

# Tata Steel Limited

**HOLD**

Sector: Metals &amp; Mining

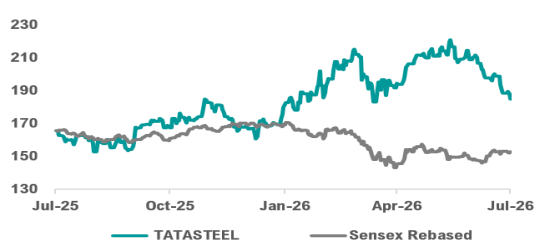
02<sup>nd</sup> July, 2026

Key Changes	Target	Rating	Earnings	Target	Rs. 203		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 185</b>
Large Cap	TATA:IN	76,923	TATASTEEL	500470	12 Months	<b>Return</b>	<b>+10%</b>

Data as of: 01-July-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	230,954		
52 Week High — Low (Rs.)	224 - 153		
Enterprise Value (Rs. cr)	309,046		
Outstanding Shares (cr)	1,248.4		
Free Float (%)	65.6		
Dividend Yield (%)	2.2		
6m average volume (cr)	3.2		
Beta	1.2		
Face value (Rs. )	1.0		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	33.2	33.2	33.2
FII's	17.8	18.0	19.1
MFs/Institutions	27.1	27.2	26.9
Public	19.9	19.2	18.5
Others	2.0	2.4	2.3
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4.9%	2.8%	11.6%
Absolute Sensex	5.2%	-9.7%	-7.8%
Relative Return	-10.1%	12.6%	19.4%

**\*over or under performance to benchmark index**



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	232,140	254,435	272,884
Growth (%)	6.2	9.6	7.3
EBITDA	34,352	44,144	48,164
EBITDA Margin (%)	14.8	17.4	17.7
Adj. PAT	11,826	18,268	21,402
Growth (%)	176.6	54.5	17.2
Adj. EPS	9.5	14.6	17.1
Growth (%)	176.6	54.5	17.2
P/E	19.8	12.8	11.0
P/B	2.3	2.0	1.8
EV/EBITDA	9.1	7.1	6.5
ROE (%)	10.7	16.0	16.4
D/E	0.8	0.7	0.6

## Volume growth and strong pricing deliver

Tata Steel Limited has presence in 26 countries, with key operations in India, the Netherlands and the United Kingdom (UK). The steel manufacturer serves the automotive, construction, engineering, and energy sectors.

- Revenue rose 6.2% YoY to Rs. 2,32,140cr in FY26, driven by higher India volumes and better realisations, even as the UK stayed weak on soft demand.
- Q4FY26 deliveries rose to 8.72 MT, led by best-ever India volumes of 6.19 MT on the Kalinganagar ramp-up and firm auto and retail demand.
- Consolidated production stood at 8.23 MT in Q4, with India crude steel at a best-ever 6.22 MT (+14% YoY).
- EBITDA grew 49.8% YoY to Rs. 9,829cr in Q4, owing to stronger steel realisations and a leaner cost base that outweighed costlier coking coal and energy, lifting the margin 380bps to 15.5%.
- Reported PAT more than tripled to Rs. 10,886cr off a low FY25 base, aided by cost-transformation savings and wider operating margins.

## Outlook & Valuation

Tata Steel's performance during the strong quarter reinforced its strategic transformation and operational resilience amid a challenging environment. The company focused on controlling costs, optimising capacity and shifting its product mix towards higher-value segments, which gradually strengthened its earnings. Strategic investments in new projects and ongoing cost transformation have helped the company absorb input cost pressures, while boosting operational margin. Efforts to improve supply chain efficiency and proactive engagement with regulators further support the company's long-term growth potential. Progress in optimising both downstream and brownfield operations is expected to result in sustainable cash flow generation and improve overall business fundamentals. The consistent execution of initiatives and effective capital deployment underpin a robust outlook for the company. However, the stock remains exposed to near-term volatility, with metal stocks under pressure from soft global commodity prices and profit booking after a strong run. Therefore, **we revise our rating on the stock to HOLD, with a rolled-forward target price of Rs. 203 based on the SOTP valuation.**

