

Robust Q4, EBITDA Beats Consensus; Outlook Positive
Est. Vs. Actual for Q4FY26: Revenue – BEAT; Adj EBITDA – BEAT; Adj PAT – MISS
Change in Estimates post Q4FY26:
FY27E/FY28E: Revenue 1%/2%; EBITDA: -5%/4%, PAT: -10%/7%
Recommendation Rationale

- Strong Indian Operations:** FY26 India EBITDA rose to Rs 33,036 Cr, up 17% YoY, with margins rising to 24% from 21% YoY, aided by record volumes. Q4 EBITDA/t stood robust at Rs 15,245/t (4% ahead of our estimate, up 20%/16% YoY/QoQ), driven by higher NSRs and volume ramp-up at Kalinganagar Phase II (fully commissioned now).
- Netherlands Uncertainty an Overhang:** Netherlands EBITDA grew by 9% QoQ (+373% QoQ on the impacted base) to Rs 624 Cr, led by higher steel deliveries, partly offset by lower NSRs. The local Environmental agencies have issued a letter on 23rd Apr'26 to TSN, indicating their intention to revoke operating permits and trigger an early closure of Coke and Gas Plant (CGP) 1 & 2. CGP closure uncertainty and ~2.5 months of DSP downtime in Q1 FY27 (~200kt lost production) will weigh on near-term Netherlands earnings. The base case remains EBITDA-positive for the Netherlands even post-CGP closure, with coke to be sourced externally.
- UK Q4 EBITDA Losses Narrowed to -£48 Mn,** an improvement of £15 Mn QoQ with EBITDA/t at -£89/t (from -£111/t in Q3). **Safeguard measures (effective 1st Jul'26):** The revised UK trade framework proposes a 60% reduction in tariff-free import quotas and an increase in tariffs from 25% to 50%, targeting 40-50% domestic supply penetration. Management views this as a material positive step. Slabs (shipped from India) are excluded from quotas. UK breakeven is possible going into H2FY27.

Sector Outlook: Cautious

Company Outlook & Guidance: Volumes will be ~2 MT higher YoY in FY27, led by the full year of KPO-II and initial contribution of 0.5 MT from the 0.75 MTPA Ludhiana EAF. Meaningful upstream volume growth resumes post-FY26 with the commissioning of the 4.8 MTPA NINL expansion (FID expected Jul-Sep'26, first steel FY29-30), followed by the Meramandali expansion and Maharashtra greenfield optionality. In the meantime, focus will be more on value rather than volume, with downstream expansion taking priority. Tubes (target 4 MT from 1.2 MT), wires to 1 MTPA and doubling the colours and packaging business over the next 20-24 months. The target is to sell 50-60% of downstream VAP products over time. The enriched product mix can add 5–10% incremental EBITDA over base steel operations. FY27 consolidated capex guided at Rs 20,000 Cr (>60% in India, vs. Rs 14,000 Cr in FY26). Net Debt-to-EBITDA is targeted to be maintained at ~2.3x through the expansion cycle (currently 2.3x).

Current Valuation: SoTP using 1Y Fwd EV/EBITDA for India, Europe, and Others at 7.5x, 6.0x, 6.0x (from 5.0x) on Mar'28 EBITDA (from Dec'27).

Current TP: Rs 235/share (Previous TP: Rs 220/share)
Recommendation: We downgrade our rating to HOLD from BUY.

Financial Performance: Tata Steel's consolidated EBITDA beat our and consensus estimate by 7%-5% and stood robust at Rs 9,829 Cr (up 50%/20% YoY/QoQ). Consolidated revenue stood at Rs 63,270 Cr, up 13%/11% YoY/QoQ, largely in line with consensus. EBITDA growth was supported by record high sales volumes at 8.72 MT (up 5%/6% YoY/QoQ), led by KPO-II ramp-up. Underlying PAT stood at Rs 3,266 Cr (up 93%/15% YoY/QoQ), mainly led by higher EBITDA. The company recommended a dividend of Rs 4/share.

Outlook: We tweak our FY27/28 EBITDA as we factor in slightly higher steel HRC prices, higher coking coal prices, and higher downstream premiums.

