

May 14, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	176		173	
Sales (Rs. m)	2,632	2,875	2,656	2,909
% Chng.	(0.9)	(1.2)		
EBITDA (Rs. m)	375	448	390	455
% Chng.	(3.9)	(1.5)		
EPS (Rs.)	11.9	16.9	12.9	17.3
% Chng.	(7.7)	(2.3)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	2,292	2,185	2,632	2,875
EBITDA (Rs. bn)	223	253	375	448
Margin (%)	9.7	11.6	14.2	15.6
PAT (Rs. bn)	30	37	149	211
EPS (Rs.)	2.4	3.0	11.9	16.9
Gr. (%)	(66.4)	24.9	298.2	41.9
DPS (Rs.)	2.9	3.6	4.0	4.4
Yield (%)	2.0	2.4	2.7	2.9
RoE (%)	3.1	4.1	15.4	19.2
RoCE (%)	7.0	8.4	14.3	17.1
EV/Sales (x)	1.1	1.2	1.0	0.9
EV/EBITDA (x)	11.6	10.4	7.1	5.6
PE (x)	62.4	50.0	12.5	8.8
P/BV (x)	2.0	2.0	1.8	1.6

Key Data

	TISC.BO TATA IN
52-W High / Low	Rs.185 / Rs.123
Sensex / Nifty	81,148 / 24,578
Market Cap	Rs.1,865bn/ \$ 21,859m
Shares Outstanding	12,484m
3M Avg. Daily Value	Rs.6046.96m

Shareholding Pattern (%)

Promoter's	33.19
Foreign	18.78
Domestic Institution	24.67
Public & Others	23.36
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	12.0	7.4	(8.8)
Relative	3.7	2.8	(18.2)

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Resetting cost rhythm; timely execution is the key

Quick Pointers:

- Mgmt. expects better NSR in Q1FY26 as steel prices inched up by Rs3000/t for India ops (TSI) and EUR20-30 for Europe ops (TSE).
- TSUK breakeven by Jul'25, ongoing TSN restructuring and planned cost transformation at all Indian units to drive savings of Rs115bn in FY26.

Tata Steel (TATA) delivered strong sequential cons operating performance aided by inline standalone and improved other subsidiaries. TSI EBITDA declined 13% YoY on sharp 9% YoY decline in NSR and muted 3.3% YoY volume growth. European subs continued to make EBITDA losses led by UK. Domestic prices have inched up post February in anticipation of safeguard duty and global prices also improved post US tariff talks. Going forward, higher steel prices and benign coking coal consumption cost is expected to uplift Q1FY26 performance. FY26 would witness incremental 1.5mt volumes from TSI, timely breakeven at TSUK and improved TSN performance. Mgmt. has reiterated its cost transformation journey across locations targeting cost savings of Rs115bn for FY26. This includes a) ongoing fixed cost reduction program at TSUK (GBP 100-150/t), b) recently announced restructuring activities at TSN (GBP500mn savings) and c) improving operational efficiencies across its all other Indian units (incremental savings of Rs40bn). This exercise is expected to start delivering results from Q2FY26 onwards. We have already built in half of targeted savings at TSN and with current strong domestic pricing, we expect TATA to outperform FY26E estimates with ease.

In near term, TATA would focus on a) ramping up of KPO-II, b) completion of 0.75mtpa Ludhiana EAF, c) capex for 3mtpa TSUK EAF, and d) rationalization activities at TSN & TSI. We tweak our FY26E/27E EBITDA estimates by -4/-1.5% and expect EBITDA CAGR of 33% over FY25-27E on the back of KPO volume ramp-up, stable domestic pricing and TSE turnaround. At CMP, the stock is trading at 7.1x/5.6x EV of FY26E/FY27E EBITDA. We maintain 'Buy' rating with revised TP of Rs176 (earlier Rs173) valuing at 6.5x EV of Mar'27E TSI EBITDA.