## Quarterly Finance Consolidated

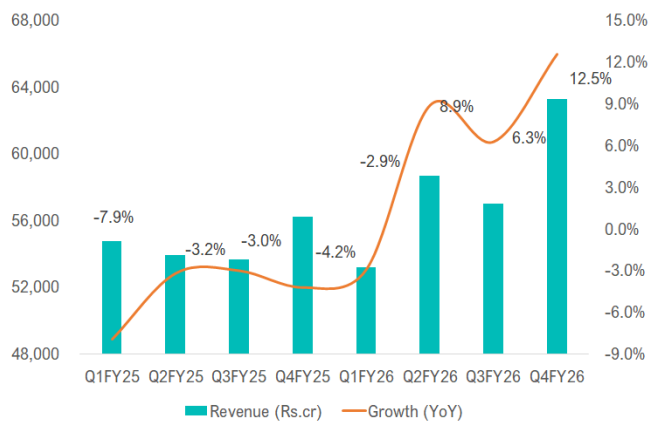
Rs.cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	63,270	56,218	12.5	57,002	11.0	232,140	218,543	6.2
EBITDA	9,829	6,559	49.8	8,200	19.9	34,352	25,298	35.8
Margin (%)	15.5	11.7	380bps	14.4	110bps	14.8	11.6	320bps
EBIT	6,560	3,839	70.9	5,151	27.4	22,398	14,877	50.6
PBT	4,810	2,200	118.7	3,869	24.3	15,969	8,413	89.8
Rep. PAT	2,965	1,201	146.9	2,730	8.6	10,886	3,174	243.0
Adj. PAT	3,266	1,689	93.3	2,829	15.5	11,826	4,275	176.6
Adj. EPS (Rs)	2.6	1.4	93.3	2.3	15.5	9.5	3.4	176.6



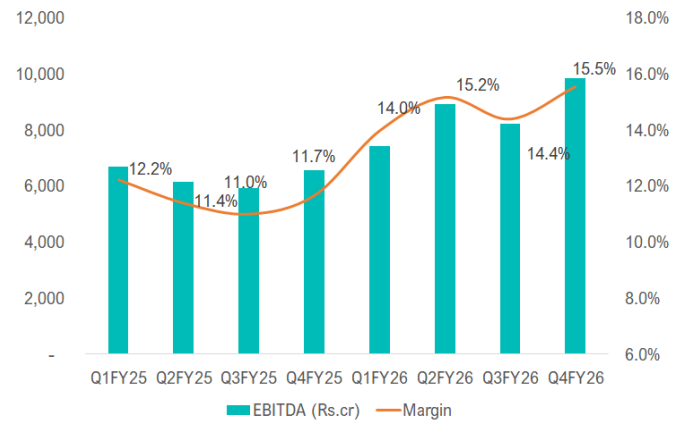
## Key concall highlights

- The company guided that steel price realisations in India for Q1FY27 are expected to increase around Rs. 6,000 per ton, with similar increases in its European and UK segments, improving the overall revenue outlook.
- Tata Steel is on track to add at least 2 MT in production volumes in FY27, largely due to the ramp-up of the Kalinganagar facility and gradual expansion in Ludhiana operations.
- In international markets, particularly the UK and the Netherlands, Tata Steel expects margin improvements from policy support and controlled closures, while ensuring safe and planned execution of legacy plant shutdowns.
- Capital expenditure stood at Rs. 3,655cr for the quarter and Rs. 14,026cr for the full year. Net debt fell about Rs. 2,285cr to Rs. 80,144cr from Rs. 82,429cr a year ago.
- In FY26, India operations posted revenue of Rs. 1,40,302cr and EBITDA of Rs. 34,272cr, yielding a 24% margin. EBITDA rose 17 % YoY on record crude steel output of ~23.4 Mt and deliveries of ~22.5 Mt.
- In FY26, The Netherlands arm posted €6,028 million in revenue and €267 million in EBITDA, with EBITDA almost tripling YoY.