Valuation & Recommendation: We use SoTP and ascribe a 1-year Fwd EV/EBITDA multiple of 7.5x, 6.0x (from 5.0x), and 6.0x to India standalone, other operations, and Europe, respectively, on Mar'28 EBITDA (roll forward from Dec'27) to arrive at our Mar'27 forward TP of Rs 235/share (from Rs 220/share). The TP implies an 8% upside from the CMP. Hence, we recommend a **HOLD** rating on the stock.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	63,270	11%	13%	62,510	1%
Adj EBITDA	9,946	20%	53%	9,219	8%
Adj EBITDA/t	11,401	13%	46%	10,801	6%
Underlying Net Profit	3,266	15%	93%	3,371	-3%
Underlying EPS (Rs)	2.6	15%	93%	2.70	-3%

Source: Company, Axis Securities.

 (CMP as of 15th May 2026)

CMP (Rs)	217
Upside /Downside (%)	8%
High/Low (Rs)	224/149
Market cap (Cr)	2,70,892
Avg. daily vol. (6m) Shrs.	3,17,59,509
No. of shares (Cr)	1,248

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	33.2	33.2	33.2
FII	17.3	17.5	18.6
Mutual Funds / UTI	14.4	14.6	14.5
Financial Institutions	0.1	0.1	0.2
Others	35.1	34.6	33.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY26A	FY27E	FY28E
Net Sales	2,32,140	2,76,712	2,87,473
EBITDA	34,352	38,823	48,620
Net Profit	10,794	13,813	20,016
EPS (Rs.)	8.7	11.1	16.0
PER (x)	25.1x	19.6x	13.5x
P/BV (x)	2.6x	2.4x	2.1x
EV/EBITDA (x)	10.1x	9.0x	7.0x
ROE (%)	12%	13%	17%

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	1%	2%
EBITDA	-5%	4%
PAT (Attrib)	-10%	7%

Relative Performance


Source: Ace Equity, Axis Securities

Results Gallery

[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)
[Q4FY25](#)