- **Inline TSI; supported by lower RM costs:** TSI sales volume grew 3.3% YoY to 5.6mt (+6% QoQ). Average realization declined 0.8% QoQ at Rs61,427/t (-9% YoY; PLe Rs62,239/t) resulting revenue growth of 5% QoQ to Rs344bn. Export volumes declined 37% YoY to 0.31mt (~5.6% of volumes). TSI EBITDA declined 13% YoY to Rs69.8bn (+14.6% QoQ; PLe of Rs69.6bn) driven by weak coking coal prices. RM cost per ton declined 4.5% QoQ to Rs24,739/t while other expenses decreased 0.5% QoQ to Rs20,697/t. Staff costs decreased 4.6% QoQ to Rs3,527/t. Resultant, EBITDA/t increased 8.3% QoQ to Rs12,463/t (PLe Rs12,420). RM costs declined due to lower coking coal consumption cost and reduced coke purchase upon commissioning of coke plant at KPO in Jan'25.

- **TSUK continues to disappoint due to tough market conditions:** TSE EBITDA loss remained flattish QoQ at USD87/t due to weak TSUK performance. Tata Steel Netherlands' (TSN) sales volumes grew 14% QoQ to 1.75mt while NSR

declined 8% QoQ to GBP 774/t due to fallen steel prices. TSN EBITDA/t improved to GBP 7/t from GBP0/t QoQ on account of lower RM costs. TSUK RM costs increased due to a change in business model (increased substrate purchase) and higher other expenses (higher emission rights & bulk gas costs) which is expected to reduce as upstream operations are shut. Volumes improved 12% QoQ but NSR declined 6% to GBP860/t. TSUK EBITDA/t loss increased to GBP126/t from 120/t QoQ. TSUK delivered EBITDA loss of Rs41bn during FY25 and breakeven (by Jul'25) would aid stopping cons earning leakage. TSN delivered EBITDA of Rs8.18bn during FY25 which would improve as volume ramping happens at higher steel pricing scenario in H1FY26.

Q4FY25 Conference Call Highlights:

- TATA plans to achieve cost savings of Rs115bn in FY26 with Rs40bn targeted in India, Rs30bn in the UK and Rs45bn in the Netherlands by RM efficiency, controlled costs and by undertaking small capex-high return projects with a low payback period.
- Current steel prices are higher by Rs3000/t and EUR20-30/t for TSI and TSE respectively in Q1FY26.
- TSI/TSE coking coal consumption costs are expected to decline QoQ by USD10/t. TSN's iron ore consumption cost is likely to increase by USD10/t in Q1FY26.
- TATA expects completion of 0.75mt EAF expansion at Ludhiana in FY26.
- TATA aims to achieve an additional 1.5mtpa volume in FY26, primarily driven by growth at KPO, India. While TSUK volumes are expected to remain flat, and TSN to be slightly higher.
- NINL's EBITDA performance improved by 9% QoQ in Q4FY25 to Rs3.23bn, with a margin of 23%. It achieved an EBITDA of Rs10bn during FY25 with a 19% margin and generated a cash flow of Rs10bn.
- TATA received planning approvals and completed design and engineering work at TSUK, spending GBP35mn in FY25 and expect to commence construction in Jul'25.
- TSN is in the final stages of discussions and approvals with the Dutch government to secure funding for decarbonization project.
- Tata Tiscon volumes rose 19% YoY to 2.4mtpa in FY25; e-commerce GMV reached Rs35bn.
- TATA plans to spend Rs150bn in FY26, with 75% allocated to India for the final phase of the KPO, 0.75mtpa Ludhiana, and 0.5mtpa combi mill at Gamharia to convert billets into special bars for Automobiles sector. Rest 25% will be spent in Europe.
- TATA is seeking board approval for the next phase of expansion at NINL, for which the public hearing and EC for expansion up to 9.5mtpa has been received. It also plans to initiate the next phase of expansion at Bhushan, increasing its capacity to 6.5mtpa.

