

November 13, 2025

Q2FY26 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	196		196	
Sales (Rs bn)	2,735	2,927	2,785	2,925
% Chng.	(1.8)	-		
EBITDA (Rs bn)	436	472	437	470
% Chng.	(0.2)	0.4		
EPS (Rs.)	15.6	16.9	15.5	16.8
% Chng.	0.1	0.8		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	2,185	2,514	2,735	2,927
EBITDA (Rs. bn)	253	361	436	472
Margin (%)	11.6	14.4	15.9	16.1
PAT (Rs. bn)	37	128	194	211
EPS (Rs.)	3.0	10.2	15.6	16.9
Gr. (%)	24.9	241.8	52.1	8.8
DPS (Rs.)	3.6	4.0	4.4	4.8
Yield (%)	2.0	2.3	2.5	2.7
RoE (%)	4.1	13.4	18.3	17.4
RoCE (%)	8.4	13.7	16.8	17.5
EV/Sales (x)	1.4	1.2	1.0	0.9
EV/EBITDA (x)	11.7	8.1	6.5	5.8
PE (x)	59.1	17.3	11.4	10.4
P/BV (x)	2.4	2.2	1.9	1.7

Key Data

TISC.BO | TATA IN

52-W High / Low	Rs.187 / Rs.123
Sensex / Nifty	84,479 / 25,879
Market Cap	Rs.2,205bn / \$ 24,872m
Shares Outstanding	12,484m
3M Avg. Daily Value	Rs.4373.62m

Shareholding Pattern (%)

Promoter's	33.19
Foreign	17.78
Domestic Institution	27.09
Public & Others	21.94
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.1	18.2	26.9
Relative	(0.5)	13.6	16.7

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Stellar TSI/TSN; UK remains a drag

Quick Pointers:

- Cost efficiency program delivered savings of Rs54.5bn in H1.
- TSUK breakeven may slip beyond Q4FY26 on worsening UK market conditions led by import-led price pressure.

Tata Steel (TATA) reported robust operating performance in Q2FY26 aided by India (TSI) and Netherlands (TSN). TSI EBITDA grew 31% YoY despite 4% QoQ decline in blended realisation amid falling steel prices. TSI volumes grew 9% YoY while leaner coal mix and cost efficiency measures delivered EBITDA/t of Rs14,681 (PLe Rs14,123). TSE delivered flattish sequential operating performance supported by Netherlands while UK (TSUK) losses widened on weak pricing. Going forward, weak pricing in domestic market will get negated by incremental volumes from KPO-II. TSN would be impacted by weak pricing while UK market has worsened due to rising imports which may delay TSUK breakeven. Tailwinds from structural cost transformation initiatives undertaken are evident (Rs55bn in H1) and expected to continue.

Key variables to watch out for: a) notification on safeguard duty, b) EC and commencement of NINL expansion, c) ramping up of KPO-II & Ludhiana EAF, d) development on CBAM & TSUK breakeven. We expect EBITDA CAGR of 23% over FY25-28E on the back of KPO volume ramp-up, expected recovery in domestic pricing and TSE turnaround. At CMP, the stock is trading at 6.5x/5.8x EV of FY27/28E EBITDA. We maintain 'Accumulate' rating with TP of Rs196 valuing at 7x EV of Sep'27E TSI EBITDA.

- Strong volumes and cost optimisation efforts offset pricing pressure:** TSI sales volume increased 8.6% YoY to 5.55mt (17% QoQ; PLe 5.6mt) amid monsoon quarter and falling steel prices. Avg. realisation decreased 4.3% QoQ at Rs62,486/t (-1.4% YoY; PLe Rs63,335/t) on continuous decline in steel prices since June'25. Revenue increased 7% YoY to Rs347bn. Export volumes grew 39% YoY to 0.32mt on weak base (-13% QoQ; ~6% of volumes). In domestic, retail and engineering goods segment grew 13% YoY while infra grew 8% YoY. Auto remained flat YoY at 1.2mt. Continuous Galvanising Line at KPO-II (CGL #1) has received facility approval for supplies to Automotive OEMs. RM costs declined 3% YoY but inched up QoQ mostly due to rising coking coal prices. Other expenses increased 7% YoY mostly on higher repair & maintenance cost and increase in power & fuel costs.
- TSN drives recovery at TSE; TSUK losses widen:** TSUK EBITDA loss increased QoQ to GBP115/t (-68 in Q1) on lower purchase of substrate offset by lower sales. Volumes declined 5% QoQ to 0.57mt while NSR was down 1% QoQ to GBP883/t. Other expenses increased 10% QoQ due to annual maintenance activity leading to higher repairs & maintenance related expenses. Tata Steel Netherlands (TSN) sales volumes grew 3% QoQ to 1.54mt on ramp up of BF while NSR was up 2% QoQ to GBP867/t. TSN EBITDA/t improved to GBP 51/t from GBP36/t QoQ on lower employee costs and decline in RM costs.