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Key Concall Highlights

- Tata Steel reported a materially improved full-year FY26 performance.** Consolidated EBITDA rose 36% YoY to Rs 34,352 Cr, with EBITDA margin expanding 320bps to ~15%. Operating cash flow before capex and dividends increased from Rs 23,512 Cr to Rs 35,064 Cr. Free cash flow came in at Rs 20,159 Cr, a substantial improvement from Rs 9,339 Cr YoY. Net debt/EBITDA improved to 2.3x from 3.3x two years ago. Gross debt stands at Rs 92,382 Cr; net debt at Rs 80,144 Cr (from Rs 81,833 in Q3FY26).
- Cost transformation** achieved 95% compliance at cost savings amounting to Rs 10,868 Cr. India contributed Rs 3,927 Cr in savings in FY26, driven by procurement optimisation, reduced refractory consumption, coastal waterways usage, power wheeling, and a leaner coal mix. FY27 cost transformation target is Rs 7,140 Cr incremental savings across the group.
- Group Volume guidance:** +2MT YoY in FY27, majorly coming from India, from the full-year benefit of KPO Phase-II ramp-up. The 0.75 MTPA Ludhiana EAF will contribute 0.5 MT in FY27 as it is ramping up. Management flagged that despite Ludhiana EAF, profitability will be lower than the BF route, but it will incur ~Rs 3,000/t freight cost savings from proximate supply.
- Indian operations guidance: Q1FY27 guidance (India):** NSR expected ~Rs 6,000/t higher vs Q4; coking coal costs up ~\$15/t. Auto contract price increases partially flow through in Q1 (~30%), with the balance (~70%) in Q2FY27. **Downstream focus:** Target to take tubes from ~1.2MT to 4MT, wires from ~0.7MT to 1MT, double colours and tinplate capacity. Management targets ~50–60% of volumes from downstream/value-added products. NINL board approval received for merger with Tata Steel; targeted completion in FY27. NINL FID expected July-Sep'25; first steel targeted FY29-30. **Maharashtra site:** Land identified; formal announcement expected within 3 months. Potential for 6-10MT of additional capacity.
- UK at Inflection point, but electricity delay a risk: Q1FY27 UK guidance:** NSR ~£80/t higher QoQ. EBITDA losses expected to continue narrowing; management targets approaching **breakeven across Q1-Q2. Electric Arc Furnace (Port Talbot):** Demolition work complete. However, National Grid has formally notified Tata Steel of a delay in grid connectivity - estimated 6-12 months beyond the original commissioning timeline (vs. the original ~18-month project schedule now compressed to ~12 months). Management is working with the UK government and National Grid to mitigate. In the interim, India will increase slab exports to Port Talbot from ~1.2MT to ~1.8MT. Management frames Port Talbot as the "5th hot strip mill" for the group, with system-level EBITDA of ~Rs 12,000/t on transferred slabs.
- Netherlands - going concern qualifier; CGP closure being planned:** TSN now carries a material uncertainty qualifier from auditors, arising from a letter received from local environmental agencies regarding permit revocation, without **specifying dates** or a transition pathway. **Coke and Gas Plants (CGPs):** The CGPs - 40–50-year-old facilities - are to be closed in a planned, controlled, and safe manner. The timeline is not yet fixed; management is in active discussions with provincial and environmental authorities. Post-closure, coke will be sourced externally (potentially from India). Management acknowledges net cost impact (coke freight penalty, partially offset by CO₂ credit savings). Critically, management guided that the **Netherlands EBITDA should remain positive post-CGP closure.**
- Netherlands DRI / Green Steel investment (JLI with Dutch government):** The Joint Letter of Intent remains live. However, management was explicit that Final Investment Decision (FID) is contingent on: (1) regulatory certainty and contractually guaranteed operating conditions, and (2) a clear, planned CGP closure pathway. No FID commitment has been made. **DSP (blast furnace-associated facility):** Was temporarily shut following emission exceedances; trials completed; restart expected shortly pending regulatory clearance. Loss of ~2.5 months of DSP production (~200kt+) will weigh on Q1FY27 Netherlands EBITDA despite higher prices. **Q1FY27 Netherlands guidance:** NSR ~€80/t higher QoQ; coking coal up ~\$10/t, and iron ore will be up by \$5/t. EBITDA expected to be positive but below Q4 due to DSP downtime impact.
- Balance sheet & capital allocation:** Gross debt: Rs 92,382 Cr; Net debt: Rs 80,100 Cr. Offshore debt reduced from ~50% of total in FY21 to ~18% in FY26, mitigating rupee depreciation risk (estimated Rs 12,500 Cr of avoided gross debt inflation from FX alone). FY27 capex guidance: Rs 20,000 Cr consolidated, of which >60% in India (vs. Rs 14,000 Cr in FY26). Working capital release of ~Rs 6,000 Cr achieved in FY26.
- Demand outlook:** Management guided 8-10% India steel demand growth as a base case (infrastructure-led), with some risk of downward revision if macroeconomic headwinds persist. Automotive demand remains robust (passenger vehicles and 2-wheelers strong; commercial vehicles to be monitored amid fuel prices). Construction is facing some near-term softness (election-related labour disruption, MSME working capital stress). Flat product pricing supported by rising China export prices and declining Chinese export volumes (sub-10MT/month). Long product prices are facing some secondary producer-driven pressure.

Key Risks to Our Estimates and TP

- A decrease/increase in HRC prices in China could lead to declining/increasing prices worldwide.
- Higher/lower coking coal costs than our assumptions.