Exhibit 1: Q3FY25 Consolidated Result Overview

Y/e March (Rs bn)	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	562.2	586.9	(4.2)	576.1	(2.4)	536.5	4.8	2,185.4	2,291.7	(4.6)
Raw Material	247.0	260.9	(5.3)	243.3	1.6	239.3	3.2	950.0	1,019.2	(6.8)
% of Net Sales	43.9	44.5		42.2		44.6		43.5	44.5	
Staff Costs	60.2	61.4	(1.9)	63.8	(5.6)	60.7	(0.8)	248.9	245.1	1.5
% of Net Sales	10.7	10.5		11.1		11.3		11.4	10.7	
Other Expenses	189.3	198.6	(4.7)	208.4	(9.2)	191.5	(1.2)	751.7	804.4	(6.6)
% of Net Sales	33.7	33.8		36.2		35.7		34.4	35.1	
Total Expenditure	496.6	520.9	(4.7)	515.5	(3.7)	491.6	1.0	1,951	2,069	(5.7)
EBITDA	65.6	66.0	(0.6)	60.6	8.3	44.9	46.1	234.9	223.1	5.3
Margin (%)	11.7	11.2		10.5		8.4		10.7	9.7	
Depreciation	27.2	25.7	5.9	26.8	1.5	25.7	5.9	104.2	98.8	5.5
Other income	4.6	1.8	162.1	1.1	313.9	2.2	108.6	15.4	18.1	(14.8)
EBIT	43.0	42.1	2.2	34.9	23.2	21.4	100.7	146.0	142.3	2.6
Interest	17.9	18.4	(2.9)	19.5	(8.2)	18.0	(0.9)	73.4	75.1	(2.2)
PBT	25.1	23.7	6.1	15.4	62.9	3.4	642.3	72.6	67.3	8.0
Extraordinary income/(expense)	(3.9)	(5.9)	NA	-	NA	12.9	NA	9.6	(78.1)	(112.3)
PBT (After EO)	21.2	17.7	20	15.4	38	16.3	30.6	82.2	(10.9)	NA
Tax	10.0	12.5	(20)	5.5	83	13.8	(27.4)	52.4	37.6	39.2
% PBT	47.0	70.8		35.4		84.7		63.7	-345.5	
Reported PAT	11.2	5.2	117	10.0	13	2.5	352.3	29.8	(48.5)	NA
Minority interest	(1.0)	(0.57)	NA	(0.2)	334	(0.31)	221	(2.47)	(4.72)	(47.7)
Share of profit/(loss) of associates	0.8	0.4	107.6	0.4	105.5	0.5	NA	1.9	(0.6)	(429.1)
Net Profit attributable to shareholders	13.0	6.1	113	10.6	NA	3.3	298.2	34.2	(44.4)	NA
Adjusted Net Profit attributable to shareholders	15.1	7.9	91.9	10.6	NA	1.3	1,060.1	34.1	24.8	37.4

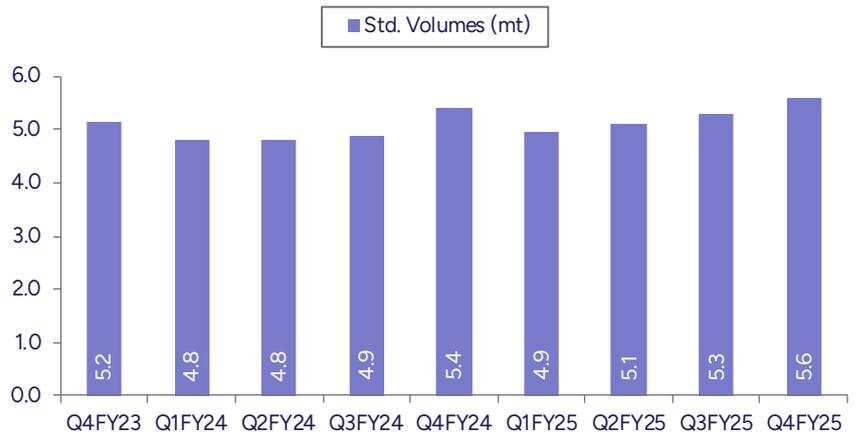
Source: Company, PL

Exhibit 2: Operating Performance

Y/e March	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Indian Operations										
Volume (mt)	5.6	5.4	3.3	5.6	(0.2)	5.3	5.9	20.9	19.9	5.2
Revenue (Rs bn)	344.0	366.3	(6.1)	349.1	(1.5)	327.6	5.0	1,325.2	1,401.9	(5.5)
EBITDA (Rs bn)	69.8	80.5	(13.3)	69.7	0.2	60.9	14.6	260.5	297.8	(12.5)
Realization (Rs/t)	61,427	67,592	(9.1)	62,239	(1.3)	61,929	(0.8)	63,285	70,414	(10.1)
EBITDA (Rs/t)	12,463	14,846	(16.0)	12,420	0.3	11,508	8.3	12,440	14,956	(16.8)
Europe operations (TSUK +TSN)										
Volume (mt)	2.4	2.1	12.7	2.4	1.3	2.1	13.8	8.8	7.9	11.6
Revenue (USD mn)	2,398	2,494	(3.9)	2,374	1.0	2,312	3.7	9,686	9,858	(1.7)
EBITDA (USD mn)	(87)	(82.4)	NA	(94)	(8.3)	(87.1)	NA	(395)	(923)	NA
Realization/t (USD)	1,003	1,176	(14.7)	1,006	(0.3)	1,101	(8.9)	1,104	1,254	(11.9)
EBITDA/t (USD)	(36)	(39)	NA	(40)	(9.5)	(41)	NA	(45)	(117)	NA