Conference Call Highlights:

Realisations & Operations:

- TSI realisations are expected to be Rs1,500/t lower QoQ, with coking coal consumption cost is likely to rise by USD6/t. The mgmt. expects ~0.5mt volume upside in Q3 driven by KPO ramp-up (88% CU in Oct'25).
- TSN realisations may decline by EUR30/t QoQ, though Q4 is expected to be stronger. TSN's coking coal cost should be ~EUR5-10/t lower due to higher stock levels and some benefit on electricity costs too.
- TSUK prices are likely to remain flattish, with concerns more on absolute price levels than on trend. Overall, UK performance is expected to hold steady, with Q3 unlikely to be weaker than Q2.

Cost Savings & Efficiency:

- Overall compliance to the 1HFY26 cost savings plan stood at 94%, with Rs25.6bn cost improvement achieved in Q2.
- In India, there was full compliance, driven by a leaner coal mix and cost optimisation, delivering Rs10.36bn in savings.
- TSN achieved Rs10.59bn in savings through supply chain optimisation and efficiency measures.

Capex & Growth plans:

- Tata Steel incurred Rs32.5bn capex in Q2FY26
- TSI's 5mtpa BF is ramping up well, with Caster #3 and the Air Separation Unit commissioned. At KPO, the 0.5mtpa combi mill is operational, while CGL #2 at the 2.2mtpa CRM is slated for Q3FY26.
- KPO capacity to increase from 8mt to 13mt in the next phase, with potential to reach 16mt subsequently.
- Tinplate capacity has been raised to 0.7mtpa, and a 42ktpa LRPC line commissioned.
- The 0.75mtpa Ludhiana EAF has 90% civil work completed for FY27 start.
- At TSUK, EAF project is on track with major demolition done and first supplies due early 2026.
- Debottlenecking at Gamharia to support the combi mill. At Meramandali, realigning of BF to expand capacity from 5mt to 6.5mt and further to 10mt, subject to land acquisition.
- NINL to expand from 1mt to 6mt in phase 1 and then 10mt, expansion mainly for long products. EC clearances are expected in the next few months, with engineering work at advanced stage. Board review will be post EC, with project execution and completion planned over 3-4 years.

Update on TSE:

- **TSUK:** Consultation on CBAM is yet to begin. The UK plans to implement it a year after the EU. Discussions with TRA (Trade Remedies Authority) on quotas are underway, with the process expected to take 6-12 months, pending cabinet recommendation and parliamentary approval.
- TSUK breakeven might get delayed beyond 4QFY26; achievable only with govt support (in terms of quota implementation). Without it, breakeven would be challenging due to current weak spreads and unsustainable UK steel prices amid import pressure.
- **TSN:** Decarbonisation project permissions expected to take a couple of years. Tailor-made agreement discussion- next year, with major spends to follow post-permitting. Minimal cash outflow anticipated over the next few years.

Acquisition Update:

- Tata Steel to acquire the remaining 50% stake in Tata BlueScope Steel Pvt Ltd from BlueScope Steel for Rs11bn. TBSPL, with operations across Jamshedpur, Chennai, Bhivadi, Adityapur, and Khed City, reported Rs42.3bn revenue and Rs0.6bn profit in FY25, delivering a 19% ROE.

Debt:

- Net debt rose by Rs2.21bn to Rs870.4bn, taking net debt/EBITDA to 2.97x, within the target range of 2.75–3.0x. The increase is mainly on account of dividend payout for FY25.