Change in Estimates

	New			Old			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	2,32,140	2,76,712	2,87,473	2,33,609	2,74,774	2,83,026	-1%	1%	2%
EBITDA	34,352	38,823	48,620	34,532	40,979	46,929	-1%	-5%	4%
PAT reported (Attrib)	10,794	13,813	20,016	11,473	15,269	18,717	-6%	-10%	7%

Source: Company, Axis Securities

Tata Steel Q4FY26 Results Review

Consolidated		Q4FY25 Actual	Q3FY26 Actual	Q4FY26 Axis Est	Q4FY26 Consensus	Q4FY26 Actual	YoY %	QoQ %	vs Axis Est %	vs Consensus %
Total Revenue from Operations	Rs Cr	56,218	57,002	62,510	62,624	63,270	13%	11%	1%	1%
EBITDA	Rs Cr	6,559	8,200	9,219	9,357	9,829	50%	20%	7%	5%
Adj EBITDA	Rs Cr	6,503	8,270	9,219	9,357	9,946	53%	20%	8%	6%
Adj EBITDA per tonne	Rs/tonne	7,810	10,069	10,801		11,401	46%	13%	6%	NA
EBITDA margin (%)	%	11.7%	14.4%	14.7%	14.9%	15.5%				
Underlying Attrib PAT	Rs Cr	1,689	2,829	3,371		3,266	93%	15%	-3%	NA
Reported PAT (Attrib)	Rs Cr	1,301	2,689	3,371	3,170	2,926	125%	9%	-13%	-8%
Underlying Diluted EPS (Rs)	Rs/sh	1.35	2.27	2.70	2.35	2.62	93%	15%	-3%	11%
Reported Diluted EPS (Rs)	Rs/sh	1.04	2.16	2.70		2.34	124%	9%	-13%	NA
Net Debt	Rs Cr	82,579	81,833			80,144	-3%	-2%	NA	NA

Source: Company, Axis Securities

Segmental EBITDA		Q4FY25 Actual	Q3FY26 Actual	Q4FY26 Actual	YoY %	QoQ %
Tata Steel India	Rs Cr	7,105	7,940	9,439	33%	19%
NINL	Rs Cr	313	351	402	28%	14%
Other Indian operations	Rs Cr	185	243	259	40%	7%
Tata Steel Europe	Rs Cr	(748)	(171)	33	NA	NA
Other trade-related operations	Rs Cr	340	39	461	36%	1096%
SE Asian operations	Rs Cr	79	194	94	19%	-52%
Rest of the world	Rs Cr	(395)	9	(577)	NA	NA
Total	Rs Cr	6,879	8,605	10,110	47%	17%
Less: intersegment eliminations	Rs Cr	118	296	156	33%	-47%
Total segment EBITDA	Rs Cr	6,762	8,309	9,953	47%	20%
Adjustment	Rs Cr	(203)	(109)	(125)	NA	NA
Total calculated EBITDA	Rs Cr	6,559	8,200	9,829	50%	20%

Source: Company, Axis Securities

		Q4FY25 Actual	Q3FY26 Actual	Q4FY26 Axis Est	Q4FY26 Actual	YoY %	QoQ %	vs Axis Est %
Consolidated Production	Mnt	7.45	8.38		8.23	10%	-2%	
Tata Steel India	Mnt	5.60	6.04		6.19	11%	2%	
Tata Steel Europe	Mnt	2.38	1.92		2.22	-7%	16%	
Consolidated Delivery Volumes	Mnt	8.33	8.21		8.72	5%	6%	
Adj EBITDA per tonne Europe	Rs/t	-3,143	-892	1,053	147	NA	NA	-86%
Adj EBITDA per tonne Europe	\$/t	-36	-10	11	1.6	NA	NA	-86%
Adj EBITDA per tonne India	Rs/t	12,705	13,090	14,729	15,245	20%	16%	4%

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25A	FY26A	FY27E	FY28E
Total Operating Income	2,18,543	2,32,140	2,76,712	2,87,473
Total Expenditure	1,93,244	1,97,788	2,37,890	2,38,853
EBITDA	25,298	34,352	38,823	48,620
Depreciation and Amortisation	10,421	11,955	12,913	13,692
EBIT	14,877	22,398	25,909	34,927
Other Income	1,541	1,402	1,542	1,696
Share Of P/L Of Associates (Net of Tax)	191	369	387	406
Less: Interest & Fin Chg.	7,341	7,167	7,575	7,668
Less: Exceptional Items	855	1,032	-	-
Profit before tax	8,413	15,969	20,263	29,362
Provision for Tax	5,239	5,083	6,450	9,346
Reported PAT	3,174	10,886	13,813	20,016
Minority Interest	(247)	92	-	-
Attributable PAT	3,421	10,794	13,813	20,016
EPS (Rs/sh) Basic	2.7	8.7	11.1	16.0
DPS (Rs/sh)	3.6	4.0	3.6	3.6