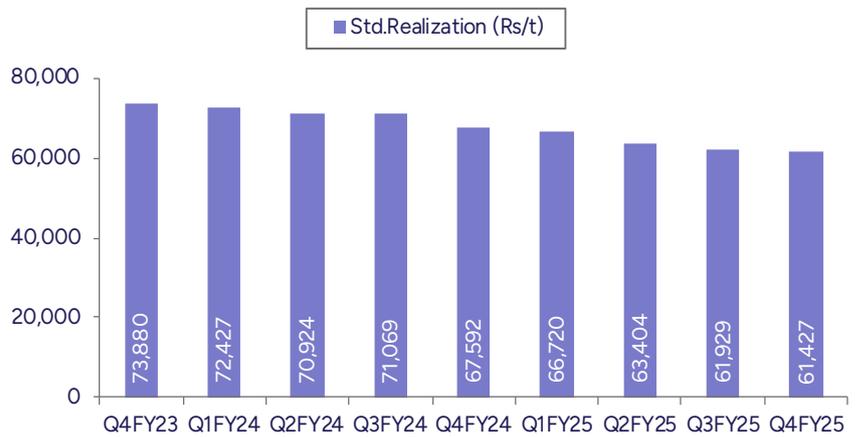
Source: Company, PL

Exhibit 3: TSI volumes grew 3.3% YoY led by stable domestic demand



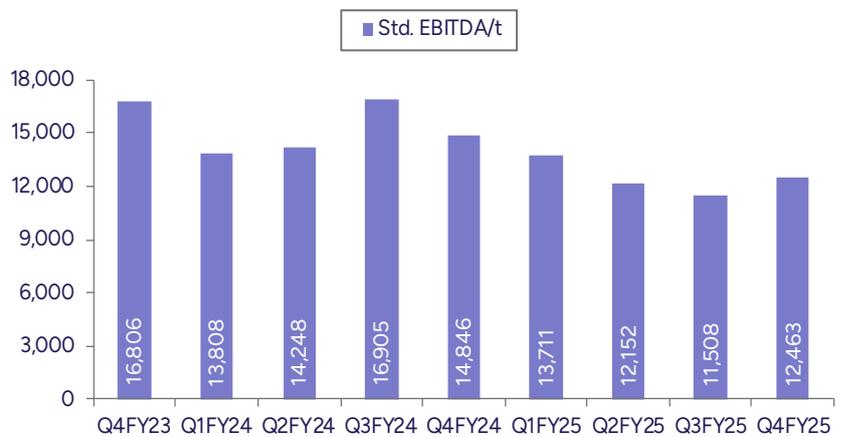
Source: Company, PL

Exhibit 4: TSI realization declined 0.8% QoQ on muted steel prices



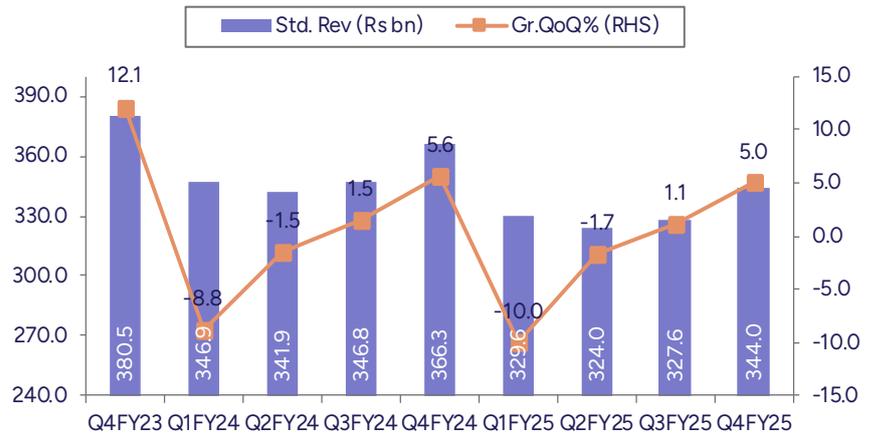
Source: Company, PL

Exhibit 5: TSI EBITDA/t improved 8% QoQ on lower RM costs



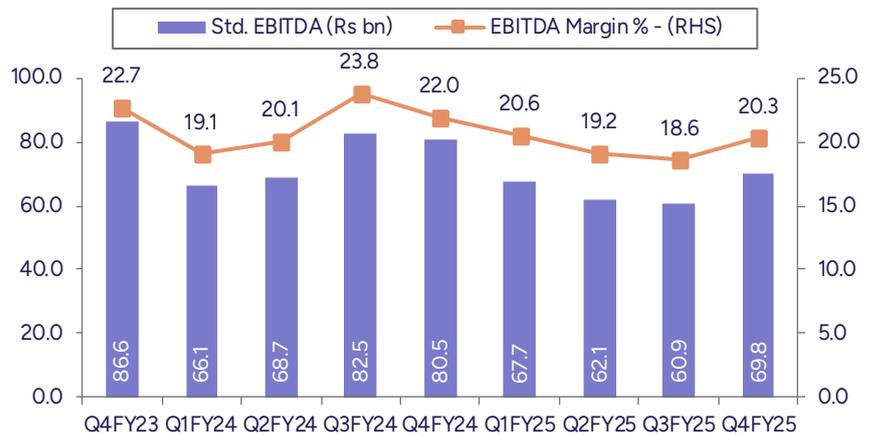