Exhibit 1: Q2FY26 Consolidated Result Overview

Y/e March (Rs bn)	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	586.9	539.0	8.9	578.3	1.5	531.8	10.4	1,118.7	1,086.8	2.9
Raw Material	244.3	239.4	2.0	226.7	7.8	205.8	18.7	450.0	463.7	(2.9)
% of Net Sales	41.6	44.4		39.2		38.7		40.2	42.7	
Staff Costs	63.5	63.3	0.4	67.5	(5.9)	66.0	(3.8)	129.5	127.9	1.2
% of Net Sales	10.8	11.7		11.7		12.4		11.6	11.8	
Other Expenses	190.2	178.9	6.3	197.7	(3.8)	185.7	2.4	375.9	370.8	1.4
% of Net Sales	32.4	33.2		34.2		34.9		33.6	34.1	
Total Expenditure	497.9	481.6	3.4	491.8	1.2	457.5	8.8	955.4	962	(0.7)
EBITDA	89.0	57.4	55.0	86.5	2.8	74.3	19.8	163.2	124.4	31.3
Margin (%)	15.2	10.7		15.0		14.0		14.6	11.4	
Depreciation	28.9	26.0	11.4	28.4	1.9	27.4	5.4	56.4	51.3	9.8
Other income	3.6	6.0	(39.3)	2.5	44.4	2.9	25.9	6.5	8.6	(24.0)
EBIT	63.7	37.4	70.1	60.6	5.0	49.7	28.1	113.4	81.6	38.9
Interest	17.7	19.7	(10.0)	22.4	(20.9)	18.5	(4.2)	36.3	37.5	(3.2)
PBT	45.9	17.7	159.2	38.2	20.2	31.2	47.2	77.1	44.1	74.7
Extraordinary income/(expense)	(4.2)	4.2	NA	-	NA	(1.3)	NA	(5.5)	0.6	NA
PBT (After EO)	41.7	21.9	91	38.2	9	29.9	39.6	71.6	44.7	60.0
Tax	10.4	14.1	(26)	9.7	7	10.6	(1.9)	21.0	28.6	(26.7)
% PBT	24.9	64.2		25.3		35.5		29.3	64.0	
Reported PAT	31.3	7.8	299	28.5	10	19.3	62.5	50.6	16.1	214.2
Minority interest	0.8	(0.75)	NA	(0.1)	NA	(0.70)	NA	0.11	(1.16)	NA
Share of profit/(loss) of associates	0.5	(0.3)	NA	(0.3)	NA	0.8	NA	1.3	0.7	94.6
Net Profit attributable to shareholders	31.0	8.3	272	28.4	9	20.8	49.3	51.8	17.9	188.9
Adjusted Net Profit attributable to shareholders	34.2	6.8	400	28.4	20	21.6	58.0	55.8	17.7	214.8

