focuses on driving and maintaining excellence in its operations through a relentless drive for improvement in process, product and people. The product production performance of the Company for the year ended 31st March 2025 as compared to previous financial year is summarized below:

Table 2: Production Statistics ('000 Tonnes)

Products	2023-24	2024-25	Increase/Decrease	% Increase/Decrease
Iron Ore	35329	37363	2034	5.76
Coal	5924	6236	312	5.27
Iron (Hot metal)	19960	20892	932	4.67
Crude Steel	20122	20723	601	2.99
Rolled/Forged Bars and Structurals	1998	2699	701	35.09
Plates	0	0	0	0.00
Sheets	0	0	0	0.00
Hot Rolled Coils/Strips	14430	11834	-2596	-17.99
Cold Rolled Coils	2030	3878	1848	91.03
Railway Materials	0	0	0	0.00
Semi-Finished for sale	1316	1927	611	46.43
Total Saleable Steel	19774	20338	564	2.85

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

Strong Global Value Chain in Tata Steel Group

Tata Steel manages a strong, digitally integrated global value chain (GVC) that produces approximately 35 million tonnes of crude steel each year, connecting its captive iron ore and coal mines in India with worldwide manufacturing, especially through acquisitions in Europe. The company optimizes costs by strategically sourcing materials from Australia and South Africa, while concentrating on high-value, sustainable downstream products, leveraging digital and AI-driven manufacturing and logistics across five continents.

Key Elements of Tata Steel's Worldwide Value Chain

1. Upstream (Raw Materials): Tata Steel guarantees supply security by owning captive mines located in Jharkhand and Odisha, India, alongside strategic global procurement of coking coal from Australia, Mozambique, and South Africa.
2. Midstream (Manufacturing & Processing): The organization employs a "globally distributed manufacturing" approach, operating in 26 countries. Notable manufacturing facilities, including the state-of-the-art Kalinganagar plant, emphasize "Digital Steel making," which utilizes AI and big data to enhance efficiency.
3. Downstream (Distribution & Logistics): The distribution network is vast, encompassing logistics for finished products via rail, road, and maritime transport. Strategic acquisitions in the downstream sector, such as NatSteel and Millennium Steel, have facilitated expansion into Asian markets.
4. Mergers & Acquisitions (M&A): Tata Steel has traditionally leveraged M&A, exemplified by the acquisition of Corus Group, to establish a robust global presence and ascend the value chain.

Strategic Emphasis and Digital Integration

1. Digital Transformation: The Company stands at the forefront of digital manufacturing, with the Kalinganagar facility establishing standards for the application of Artificial Intelligence and data analytics to enhance production processes.
2. Sustainability: As a pioneer in sustainable practices, Tata Steel is committed to minimizing its environmental impact throughout the supply chain, with a goal of achieving Net Zero by 2045.
3. Responsible Sourcing: Tata Steel implements a rigorous Responsible Supply Chain Policy, urging suppliers to embrace recognized standards such as Responsible Steel TM.
4. Logistics Optimization: The supply chain encompasses intricate, multi-modal transportation (rail, road, sea) to guarantee efficiency and prompt delivery to its global clientele.

Tata Steel's Global Value Chain (GVC) is structured for resilience, leveraging both internal resources for stability and international collaborations for efficiency, enabling it to respond to fluctuations in the global market.[8]

A Dual-Engine Strategy: A Comparative Study of India and Europe

Tata Steel's strategy distinctly identifies India as the main engine for growth and a key profit centre, whereas Europe is experiencing a difficult transition aimed at achieving long-term sustainability and profitability. This unique yet synergistic approach is fundamental to Tata Steel's Global Strategy, influencing the company's vision through region-specific advantages and transformation efforts.[9]

Overall Financial Performance Appraisal of Tata Steel Group

Tata Steel is a publicly traded company that is incorporated and based in India, established under the provisions of the Companies Act, 2013, which is applicable in India. The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the fiscal year ending March 31, 2025. The Board of Directors of the Company holds the responsibility for the preparation and presentation of these Standalone and Consolidated Financial Results, which accurately reflect the net profit, other comprehensive income, and additional financial information of the Group, including its associates and jointly controlled entities, as well as the consolidated statement of assets and liabilities and the consolidated statement of cash flows.[10]

The financial performance of the Company for the year ended 31st March 2025 as compared to previous financial year is summarized below:

A Dual-Engine Approach: Comparative Analysis of TATA Steel Group

Particulars	2022-23	2023-24	2024-25
Revenue from operations	243352.69	229170.78	218542.51
Operating Profit (EBITDA)	32300.16	22305.90	25298.45
Profit/Loss after tax	8075.35	-4909.61	3173.78