Source: Company, PL

Exhibit 6: Std revenue declined 6% YoY due to weak NSR and muted volumes



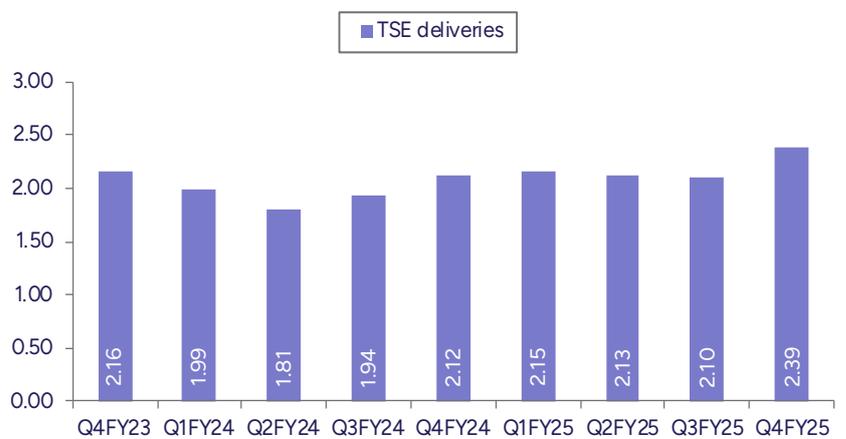
Source: Company, PL

Exhibit 7: Margins improved on lower coking coal costs



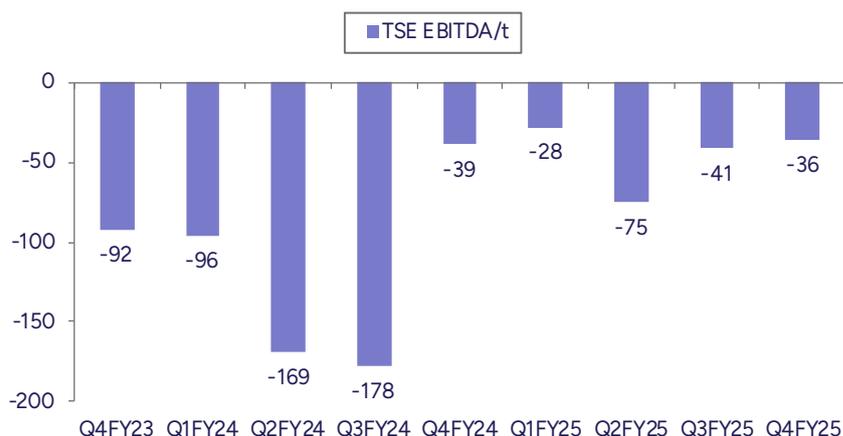
Source: Company, PL

Exhibit 8: TSE volumes grew 13% YoY aided by higher TSN utilization



Source: Company, PL

Exhibit 9: TSE EBITDA loss per ton narrowed YoY (USD/t)



