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A STUDY OF EPS, MPS AND DPS OF TATA STEEL LIMITED FOR THE YEAR 2020 TO 2024

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ABSTRACT
This study analyzes the financial performance of Tata Steel Limited by examining three critical metrics: Earnings Per Share (EPS), Market Price Per Share (MPS), and Dividend Per Share (DPS) over the five-year period from 2020 to 2024. As one of India's largest and most globally recognized steel manufacturers, Tata Steel plays a crucial role in the industrial economy. The research highlights significant fluctuations in EPS, influenced by global steel demand, operational efficiency, and macroeconomic conditions. MPS demonstrated overall growth, reflecting investor confidence despite earnings volatility. DPS peaked in 2022, rewarding shareholders, but later declined, while the payout ratio surged in 2024. The findings suggest that although Tata Steel faced profitability challenges in recent years, especially with negative EPS in 2024, its consistent dividend policy and stable market price underline its strategic financial management. The study concludes that improvements in cost control and adaptability to market shifts could lead to future recovery in earnings and sustainable shareholder returns.

KEYWORD: *EPS, DPS, Market, Policy, Share, Stakeholder, Investor, etc.*

INTRODUCTION

Tata Steel Limited, a flagship entity of the Tata Group, was established in 1907 and is among the leading global steel producers. Headquartered in Mumbai, it has a strong presence in India, Europe, and Southeast Asia, with key operations spanning mining, steel production, and value-added product development. Renowned for its commitment to sustainability, innovation, and social responsibility, Tata Steel has been instrumental in shaping India's industrial landscape. As a publicly listed company, Tata Steel's financial performance is critically assessed by investors and stakeholders through key indicators such as **Earnings Per Share (EPS)**, **Market Price Per Share (MPS)**, and **Dividend Per Share (DPS)**. EPS reflects the company's profitability, MPS captures investor perception and market value, while DPS indicates the return provided to shareholders. This research paper aims to assess Tata Steel's performance in terms of these three indicators over five financial years (2020–2024). The period under review includes phases of economic recovery post-pandemic, a global commodity boom, and subsequent market corrections. The steel sector, being cyclical and capital-intensive, is sensitive to global economic conditions, raw material prices, and government policies. Through a detailed trend analysis and interpretation of financial metrics, this paper seeks to understand how Tata Steel has navigated changing market dynamics and how these have impacted shareholder value. The insights derived will aid in evaluating the company's financial health and future outlook within the broader steel industry context.

Company Overview

Tata Steel Limited, established in 1907 by Jamsetji Tata, is one of the world's largest and most respected steel manufacturers. It is part of the Tata Group, one of India's oldest and most diversified conglomerates. Headquartered in Mumbai, Maharashtra, Tata Steel has played a pivotal role in the industrialization and economic growth of India. The company is known for its high-quality steel production, technological innovations, sustainability initiatives, and extensive global footprint.

Vision

We aspire to be the global steel industry benchmark for Value Creation and Corporate Citizenship.

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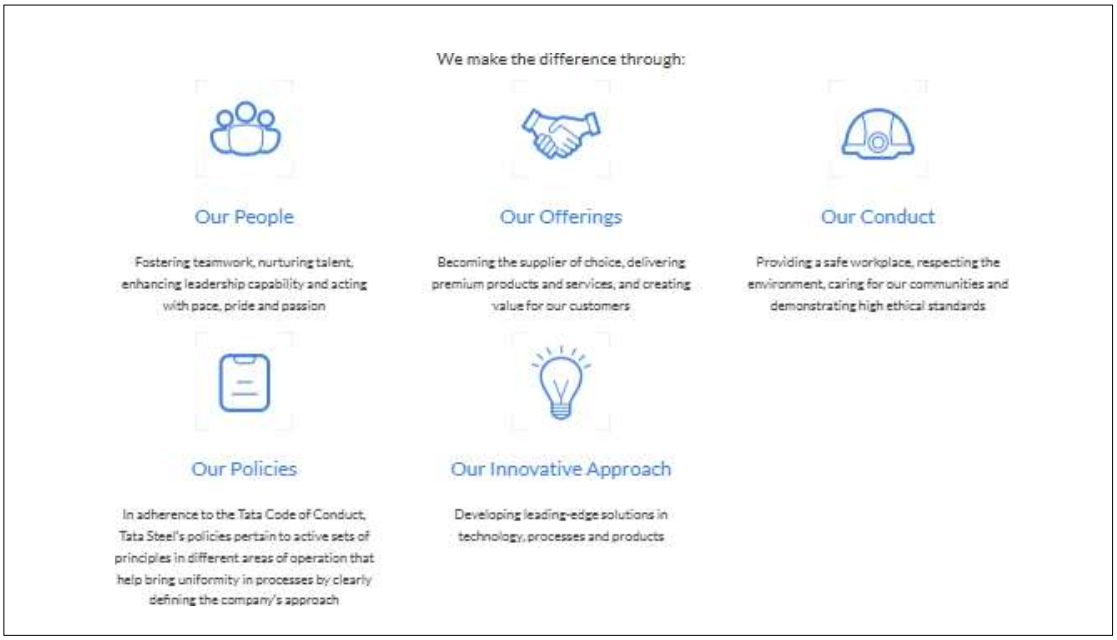
Tata Steel Limited makes a difference through