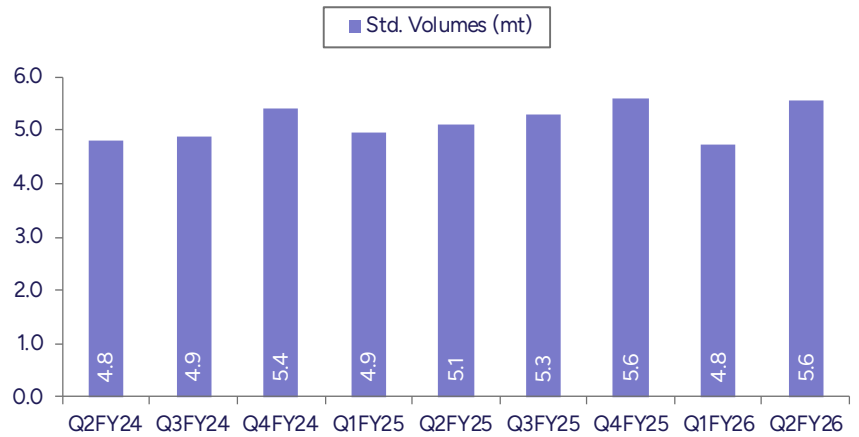
Source: Company, PL

Exhibit 2: Operating Performance

Y/e March	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Indian Operations										
Volume (mt)	5.6	5.1	8.6	5.6	(1.0)	4.8	16.8	10.3	10.1	2.5
Revenue (Rs bn)	346.8	324.0	7.0	355.1	(2.3)	310.1	11.8	656.9	653.6	0.5
EBITDA (Rs bn)	81.5	62.1	31.2	79.2	2.9	71.2	14.4	152.7	129.8	17.6
Realization (Rs/t)	62,486	63,404	(1.4)	63,335	(1.3)	65,293	(4.3)	63,780	65,034	(1.9)
EBITDA (Rs/t)	14,681	12,152	20.8	14,123	4.0	14,988	(2.0)	14,823	12,919	14.7
Europe operations (TSUK +TSN)										
Volume (mt)	2.1	2.1	(0.9)	2.1	(0.0)	2.1	0.5	4.2	4.3	(1.6)
Revenue (USD mn)	2,479.5	2,460.8	0.8	2,475.0	0.2	2,420.5	2.4	4,898.9	4,975.3	(1.5)
EBITDA (USD mn)	17.3	(160.5)	NA	18.3	(5.4)	16.9	NA	34.2	(221.1)	NA
Realization/t (USD)	1,175	1,155	1.7	1,173	0.2	1,153	2.0	1,164	1,162	0.1
EBITDA/t (USD)	8.2	(75)	NA	8.7	(5.4)	8.1	NA	8.1	(52)	NA

