

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/329356040>

Bhushan Steel: Another Noose for Tata Steel?

Chapter · December 2018

CITATIONS

0

READS

3,046

2 authors:



Arunaditya Sahay

Birla Institute of Management Technology

180 PUBLICATIONS 704 CITATIONS

SEE PROFILE



Subhanjan Sengupta

Birla Institute of Management Technology

34 PUBLICATIONS 335 CITATIONS

SEE PROFILE

Some of the authors of this publication are also working on these related projects:



Covid19 [View project](#)



Higher Education [View project](#)

Teaching Case: Bhushan Steel: Another noose for Tata Steel?

Arun Sahay and Subhanjan Sengupta

Abstract

In 2007, Tata Steel acquired Corus and Tata-Corus become the fifth largest steel producer in the world, and second largest in Europe. This made headlines across the world, because for the first time, an Indian company had acquired a European giant in a multi-billion dollar deal. But the outcome of that acquisition has been drawing a lot of criticism in the past few years as Tata-Corus, post-acquisition, ran into continuous losses. The acquisition came to be known as "not an intentional one but an aspirational mistake". In 2018, Tata Steel took another plunge by acquiring a debt-ridden steel company, Bhushan Steel. This time, the offer made by the former is a whopping INR 35,000 crore (US\$ 5 billion). While the company was still trying to make the best of its European business, it acquired a debt laden Bhushan Steel in its home country, which had sparked speculation. The case deals with the question: Will this acquisition prove to be another noose in the neck for Tata Steel?

Keywords: Tata Steel, Europe, India, Bhushan Steel, Merger and Acquisition, Strategy

"Acquisition of Corus was a mistake. Not an intentional one but an aspirational mistake,"

- J. J. Irani (2017)

The Concern

Tata Steel, an Indian company, had emerged as a "White Knight" for Corus in the year 2007. However, with slowdown in the demand for steel in the Global Market, the deal turned out to be sour for Tata. Once again, Tata Steel has taken a plunge by winning an acquiring bid for debt-ridden firm, Bhushan Steel against JSW Steel and private equity players. The offer made for the deal was INR 35,000 crore (Cr) (US\$ 5 billion). This acquisition marked the domestic inorganic strategy for growth of Tata Steel under the global CEO and Managing Director, T. V. Narendran. It is estimated that the deal will double the capacity of Tata Steel in the Indian Domestic Market