Tata Steel: Global Presence & Key Operations

Region	Country	Location	Key Operations
India (Primary Operations)	India	Jamshedpur, Jharkhand	India's first integrated steel plant with advanced technology & automation.
		Kalinganagar, Odisha	High-strength steel production.
		Dhenkanal, Odisha	Ferro Alloys and Minerals Division.
		Jajpur, Odisha	New steel plant to increase production capacity.
		Joda, Odisha	Iron ore & manganese mining.
		Noamundi, Jharkhand	Major iron ore mining operations.
Europe	United Kingdom	Port Talbot	Integrated steel plant producing high-quality steel.
	Netherlands	IJmuiden	Sustainable & efficient steel production.
Southeast Asia	Thailand, Vietnam, Malaysia	Various locations	Serving automobile, infrastructure & construction industries.
Middle East & Africa	UAE	Dubai	Catering to growing steel demand in the Middle East.
	Ivory Coast, Mozambique	Various locations	Iron ore & coal mining operations.
	South Africa	Various locations	Steel supply for infrastructure development.
Australia & Canada	Australia	Various locations	Major supplier of coking coal for steelmaking.
	Canada	Various locations	Research & Development (R&D) centers & tech partnerships.

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Tata Steel is A Global Leader in the Iron & Steel Industry: Key Industry Sectors & Applications

Sector	Tata Steel's Role
Automotive	Supplies high-strength steel to major automobile manufacturers.
Construction & Infrastructure	Provides durable steel solutions for bridges, railways, and buildings.
Aerospace & Engineering	Develops specialized steel for precision engineering and aerospace applications.
Energy & Power	Supplies steel for renewable energy projects and oil & gas infrastructure.

Sustainability & Innovation: Tata Steel is a global leader in sustainable steelmaking, investing in low-carbon technology, hydrogen-based steel production, and circular economy solutions. The company is actively working towards:

Initiative	Key Focus Areas
Carbon Neutrality (by 2045)	Investing in low-carbon technology and green steel manufacturing.
Recycling & Waste Reduction	Utilizing steel scrap to minimize waste and promote a circular economy.
Research & Development (R&D)	Developing high-performance steel for future applications.

SWOT Analysis

Strengths	Weaknesses
• Strong brand & market leadership	High debt due to acquisitions
Owns iron ore & coal mines	Cyclical demand fluctuations
• Green steel & sustainability focus	Struggles in European markets
Advanced tech & AI-driven manufacturing	
Opportunities	**Threats**
Rising demand in India	Raw material price volatility
Expansion in green steel	Global economic slowdown
Growth in Africa & SE Asia	Trade restrictions & tariffs
Govt. support via PLI scheme	

INTRODUCTION OF SECTOR

The steel industry plays a crucial role in the global economy, acting as the foundation for multiple sectors, including automotive, construction, consumer goods, engineering, packaging, aerospace, shipbuilding, railways, and defense. Due to its strength, durability, and versatility, steel remains the most widely used material in infrastructure development and manufacturing processes worldwide.