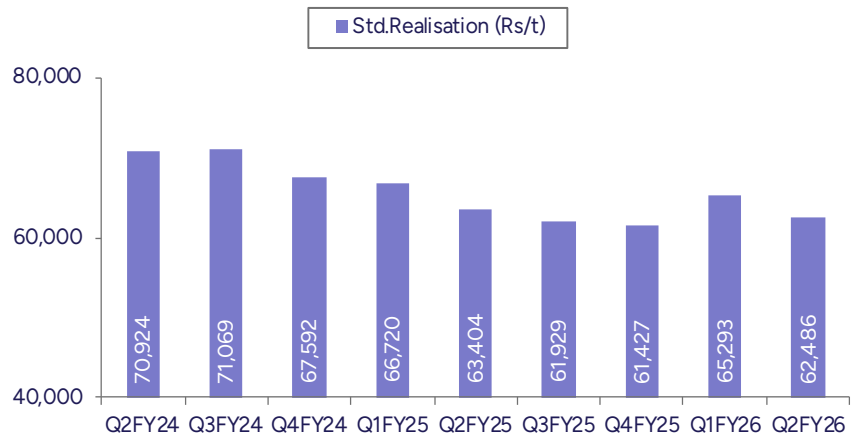
Source: Company, PL

Exhibit 3: TSI vol. increased ~9% YoY amid monsoon qtr and falling steel prices



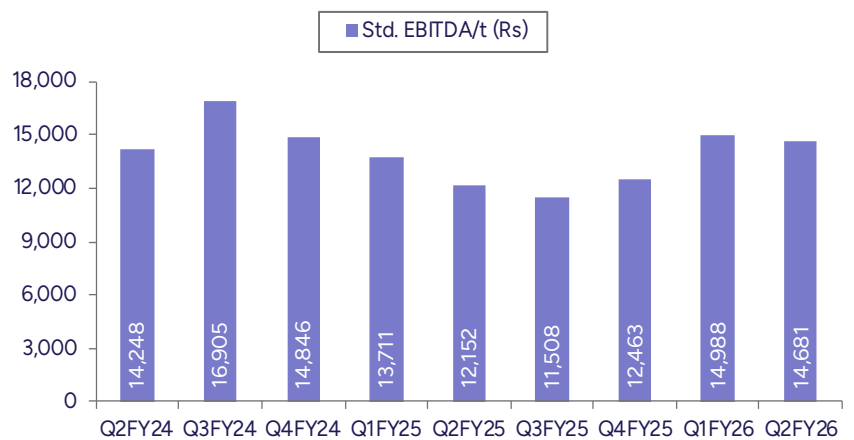
Source: Company, PL

Exhibit 4: TSI realisation fell 4.3% QoQ amid continued steel price decline



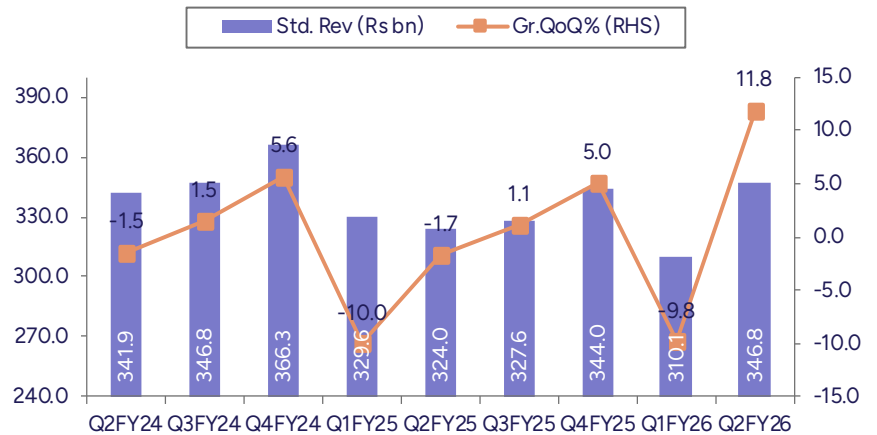
Source: Company, PL

Exhibit 5: TSI EBITDA/t increased 20% YoY on lower costs and strong volumes



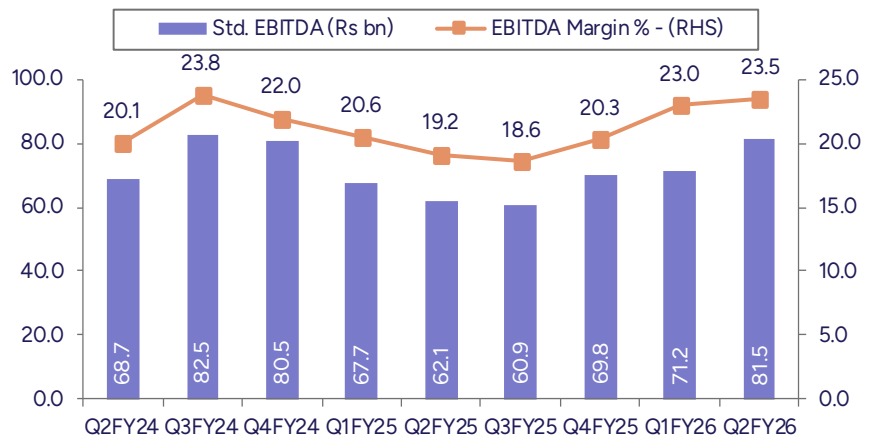
Source: Company, PL

Exhibit 6: Std. revenue increased 7% YoY on higher volumes



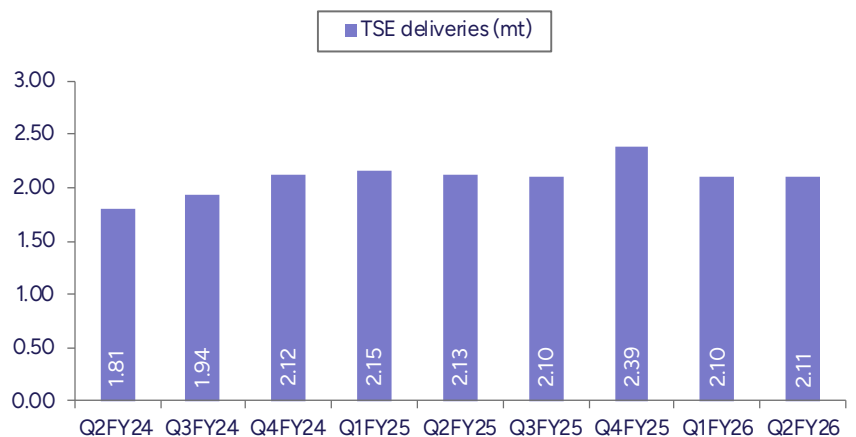
Source: Company, PL

Exhibit 7: Margins improved slightly on lower costs negated by weak pricing



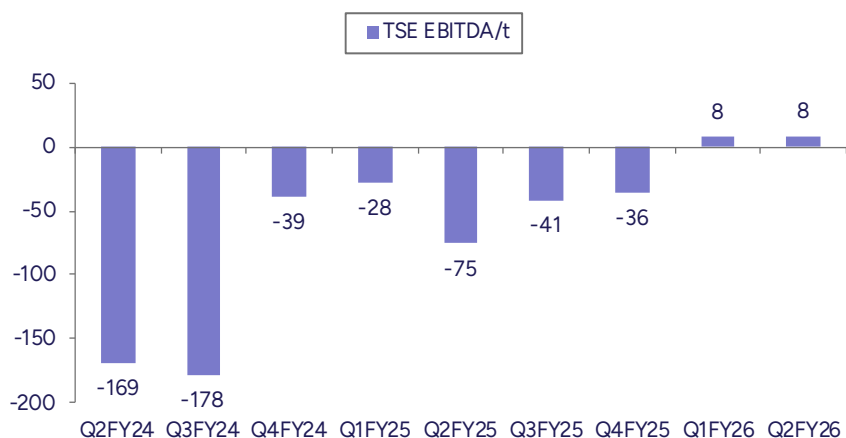
Source: Company, PL

Exhibit 8: TSE volumes were tad lower on strong TSN negated by weak TSUK



Source: Company, PL

Exhibit 9: TSE EBITDA positive on strong TSN performance (USD/t)