Source: Company, PL

Exhibit 10: Valuation Summary

Figures in Rs bn	EV/EBITDA (Mar-27E)	EBITDA (Rs bn)	Value (Rs bn)
Indian operations	6.5	375	2,440
Other domestic operations	6.0	13	78
Tata steel Europe	6.0	53	317
South East Asean operations	5.0	7	33
Total EV			2,868
Debt			888
Cash			219
Net debt			669
Shareholder's value			2,199
Value per share			176

Source: PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	2,292	2,185	2,632	2,875
YoY gr. (%)	(5.8)	(4.6)	20.4	9.3
Cost of Goods Sold	1,019	950	1,039	1,104
Gross Profit	1,273	1,235	1,593	1,771
Margin (%)	55.5	56.5	60.5	61.6
Employee Cost	245	249	281	302
Other Expenses	804	734	938	1,021
EBITDA	223	253	375	448
YoY gr. (%)	(30.9)	13.4	48.1	19.5
Margin (%)	9.7	11.6	14.2	15.6
Depreciation and Amortization	99	104	109	114
EBIT	124	149	266	334
Margin (%)	5.4	6.8	10.1	11.6
Net Interest	75	73	77	72
Other Income	18	15	17	20
Profit Before Tax	(11)	82	207	282
Margin (%)	(0.5)	3.8	7.9	9.8
Total Tax	38	52	64	78
Effective tax rate (%)	(345.5)	63.7	30.9	27.7
Profit after tax	(49)	30	143	204
Minority interest	(5)	(2)	(4)	(5)
Share Profit from Associate	(1)	2	2	2
Adjusted PAT	30	37	149	211
YoY gr. (%)	(65.7)	24.9	298.2	41.9
Margin (%)	1.3	1.7	5.6	7.3
Extra Ord. Income / (Exp)	(74)	(3)	-	-
Reported PAT	(44)	34	149	211
YoY gr. (%)	(150.7)	(177.1)	334.3	41.9
Margin (%)	(1.9)	1.6	5.6	7.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(44)	34	149	211
Equity Shares O/s (m)	12	12	12	12
EPS (Rs)	2.4	3.0	11.9	16.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	2,522	2,645	2,748	2,880
Tangibles	2,522	2,645	2,748	2,880
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,091	1,195	1,304	1,417
Tangibles	1,091	1,195	1,304	1,417
Intangibles	-	-	-	-
Net fixed assets	1,431	1,450	1,444	1,462
Tangibles	1,431	1,450	1,444	1,462
Intangibles	-	-	-	-
Capital Work In Progress	354	416	461	461
Goodwill	57	60	60	60
Non-Current Investments	75	75	77	80
Net Deferred tax assets	(89)	(105)	(107)	(110)
Other Non-Current Assets	71	70	62	62
Current Assets				
Investments	7	4	4	4
Inventories	492	446	591	646
Trade receivables	63	53	87	95
Cash & Bank Balance	87	116	108	183
Other Current Assets	43	46	46	46
Total Assets	2,734	2,794	2,998	3,157
Equity				
Equity Share Capital	12	12	12	12
Other Equity	908	899	1,003	1,164
Total Networkth	920	912	1,015	1,176
Non-Current Liabilities				
Long Term borrowings	816	890	890	830
Provisions	54	58	58	58
Other non current liabilities	111	117	117	117
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	354	293	401	436
Other current liabilities	330	364	358	383
Total Equity & Liabilities	2,734	2,794	2,998	3,157