Key Characteristics of the Steel Industry

1. **Capital-Intensive Nature**
   - Steel production requires massive capital investment in blast furnaces, rolling mills, and mining operations.
   - The setup of a steel plant involves high costs, and maintenance expenditures are also significant.
2. **Cyclical Demand Patterns:**
   - The demand for steel is highly correlated with economic cycles.
   - During economic booms, infrastructure and automobile demand increase steel consumption, while during recessions, demand drops.
3. **Environmental Considerations:**
   - Steel production is energy-intensive and results in high carbon emissions due to the use of coal in blast furnaces.
   - Companies are increasingly investing in green steel production, using technologies such as hydrogen-based reduction and electric arc furnaces to minimize their carbon footprint.
4. **Continuous Innovation & Sustainability Efforts:**
   - The industry is shifting towards sustainable steelmaking by reducing waste, recycling scrap, and adopting energy-efficient processes.
   - Emerging trends include low-carbon steel, digitalization of production, and AI-driven efficiency improvements.

Global Steel Industry

The global steel industry is dominated by large players from China, India, Japan, Europe, and the USA. Below is a comparison of key players and their market positioning:

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Company	Country	Revenue (₹ Cr)	Net Profit (₹ Cr)	Production (Million Tonnes)	Debt-to-Equity Ratio	Key Strengths
China Baowu Steel Group	China	7,00,000	35,000	135	0.82	World's largest steelmaker, innovation in green steel production
Baowu Steel	China	6,80,000	32,000	132	0.85	World's largest steel producer, state-backed, cost-efficient production
ArcelorMittal	Luxembourg	5,40,000	25,000	68.9	0.9	Strong presence in Europe & America, advanced technology
Nippon Steel	Japan	4,20,000	17,300	44.4	0.88	High-quality specialty steel, strong R&D investment
POSCO	South Korea	3,80,000	15,500	42.9	0.75	Advanced processes, eco-friendly steel production
Tata Steel	India	2,43,353	6,772	30.2	1.12	Strong focus on sustainability, digital transformation
JFE Steel	Japan	3,50,000	12,000	30	0.95	High-end steel products, strong technological advancements
U.S. Steel	USA	2,80,000	8,000	22.5	1.3	Strong domestic operations, focus on sustainable steel production
SAIL (Steel Authority of India Ltd.)	India	1,20,000	4,500	18.3	1.5	Government-backed, strong domestic market presence

1. **Market Position**
   - Tata Steel is one of the top global players, ranked among the top 10 steel producers.
   - It has a strong presence in India, Europe, and Southeast Asia.
2. **Sustainability & Innovation**
   - Tata Steel is a pioneer in sustainable steelmaking in India, focusing on recycling, waste reduction, and carbon-neutral initiatives.
   - Compared to competitors like Baowu Steel (China) and ArcelorMittal, Tata Steel is making aggressive moves in digitalization and eco-friendly processes.
3. **Production Capabilities & Quality**
   - Unlike China Baowu and ArcelorMittal, which focus on mass production, Tata Steel focuses on high-value and specialty steel products, catering to sectors like automotive, defense, and construction.
   - It competes directly with POSCO and Nippon Steel in terms of high- quality specialty steel.
4. **Geographical Reach & Expansion**
   - Tata Steel has a strong domestic market in India but also owns steel plants in Europe.
   - It competes with SAIL in the Indian market but holds a significant advantage due to private sector efficiency and international exposure.

Tata Steel, with its focus on innovation, sustainability, and global reach, is well- positioned to compete with global steel giants while playing a crucial role in India's infrastructure growth.

Key Observations

- Tata Steel's revenue (₹2.43L Cr) lags behind Baowu Steel (₹6.8L Cr) and ArcelorMittal (₹5.4L Cr).
- Net profit (₹6,772 Cr) is lower due to high European costs and debt.
- Debt-to-equity ratio (1.12) is the highest among peers (Baowu: 0.85, POSCO: 0.75).
- Steel production (30.2 MT) is much lower than Baowu (132 MT) and ArcelorMittal (68.9 MT).

DIVIDENT PER SHARE (DPS)

DPS represents the portion of a company's earnings distributed to shareholders as dividends for each outstanding share.

Formula: DPS = Total Dividends Paid / Number of Outstanding Shares

Dividend Analysis for Tata Steel Ltd (2020-2024): The table presents key dividend- related metrics, including dividend amount, yield percentage, dividend per share, and payout percentage. Let's break down the trends and compare the data.