Source: Company, PL

Exhibit 10: Valuation Summary

Figures in Rs bn	EV/EBITDA (Sep-27E)	EBITDA (Rs bn)	Value (Rs bn)
Indian operations	7.0	376	2,630
Other domestic operations	6.0	13	80
Tata steel Europe	6.0	57	339
South East Asean operations	5.0	8	40
Total EV			3,089
Debt			888
Cash			250
Net debt			638
Shareholder's value			2,451
Value per share			196

Source: PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,185	2,514	2,735	2,927
YoY gr. (%)	(4.6)	15.0	8.8	7.0
Cost of Goods Sold	950	991	1,046	1,103
Gross Profit	1,235	1,523	1,689	1,823
Margin (%)	56.5	60.6	61.8	62.3
Employee Cost	249	268	286	305
Other Expenses	734	894	967	1,046
EBITDA	253	361	436	472
YoY gr. (%)	13.4	42.8	20.6	8.3
Margin (%)	11.6	14.4	15.9	16.1
Depreciation and Amortization	104	109	114	119
EBIT	149	252	322	353
Margin (%)	6.8	10.0	11.8	12.0
Net Interest	73	77	72	67
Other Income	15	14	15	-
Profit Before Tax	82	184	265	285
Margin (%)	3.8	7.3	9.7	9.8
Total Tax	52	63	73	81
Effective tax rate (%)	63.7	34.4	27.5	28.5
Profit after tax	30	121	192	204
Minority interest	(2)	(1)	-	(5)
Share Profit from Associate	2	2	2	3
Adjusted PAT	37	128	194	211
YoY gr. (%)	24.9	241.8	52.1	8.8
Margin (%)	1.7	5.1	7.1	7.2
Extra Ord. Income / (Exp)	(3)	(4)	-	-
Reported PAT	34	124	194	211
YoY gr. (%)	(177.1)	262.2	56.6	8.8
Margin (%)	1.6	4.9	7.1	7.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	34	124	194	211
Equity Shares O/s (bn)	12	12	12	12
EPS (Rs)	3.0	10.2	15.6	16.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	2,653	2,757	2,888	3,023
Tangibles	2,653	2,757	2,888	3,023
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,204	1,313	1,426	1,545
Tangibles	1,204	1,313	1,426	1,545
Intangibles	-	-	-	-
Net fixed assets	1,450	1,444	1,462	1,478
Tangibles	1,450	1,444	1,462	1,478
Intangibles	-	-	-	-
Capital Work In Progress	425	470	470	470
Goodwill	60	60	60	60
Non-Current Investments	75	77	80	82
Net Deferred tax assets	(105)	(107)	(110)	(112)
Other Non-Current Assets	61	61	61	61
Current Assets				
Investments	4	4	4	4
Inventories	446	526	577	657
Trade receivables	53	69	75	96
Cash & Bank Balance	116	150	214	229
Other Current Assets	46	46	46	46
Total Assets	2,794	2,960	3,101	3,236
Equity				
Equity Share Capital	12	12	12	12
Other Equity	899	978	1,122	1,278
Total Networth	912	991	1,135	1,291
Non-Current Liabilities				
Long Term borrowings	890	890	830	770
Provisions	58	58	58	58
Other non current liabilities	117	117	117	117
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	342	391	423	443
Other current liabilities	315	352	375	395
Total Equity & Liabilities	2,794	2,960	3,101	3,236

Source: Company Data, PL Research



Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	84	189	265	285
Add. Depreciation	104	109	114	119
Add. Interest	73	77	72	67
Less Financial Other Income	15	14	15	-
Add. Other	(22)	(9)	(10)	-
Op. profit before WC changes	239	365	440	472
Net Changes-WC	22	(11)	(2)	(61)
Direct tax	(26)	(61)	(70)	(79)
Net cash from Op. activities	235	294	368	332
Capital expenditures	(144)	(149)	(132)	(134)
Interest / Dividend Income	5	9	10	-
Others	(3)	-	-	-
Net Cash from Invst. activities	(142)	(139)	(121)	(134)
Issue of share cap. / premium	-	-	-	-
Debt changes	53	-	(60)	(60)
Dividend paid	(45)	(45)	(50)	(55)
Interest paid	(81)	(77)	(72)	(67)
Others	3	-	-	-
Net cash from Fin. activities	(70)	(122)	(182)	(182)
Net change in cash	23	33	64	15
Free Cash Flow	78	145	236	197