## Revenue



## EBITDA



## SOTP Valuation

Particulars	Basis	Multiple	Year	Value (Rs.cr)	Value/share (Rs.)
India	EV/EBITDA	7.2x	FY28E	2,99,241	240
UK and Netherlands	EV/EBITDA	4.5x	FY28E	19,752	16
Others	EV/EBITDA	4.5x	FY28E	10,736	9
Net Debt				-74,306	-60
Minority Interest				-2,014	-2
<b>Equity Value</b>				<b>2,53,410</b>	<b>203</b>

## Change in Estimates

Year / Rs.cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	253,933	-	254,435	272,884	0.2	-
EBITDA	40,883	-	44,144	48,164	8.0	-
Margins (%)	16.1	-	17.4	17.7	130bps	-
Adj. PAT	16,691	-	18,268	21,402	9.4	-
EPS	13.4	-	14.6	17.1	9.2	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Sales</b>	<b>229,171</b>	<b>218,543</b>	<b>232,140</b>	<b>254,435</b>	<b>272,884</b>
% change	-5.8	-4.6	6.2	9.6	7.3
<b>EBITDA</b>	<b>22,306</b>	<b>25,298</b>	<b>34,352</b>	<b>44,144</b>	<b>48,164</b>
% change	-30.9	13.4	35.8	28.5	9.1
Depreciation	9,882	10,421	11,955	12,856	13,267
<b>EBIT</b>	<b>12,424</b>	<b>14,877</b>	<b>22,398</b>	<b>31,289</b>	<b>34,897</b>
Interest	7,508	7,341	7,167	6,962	6,487
Other Income	1,809	1,541	1,402	1,752	2,190
<b>PBT</b>	<b>-1,147</b>	<b>8,413</b>	<b>15,969</b>	<b>26,742</b>	<b>31,330</b>
% change	-106.3	-833.4	89.8	67.5	17.2
Tax	3,763	5,239	5,083	8,290	9,712
Tax Rate (%)	-328.0	62.3	31.8	31.0	31.0
<b>Reported PAT</b>	<b>-4,910</b>	<b>3,174</b>	<b>10,886</b>	<b>18,452</b>	<b>21,618</b>
<b>PAT att. to common shareholders</b>	<b>-4,437</b>	<b>3,421</b>	<b>10,794</b>	<b>18,268</b>	<b>21,402</b>
Adj.*	7,814	855	1,032	-	-
<b>Adj. PAT</b>	<b>3,377</b>	<b>4,275</b>	<b>11,826</b>	<b>18,268</b>	<b>21,402</b>
% change	-61.0	26.6	176.6	54.5	17.2
No. of shares (cr)	1248.4	1248.4	1248.4	1248.4	1248.4
<b>Adj. EPS (Rs.)</b>	<b>2.7</b>	<b>3.4</b>	<b>9.5</b>	<b>14.6</b>	<b>17.2</b>
% change	-61.8	26.6	176.6	54.5	17.2
DPS (Rs.)	3.6	3.6	4.0	4.1	4.2

### Cashflow

Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Net inc. + Depn.</b>	<b>4,973</b>	<b>13,595</b>	<b>22,840</b>	<b>31,308</b>	<b>34,885</b>
Non-cash adj.	9,762	4,767	10,934	1,295	-1,890
Other adjustments	-	-	-	-	-
Changes in W.C	5,566	4,776	1,290	-2,050	-1,899
<b>C.F. Operation</b>	<b>20,301</b>	<b>23,138</b>	<b>35,064</b>	<b>30,553</b>	<b>31,095</b>
Capital exp.	-17,731	-15,157	-13,163	-16,436	-17,628
Change in inv.	2,816	-301	-2,826	-500	-500
Other invest.CF	664	1,659	1,084	-	-
<b>C.F - Investment</b>	<b>-14,251</b>	<b>-13,799</b>	<b>-14,905</b>	<b>-16,936</b>	<b>-18,128</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	2,370	6,296	-7,943	-800	-800
Dividends paid	-4,429	-4,490	-4,490	-4,993	-5,093
Other finance.CF	-9,038	-8,809	-8,954	-6,962	-6,487
<b>C.F - Finance</b>	<b>-11,097</b>	<b>-7,002</b>	<b>-21,387</b>	<b>-12,755</b>	<b>-12,380</b>
Chg. in cash	-5,048	2,337	-1,228	861	587
<b>Closing Cash</b>	<b>8,678</b>	<b>11,647</b>	<b>10,058</b>	<b>10,919</b>	<b>11,506</b>