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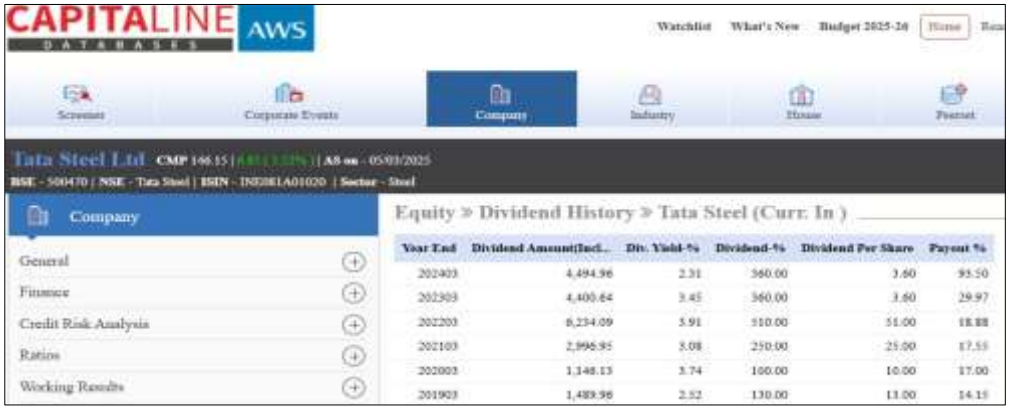
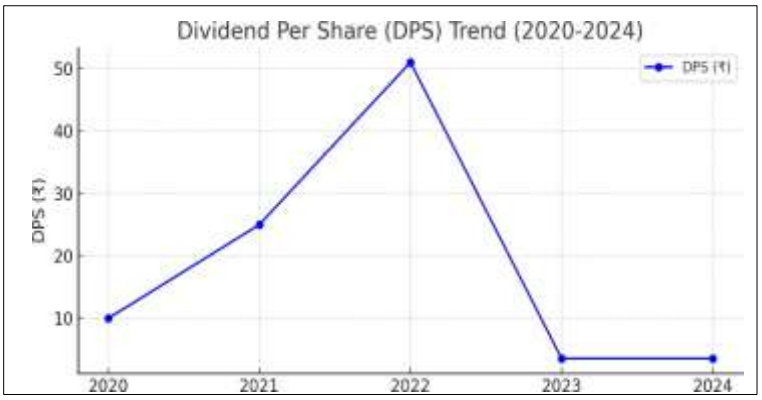


1. **Dividend Per Share (DPS) Trend (2020-2024)**

The **dividend per share (DPS)** has fluctuated significantly:

Year	Dividend Amount
Mar-24	3.6
Mar-23	3.6
Mar-22	51
Mar-21	25
Mar-20	10



Key Observations

- There was a sharp increase in DPS in 2022, reaching ₹51.
- After 2022, the DPS dropped significantly to ₹3.6 in both 2023 and 2024.
- The consistency in DPS at ₹3.6 (2023 & 2024) suggests a stabilization post- 2022.

2. **Dividend Payout Ratio Trend**

The payout percentage represents the proportion of earnings distributed as dividends:

Year	Payout %
Mar-24	93.5
Mar-23	29.97
Mar-22	18.88
Mar-21	17.55
Mar-20	17

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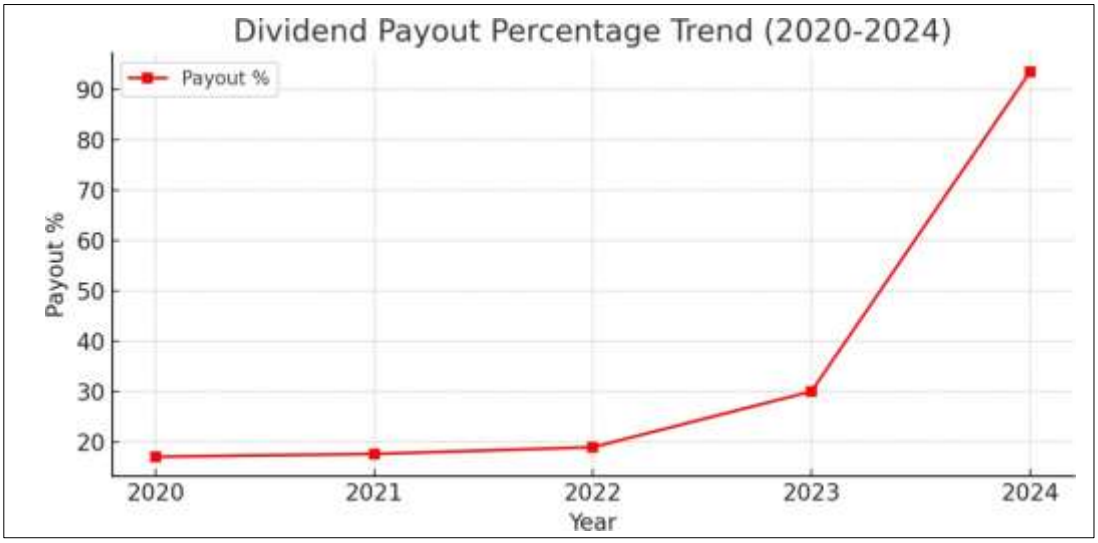