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	3.0	10.2	15.6	16.9
CEPS	11.3	19.0	24.7	26.5
BVPS	73.1	79.4	91.0	103.5
FCF	6.3	11.6	18.9	15.8
DPS	3.6	4.0	4.4	4.8
Return Ratio(%)				
RoCE	8.4	13.7	16.8	17.5
ROIC	3.3	9.8	13.7	14.2
RoE	4.1	13.4	18.3	17.4
Balance Sheet				
Net Debt : Equity (x)	0.8	0.7	0.5	0.4
Net Working Capital (Days)	26	30	31	39
Valuation(x)				
PER	59.1	17.3	11.4	10.4
P/B	2.4	2.2	1.9	1.7
P/CEPS	11.3	19.0	24.7	26.5
EV/EBITDA	11.7	8.1	6.5	5.8
EV/Sales	1.4	1.2	1.0	0.9
Dividend Yield (%)	2.0	2.3	2.5	2.7

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	536	562	532	587
YoY gr. (%)	(3.0)	(4.2)	(2.9)	8.9
Raw Material Expenses	239	247	206	244
Gross Profit	297	315	326	343
Margin (%)	55.4	56.1	61.3	58.4
EBITDA	45	66	74	89
YoY gr. (%)	(28.3)	(0.6)	11.0	55.0
Margin (%)	8.4	11.7	14.0	15.2
Depreciation / Depletion	26	27	27	29
EBIT	19	38	47	60
Margin (%)	3.6	6.8	8.8	10.2
Net Interest	18	18	19	18
Other Income	2	5	3	4
Profit before Tax	16	21	30	42
Margin (%)	3.0	3.8	5.6	7.1
Total Tax	14	10	11	10
Effective tax rate (%)	84.7	47.0	35.5	24.9
Profit after Tax	2	11	19	31
Minority interest	-	(1)	(1)	1
Share Profit from Associates	-	1	1	1
Adjusted PAT	1	15	22	34
YoY gr. (%)	(78.1)	91.9	98.6	399.8
Margin (%)	0.2	2.7	4.1	5.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3	13	21	31
YoY gr. (%)	(36.4)	112.7	116.5	272.2
Margin (%)	0.6	2.3	3.9	5.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3	13	21	31
Avg. Shares O/s (bn)	12	12	12	12
EPS (Rs)	0.1	1.2	1.7	2.7

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales volume India (mt)	21	23	25	26
Real./t - India (Rs)	61,808	63,537	64,096	65,971
EBITDA/t- India (Rs)	12,997	14,455	14,685	14,970
Sales volume TSE (mt)	9	9	10	10
Real./t-TSE (USD)	1,104	1,150	1,170	1,170
EBITDA/Tonne-TSE (USD)	(45)	9	60	70

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	196	171
2	29-Sep-25	Accumulate	181	167
3	01-Aug-25	Accumulate	177	158
4	08-Jul-25	Accumulate	171	162
5	14-May-25	BUY	176	149
6	23-Apr-25	BUY	173	138
7	08-Apr-25	Accumulate	142	129
8	29-Jan-25	Accumulate	145	129
9	09-Jan-25	Accumulate	141	130

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,374	1,882
2	Adani Port & SEZ	BUY	1,777	1,444
3	Ambuja Cement	BUY	718	577
4	Dalmia Bharat	Accumulate	2,372	2,250
5	Hindalco Industries	Accumulate	846	790
6	Jindal Stainless	Hold	748	743
7	Jindal Steel	Accumulate	1,151	1,071
8	JSW Infrastructure	Accumulate	338	309
9	JSW Steel	Hold	1,118	1,166
10	National Aluminium Co.	BUY	281	235
11	NMDC	Accumulate	86	77
12	Nuvoco Vistas Corporation	Accumulate	459	412
13	Shree Cement	Accumulate	31,769	28,585
14	Steel Authority of India	Hold	143	137
15	Tata Steel	Accumulate	196	171
16	Ultratech Cement	Accumulate	13,425	12,370

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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