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	(11)	84	207	282
Add. Depreciation	99	104	109	114
Add. Interest	75	73	77	72
Less Financial Other Income	18	15	17	20
Add. Other	60	(22)	(6)	(7)
Op. profit before WC changes	222	239	386	461
Net Changes-WC	34	22	(69)	(3)
Direct tax	(53)	(26)	(62)	(75)
Net cash from Op. activities	203	235	255	382
Capital expenditures	(176)	(144)	(149)	(132)
Interest / Dividend Income	7	5	6	7
Others	27	(3)	-	-
Net Cash from Invst. activities	(143)	(142)	(142)	(125)
Issue of share cap. / premium	-	-	-	-
Debt changes	12	53	-	(60)
Dividend paid	(44)	(45)	(45)	(50)
Interest paid	(81)	(81)	(77)	(72)
Others	2	3	-	-
Net cash from Fin. activities	(111)	(70)	(122)	(182)
Net change in cash	(50)	23	(9)	75
Free Cash Flow	21	78	106	251

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	548	539	536	562
YoY gr. (%)	(7.9)	(3.2)	(3.0)	(4.2)
Raw Material Expenses	224	239	239	247
Gross Profit	323	300	297	315
Margin (%)	59.1	55.6	55.4	56.1
EBITDA	67	57	45	66
YoY gr. (%)	29.4	34.5	(28.3)	(0.6)
Margin (%)	12.2	10.7	8.4	11.7
Depreciation / Depletion	25	26	26	27
EBIT	42	31	19	38
Margin (%)	7.6	5.8	3.6	6.8
Net Interest	18	20	18	18
Other Income	3	6	2	5
Profit before Tax	23	22	16	21
Margin (%)	4.2	4.1	3.0	3.8
Total Tax	15	14	14	10
Effective tax rate (%)	63.8	64.2	84.7	47.0
Profit after Tax	8	8	2	11
Minority interest	-	(1)	-	(1)
Share Profit from Associates	1	-	-	1
Adjusted PAT	11	7	1	15
YoY gr. (%)	73.2	44.6	(78.1)	91.9
Margin (%)	2.0	1.3	0.2	2.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	10	8	3	13
YoY gr. (%)	51.4	(113.5)	(36.4)	112.7
Margin (%)	1.8	1.5	0.6	2.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	10	8	3	13
Avg. Shares O/s (bn)	12	12	12	12
EPS (Rs)	0.9	0.6	0.1	1.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	2.4	3.0	11.9	16.9
CEPS	10.3	11.3	20.6	26.0
BVPS	73.8	73.1	81.4	94.3
FCF	1.7	6.3	8.5	20.1
DPS	2.9	3.6	4.0	4.4
Return Ratio(%)				
RoCE	7.0	8.4	14.3	17.1
ROIC	33.0	3.3	10.6	13.7
RoE	3.1	4.1	15.4	19.2
Balance Sheet				
Net Debt : Equity (x)	0.8	0.8	0.8	0.5
Net Working Capital (Days)	32	34	38	39
Valuation(x)				
PER	62.4	50.0	12.5	8.8
P/B	2.0	2.0	1.8	1.6
P/CEPS	10.3	11.3	20.6	26.0
EV/EBITDA	11.6	10.4	7.1	5.6
EV/Sales	1.1	1.2	1.0	0.9
Dividend Yield (%)	2.0	2.4	2.7	2.9

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales volume India (mt)	20	21	23	25
Real./t - India (Rs)	70,812	61,808	66,093	66,927
EBITDA/t- India (Rs)	14,984	12,997	14,400	15,077
Sales volume TSE (mt)	8	9	10	10
Real./t-TSE (USD)	1,254	1,104	1,150	1,170
EBITDA/Tonne-TSE (USD)	(117)	(45)	30	60

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	23-Apr-25	BUY	173	138
2	08-Apr-25	Accumulate	142	129
3	29-Jan-25	Accumulate	145	129
4	09-Jan-25	Accumulate	141	130
5	08-Nov-24	Accumulate	161	151
6	07-Oct-24	Accumulate	181	167
7	02-Aug-24	Accumulate	175	163
8	07-Jul-24	Accumulate	186	175
9	31-May-24	Accumulate	172	164

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,383	1,938
2	Ambuja Cement	BUY	658	545
3	Dalmia Bharat	Accumulate	2,117	1,974
4	Hindalco Industries	BUY	736	620
5	Jindal Stainless	BUY	678	580
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,150	973
8	National Aluminium Co.	BUY	181	159
9	NMDC	Accumulate	69	68
10	Nuvoco Vistas Corporation	Accumulate	374	343
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	118	116
13	Tata Steel	BUY	173	138
14	Ultratech Cement	BUY	13,668	12,114

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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(Indian Clients)

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