### Balance Sheet

Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	8,678	11,647	10,058	10,919	11,506
Accts. Receivable	6,264	5,260	4,917	5,598	6,276
Inventories	49,158	44,590	47,249	47,916	51,559
Other Cur. Assets	6,449	6,895	10,297	12,417	16,621
Investments	5,526	5,751	6,085	6,585	7,085
<b>Gross Fixed Assets</b>	<b>231,254</b>	<b>244,252</b>	<b>257,415</b>	<b>273,851</b>	<b>291,479</b>
Net Fixed Assets	123,538	125,215	149,878	151,613	153,906
CWIP	33,370	40,602	27,510	28,336	29,186
Intangible Assets	26,262	26,719	31,016	31,842	32,691
Def. Tax -Net	8,865	7,761	8,591	11,582	12,908
Other Assets	5,314	4,955	5,652	5,812	6,148
<b>Total Assets</b>	<b>273,423</b>	<b>279,395</b>	<b>301,254</b>	<b>312,621</b>	<b>327,885</b>
Current Liabilities	67,437	64,677	74,523	70,739	70,135
Provisions	5,424	5,807	5,990	6,169	6,354
Debt Funds	84,035	91,469	87,411	86,611	85,811
Other Liabilities	24,095	26,090	29,550	31,862	31,821
Equity Capital	1,247	1,247	1,247	1,247	1,247
Res. & Surplus	90,788	89,922	100,920	114,195	130,503
<b>Shareholder Funds</b>	<b>92,036</b>	<b>91,170</b>	<b>102,168</b>	<b>115,442</b>	<b>131,750</b>
Minority Interest	397	183	1,613	1,797	2,014
<b>Total Liabilities</b>	<b>273,423</b>	<b>279,395</b>	<b>301,254</b>	<b>312,621</b>	<b>327,885</b>
BVPS	74	73	82	92	106

### Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	9.7	11.6	14.8	17.4	17.7
EBIT margin (%)	5.4	6.8	9.6	12.3	12.8
Net profit mgn.(%)	-1.9	1.6	4.6	7.2	7.8
ROE (%)	-5.3	3.5	10.7	16.0	16.4
ROCE (%)	7.0	8.1	11.7	15.3	15.9
<b>W.C &amp; Liquidity</b>					
Receivables (days)	10.0	8.8	7.7	8.0	8.4
Inventory (days)	176.1	171.3	184.2	169.7	171.6
Payables (days)	108.3	112.6	135.7	120.8	121.5
Current ratio (x)	0.7	0.8	0.7	0.8	0.9
Quick ratio (x)	0.2	0.2	0.2	0.2	0.2
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.0	0.9	0.9	1.0	1.0
Total asset T.O (x)	0.8	0.8	0.8	0.8	0.9
Int. covge. ratio (x)	1.7	2.0	3.1	4.5	5.4
Adj. debt/equity (x)	0.9	1.0	0.8	0.7	0.6
<b>Valuation</b>					
EV/Sales (x)	1.4	1.4	1.4	1.2	1.1
EV/EBITDA (x)	13.9	12.4	9.1	7.1	6.5
P/E (x)	69.5	54.9	19.8	12.8	11.0
P/B (x)	2.5	2.6	2.3	2.0	1.8



## Recommendation Summary (Last 3 years)



Dates	Rating	Target
19-May-23	HOLD	115
28-Jul-23	BUY	135
05-Feb-24	HOLD	151
25-Jun-24	HOLD	192
27-Dec-24	HOLD	153
23-Jun-25	HOLD	167
02-Dec-25	BUY	205
02-Jul-26	HOLD	203

## Investment Rating Criteria


Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


### Not rated/Neutral


#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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