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY25A	FY26A	FY27E	FY28E
Net Block	1,25,215	1,49,878	1,53,965	1,56,422
Other Tangible assets	8,088	10,073	10,073	10,073
CWIP + ITUD + Other Intangible Assets	53,275	40,920	43,920	46,770
Goodwill	5,959	7,534	7,534	7,534
Investments	6,194	7,089	7,296	7,514
Inventories	44,590	47,249	56,321	58,512
Trade Receivables	5,260	4,917	5,861	6,089
Cash / Bank balance	9,605	8,885	8,442	18,559
Retirement Benefit Assets	15	86	88	90
Misc. Assets	21,194	24,623	25,626	26,679
Total assets	2,79,395	3,01,254	3,19,127	3,38,241
Equity capital	1,247	1,247	1,247	1,247
Hybrid Perpetual Securities/ Share warrants	-	-	-	-
Reserves	89,922	1,00,920	1,10,243	1,25,768
Minority Interests	183	1,613	1,613	1,613
Total Borrowings	88,964	84,956	84,956	84,956
Def tax Liabilities	14,430	15,332	15,332	15,332
Retirement Benefit Obligations	3,427	3,438	3,610	3,791
Provisions	9,695	12,038	12,640	13,272
Trade Payables	29,314	34,810	41,494	43,107
Other Liabilities and Provision	42,212	46,899	47,991	49,154
Capital employed	2,79,395	3,01,254	3,19,127	3,38,241

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY25A	FY26A	FY27E	FY28E
Profit before tax	8,413	15,969	20,263	29,362
Depreciation	10,421	11,955	12,913	13,692
Interest Expenses	7,341	7,167	7,575	7,668
Non-operating / EO item	(2,246)	(872)	(198)	(208)
Change in W/C	2,207	5,442	(2,445)	144
Income Tax	(2,624)	(4,597)	(6,450)	(9,346)
Operating Cash Flow	23,512	35,064	31,659	41,312
Capital Expenditure	(15,671)	(14,559)	(20,000)	(19,000)
Free Cash Flow	7,841	20,505	11,659	22,312
Other Investments	1,498	(346)	(207)	(218)
Investing Cash Flow	(14,173)	(14,905)	(20,207)	(19,218)
Proceeds from the issue of Equity shares	-	-	-	-
Proceeds / (Repayment) of Borrowings	5,325	(9,105)	-	-
Finance cost paid	(8,119)	(8,066)	(7,575)	(7,668)
Dividend paid	(4,490)	(4,490)	(4,491)	(4,491)
Other Financing activities	282	274	172	181
Financing Cash Flow	(7,002)	(21,387)	(11,894)	(11,978)
Change in Cash	2,337	(1,228)	(443)	10,117
Opening Cash	7,081	9,605	8,885	8,442
Closing Cash	9,605	8,885	8,442	18,559