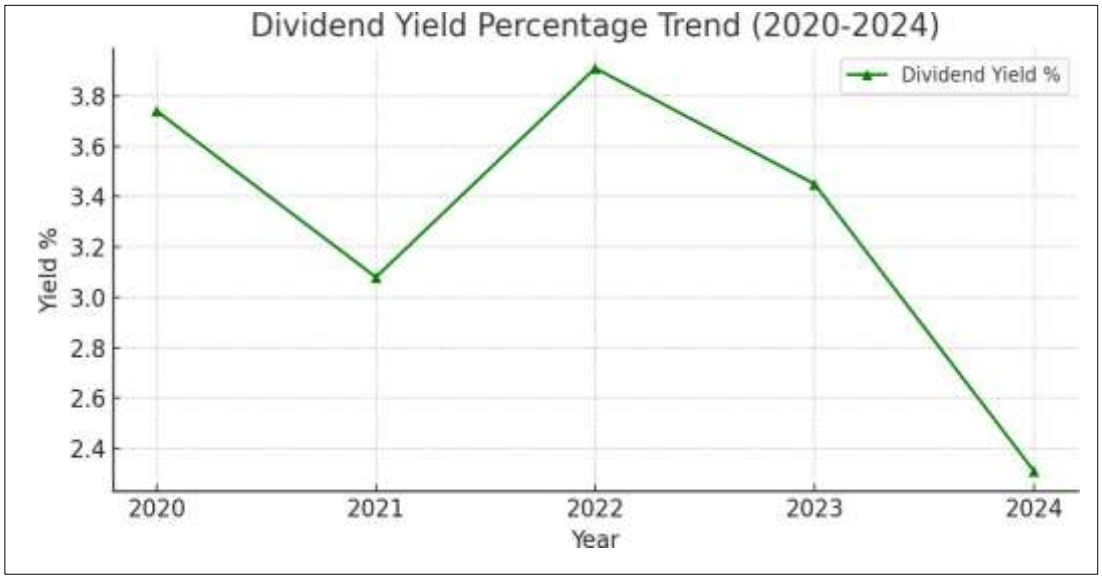
Key Observations

- From 2020-2022, the payout remained below 20%, indicating a conservative approach to dividends.
- In 2023, the payout surged to 29.97%, reflecting a higher share of profits distributed as dividends.
- In 2024, the payout ratio jumped to 93.5%, which suggests Tata Steel allocated almost all of its profits to dividends, likely due to declining profitability.

3. Dividend Yield Analysis

The dividend yield (%), which indicates returns to investors relative to stock price, showed:

Year	Div. Yield-%
Mar-24	2.31
Mar-23	3.45
Mar-22	3.91
Mar-21	3.08
Mar-20	3.74



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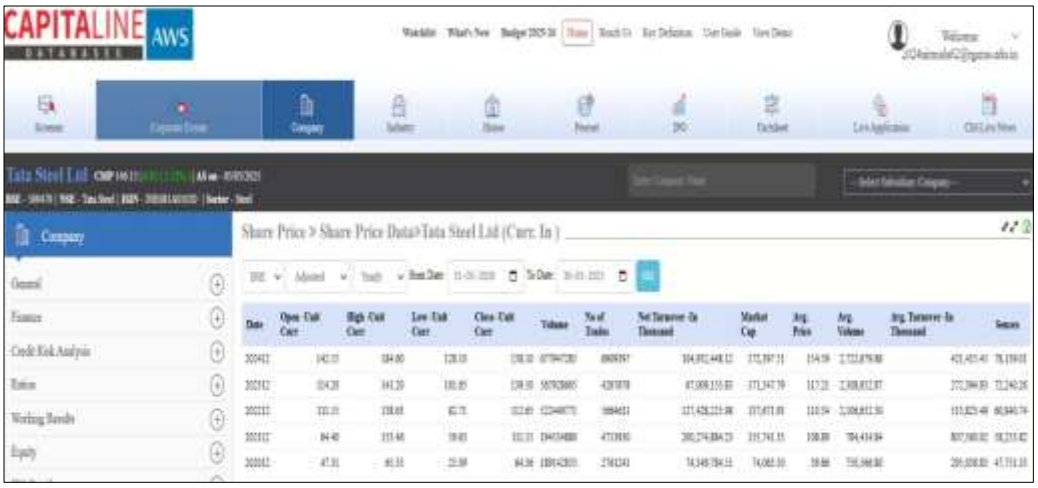
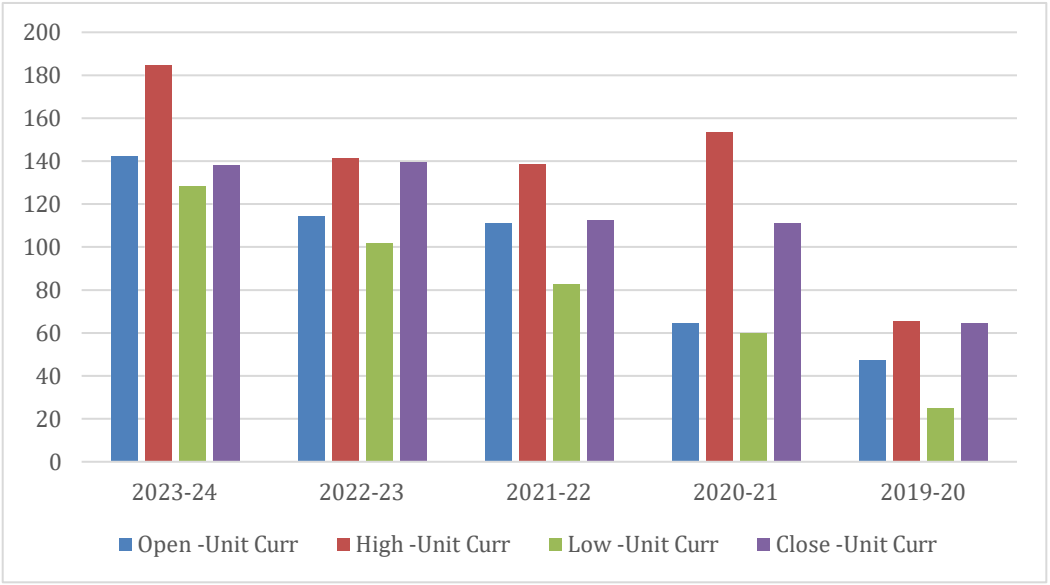


Share Price - Tata Steel Ltd (Curr. in)				
Year	Open -Unit Curr	High -Unit Curr	Low -Unit Curr	Close -Unit Curr (MPS)
2023-24	142.15	184.6	128.1	138.1
2022-23	114.2	141.2	101.65	139.5
2021-22	111.15	138.63	82.71	112.65
2020-21	64.4	153.46	59.63	111.15
2019-20	47.31	65.33	25.09	64.36