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

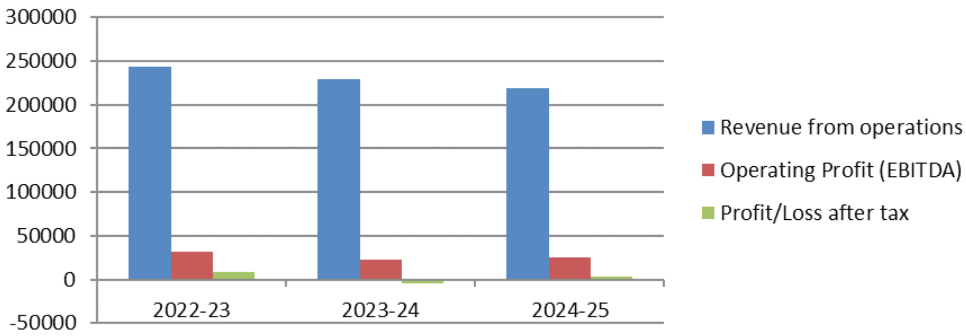

Figure 2: Comparative Analysis of TATA Steel Group

Tata Steel's consolidated financial performance is significantly influenced by the divergent trends in its Indian and European operations. European operations have historically weighed down overall profitability. This decline was largely due to the subdued performance of European operations, with lower sales realisations and volumes, and elevated raw material costs. Tata Steel's financial health is underpinned by its efforts to balance growth investments, manage debt, and implement group-wide cost efficiencies. These strategies are crucial for long-term stability and growth.

Interpretation

- Consolidated Total Revenue (FY25): Approximately ₹ 2,18,543 crore.
- Comparison to FY24: This represents a decline of about 4.6% year-on-year from the ₹ 2,29,171 crore reported in FY2024, reflecting challenging operating conditions in Europe, though partially offset by strong performance in India.
- Operational Performance: Despite the revenue dip, the consolidated EBITDA improved by 10% YoY to ₹ 25,802 crore for FY2025.
- Net Profit: The Company turned around from a net loss in FY24 to a net profit of ₹ 3,174 crore in FY25.[11]

Statement of Profit & Loss Account – Standalone Financial

A Comparative Statement of Profit and Loss Account show the detail analysis of total revenue & expenditure and Standalone financial position of Tata Steel during the period 2024-25. Detail analyses of standalone financial statement for two years of Tata Steel is as follows:

Standalone Financial Statement of TATA Steel

Particulars	2022-23	2023-24	2024-25
Revenue from operations	142913.32	140987.43	132516.66
Operating Profit (EBITDA)	28270.68	29833.32	27865.49
Profit/Loss after tax	14685.25	4807.40	13969.70

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

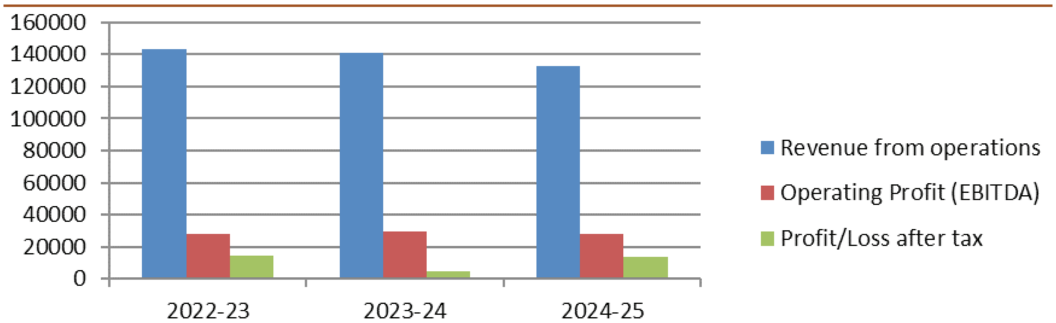

Figure 3: Standalone Analysis of TATA Steel

Interpretation

- Standalone Total Revenue (FY25): Approximately ₹ 1, 32,516.66 crore.
- Comparison to FY24: This represents a decline of about 6% year-on-year from the ₹ 1,40,987.43 crore reported in FY2024, reflecting challenging operating conditions in Europe, though partially offset by strong performance in India.
- Operational Performance: Despite the revenue dip, the consolidated EBITDA decreased by 6% YoY to ₹ 27,865.49 crore for FY2025.
- Net Profit: The Company turned around from a net profit in FY24 to a net profit of ₹ 13,969.70 crore in FY25.

Conclusion

Tata Steel finds itself at a crucial crossroads, maneuvering through a complicated global steel environment, with the Tata Steel Global Strategy steering its future course. The company's "dual-engine" strategy focuses on strong domestic growth in India as a key driver of expansion and profit, while also implementing substantial restructuring and sustainability initiatives in its European operations to enhance competitiveness and profitability. Historically, Tata Steel's European operations have encountered fluctuating and low profitability. Major challenges include elevated input costs, considerable financial losses (notably in the UK unit), operational and market difficulties in the Netherlands, and the intricate shift towards green steel technologies, which entails job reductions and labor disputes. In the Netherlands, the "Green Steel Plan" aims to replace a blast furnace with a Direct Reduced Iron (DRI) furnace and an Electric Arc Furnace (EAF) by the decade's end, targeting a reduction of approximately 5 million tonnes of CO2 emissions annually. A thorough financial analysis offers an in-depth perspective on the company's financial health, assisting stakeholders such as investors, creditors, and management in evaluating the overall performance and financial standing of the organization. Notably, only one primary tool, the comparative statement of profit and loss, has been utilized to draw conclusions, given the time constraints. Tata Steel adeptly manages its financial resources to invest in growth, sustainability, and business continuity, aiming to create long-term value for stakeholders. The financial outlook for Tata Steel presents a mixed yet generally improving scenario. The company could enhance its financial stability by increasing the productivity of its plants.

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