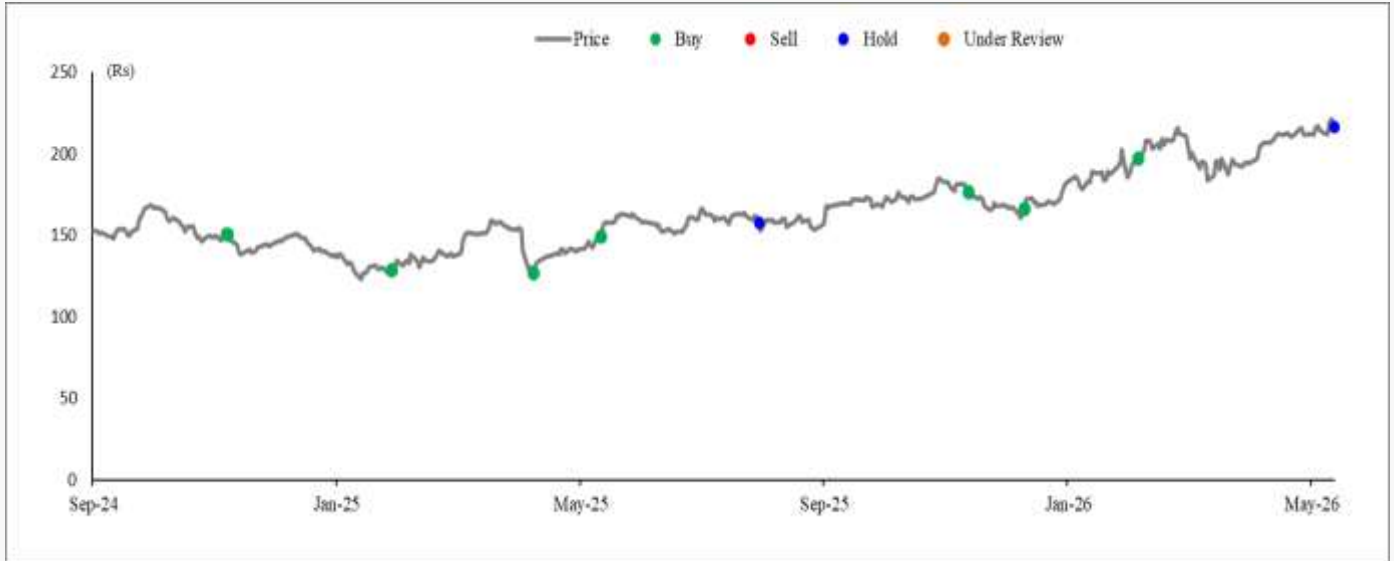
Source: Company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY25A	FY26A	FY27E	FY28E
Operational Ratios				
Sales growth (% YoY)	-5%	6%	19%	4%
EBITDA growth (% YoY)	13%	36%	13%	25%
Op. profit growth (% YoY)	20%	51%	16%	35%
Net Profit growth (% YoY)	-177%	216%	28%	45%
EBITDA Margin %	12%	15%	14%	17%
Net profit Margin %	2%	5%	5%	7%
EBITDA/t (Rs/tonne)	0%	0%	0%	0%
Tax Rate %	62%	32%	32%	32%
Efficiency Ratios				
Total Asset turnover (x)	0.79	0.80	0.89	0.87
Sales/Gross block (x)	0.98	0.94	1.01	0.99
Sales/Net block(x)	1.76	1.69	1.82	1.85
Working capital/Sales (x)	0.09	0.07	0.07	0.07
Valuation Ratios				
PER (x)	79.1x	25.1x	19.6x	13.5x
P/BV (x)	3.0x	2.6x	2.4x	2.1x
EV/Ebitda (x)	13.8x	10.1x	9.0x	7.0x
EV/Sales (x)	1.6x	1.5x	1.3x	1.2x
Dividend Yield (%)	1.7%	1.9%	1.7%	1.7%
Return Ratios				
ROE	0.05	0.12	0.13	0.17
ROCE	0.08	0.11	0.12	0.16
ROIC	0.03	0.08	0.09	0.12
Leverage Ratios				
Debt/equity (x)	1.04	0.90	0.83	0.73
Net debt/ Equity (x)	0.90	0.83	0.75	0.59
Net debt/Ebitda (x)	3.21	2.33	2.10	1.47
Interest Coverage ratio (x)	3.45	4.79	5.12	6.34

Source: Company, Axis Securities

Tata Steel Price Chart and Recommendation History



Date	Reco	TP	Research
08-Nov-24	BUY	175	Result Update
29-Jan-25	BUY	155	Result Update
11-Apr-25	BUY	150	Result Update
14-May-25	BUY	170	Result Update
01-Aug-25	HOLD	170	Result Update
14-Nov-25	BUY	195	Result Update
12-Dec-25	BUY	195	Company Update
09-Feb-26	BUY	220	Result Update
18-May-26	HOLD	235	Result Update

Source: Axis Securities Research

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