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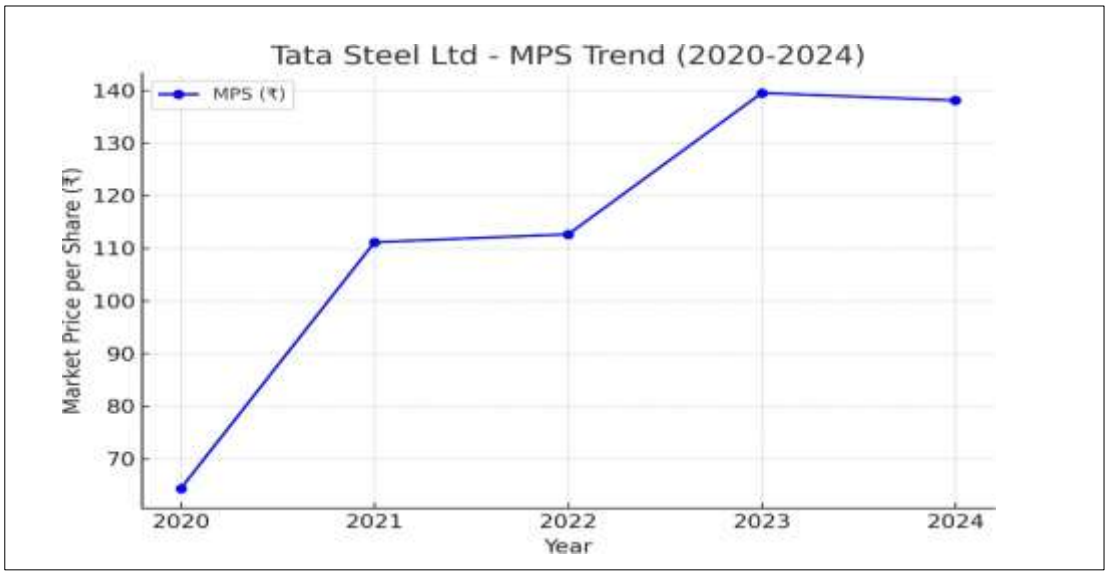

Trend Analysis

The Market Price per Share (MPS) of Tata Steel Ltd over the last five years shows distinct phases of growth, stability, and a minor decline. Below is a detailed interpretation:

2020 (₹64.36) – Low Valuation Due to Pandemic:

- The stock was at a low due to the global economic slowdown and uncertainty caused by COVID-19.
- Demand for steel dropped due to stalled infrastructure and construction activities.

2021 (₹111.15) – Strong Recovery & Growth (~72.7% Increase):

- As global markets reopened, the steel industry saw a surge in demand, driving up stock prices.
- Government infrastructure spending and increased industrial production supported price recovery.

2022 (₹112.65) – Stability After Rapid Growth (~1.3% Increase):

- The market price stabilized, reflecting consolidation after the sharp rise in 2021.
- Demand remained strong, but inflation and raw material price fluctuations impacted further growth.

2023 (₹139.50) – Another Strong Surge (~23.8% Increase):

- Tata Steel likely benefited from higher global steel prices and improved operational efficiency.
- Increased exports and domestic demand boosted investor confidence.

2024 (₹138.10) – Minor Decline (~1% Drop):

- The slight dip suggests external macroeconomic challenges such as fluctuating commodity prices, inflation, and global recession fears.
- Possible profit-booking by investors after consecutive years of gains.

Overall Positive Growth: The stock price nearly doubled from 2020 to 2024, indicating strong long-term performance.
Volatility in 2022 & 2024: The company experienced stable periods and slight corrections, reflecting market adjustments
Macroeconomic Influence: The steel sector is cyclical, influenced by global demand, government policies, and raw material costs.

EARNING PER SHARE (EPS)

Earnings Per Share (EPS) is a key financial metric that indicates a company's profitability per share. It is calculated using the following formula:

EPS = (Net Profit After Tax−Preferred Dividends) Total Number of Outstanding Shares

Earnings Per Share	
Year	**EPS (₹)**
Mar-20	1.36
Mar-21	6.26
Mar-22	32.89
Mar-23	7.17
Mar-24	-3.56

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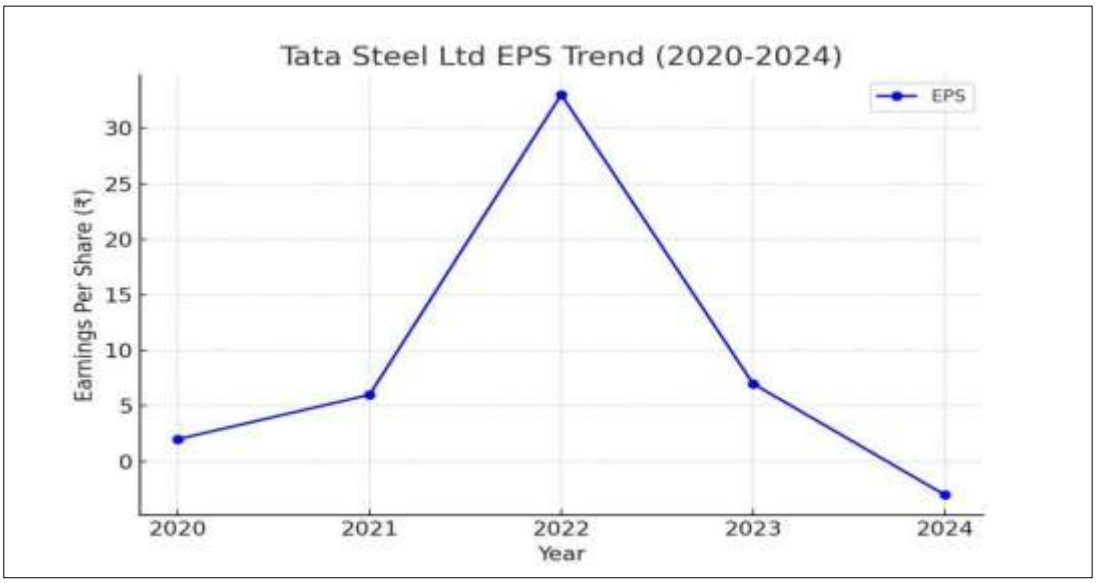

Key Observations

2020-2021: Gradual Recovery

- In 2020, EPS was ₹1.36**,** indicating low earnings per share, likely due to the impact of economic slowdown and global steel demand fluctuations.
- In 2021, EPS improved to ₹6.26**,** reflecting business recovery, improved demand, and better operational efficiencies.

2022: Peak Performance

- EPS jumped to ₹32.89**,** which was the highest in five years.
- This surge was driven by strong global steel demand, high prices, and robust financial performance**.**

2023: Sharp Decline

- EPS dropped significantly to ₹7.17**,** marking a decline of nearly 78% from 2022.
- Reasons for this drop could include falling steel prices, increased production costs, and macroeconomic headwinds**.**

2024: Negative EPS (-₹3.56)

- Tata Steel reported negative EPS for 2024**,** which means the company faced losses per share**.**
- Factors could include declining profit margins, operational challenges, or global economic slowdown impacting steel demand**.**

INSIGHTS

- **Volatile Earnings:** The drastic changes in EPS indicate that Tata Steel's earnings have been highly dependent on global steel prices, demand-supply dynamics, and economic conditions**.**
- **Profitability Challenges:** The downward trend from 2022 to 2024 suggests pressure on margins, potential high operational costs, and fluctuating raw material prices**.**
- **Future Outlook:** If the company improves operational efficiency and adapts to market challenges, it may reverse the declining EPS trend in the coming years.

CONCLUSION

Dividend Per Share (DPS) – Steady Returns to Shareholders

- **Increasing Payouts:** Dividend per share increased from **₹10 in 2020 to ₹51 in 2022**, rewarding investors during profitable years.
- **Fluctuating Dividend Yield:** The dividend yield ranged between **2.31% and 3.91%**, indicating a moderate but stable return to investors.
- **High Payout Ratio in 2024 (93.5%)**: Despite lower earnings, Tata Steel maintained dividends, possibly to sustain investor confidence.
- **Dividend Stability:** The company has maintained **consistent dividend payouts**, benefiting long-term shareholders.

Market Price per Share (MPS) – Positive Long-Term Growth

- **Overall Uptrend:** The share price grew from ₹64.36 in 2020 to ₹138.10 in 2024, reflecting long-term investor confidence despite earnings volatility.
- **Peak in 2023:** The highest closing price was ₹139.50 in 2023, indicating a delayed market reaction to declining profitability.
- **Stable Movement in 2024:** Despite negative EPS, the stock price remained relatively stable, suggesting investors are expecting a future recovery
- **Stock Price Resilience:** Despite EPS volatility, Tata Steel's MPS has shown consistent long-term growth, indicating investor optimism.

Earnings Per Share (EPS) – Volatility in Profitability

- **High Volatility:** The EPS has shown extreme fluctuations, peaking in 2022 (₹32.89) and turning negative in 2024 (-₹3.56)**.**
- **Strong Performance in 2022:** A record high EPS was observed due to strong global steel demand and favorable pricing conditions.
- **Decline in 2023-2024:** The sharp drop in EPS suggests

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profitability challenges, declining steel prices, and rising operational costs impacting earnings.

- **Profitability Concerns:** The sharp drop in EPS and negative earnings in 2024 indicate operational challenges and margin pressures.

From the above analysis we can conclude that if Tata Steel improves cost efficiency and adapts to market conditions, EPS recovery is possible, which could **positively impact MPS and DPS in the future**.

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