

CMP: ₹ 170

Target: ₹ 210 (24%)

Target Period: 12 months

BUY

December 12, 2025

Shares roadmap to achieve 40 MTPA capacity in India

About the stock: Tata Steel (TSL), part of the TATA group, is one of the world's most geographically diversified steel producers with operations across regions.

- Annual Crude Steel Production Capacity: India- 26.6 million ton (MT), Netherland- 7 MT, UK- 3.2 MT (upcoming), and Thailand- 1.7 MT.

Event Update: Tata Steel has outlined long term growth strategy for its Indian operations. It includes: 1) 4.8 MTPA expansion at Neelachal Ispat Nigam (NINL) 2) Signing a MOU with Llyod Metals to collaborate in iron ore mining infrastructure and steel making 3) Setting up 6 MTPA greenfield capacity in Maharashtra 4) Acquired 50% equity in Thriveni Pellets for consideration of ₹636 crore.

Key Highlights:

- TSL has secured board approval for the Phase-1 expansion of 4.8 MTPA capacity at NINL. It will primarily serve the long-products segment through the installation of a 2 MTPA rebar mill, a 0.5 MTPA coil mill, and a high-end wire rod mill. It will be executed in 4 years, capex to be finalized by March'26. In the long term, TSL aims to scale NINL's capacity to 10 MTPA.
- TSL has also signed a Memorandum of Understanding (MoU) with Lloyd Metals and Energy to collaborate on iron ore mining, slurry pipelines, pellet production, and steelmaking. In addition, TSL plans to set up a 6 MTPA greenfield steelmaking facility in Maharashtra, to be executed in two phases. The project timelines and capex are currently under discussion.
- TSL has acquired a 50% equity stake in Thriveni Pellets Pvt Ltd, operating a 4 MTPA pellet plant at Jajpur and a 212-km slurry pipeline, for a consideration of ₹636 crore, valuing the entity at ~₹1,272 crore, i.e. P/B multiple of 0.9x. Its proximity to TSL's Kalanganagar and NINL plants with expected cost savings of ~₹60 crore/month, with payback period of 1 year.
- On the downstream front, TSL is setting up a 2.5 MTPA Thin Slab Caster and Rolling facility at Meramandali. It will be integrated with blast furnace relining program, expected to add 2.5 MTPA of upstream capacity by FY29.
- Additionally, TSL plans to set up a 0.7 MTPA Hot Rolled Pickling and Galvanizing Line at its existing Cold Rolling Complex in Tarapur, Maharashtra, which will cater to the high-value automotive segment.
- TSL will also establish a 1 MTPA demonstration plant based on Hlsarna technology, which enables the use of lower-grade iron ore without coking coal for producing steel with estimated capex of ~₹2,500 -3,000 crore.

Rating and Target Price

- We are encouraged by TSL's capacity expansion plans aimed at achieving 40 MTPA capacity in India by 2030, along with its growing downstream portfolio and raw material integration. However, high capex intensity of these projects, could strain the B/S in the interim period. Nonetheless, we maintain our **BUY** rating on Tata Steel with SOTP-based target price of **₹210** (8.5x/4x EV/EBITDA to India/Europe business on Avg. FY27-28E).

Key Financial Summary

Key Financials	FY22	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	2,43,959	2,43,353	2,27,296	2,16,840	9.8%	2,34,095	2,52,419	2,63,052	6.7%
EBITDA	63,490	32,300	22,306	25,298	9.1%	33,367	39,630	44,719	20.9%
EBITDA Margins (%)	26.0	13.3	9.8	11.7		14.3	15.7	17.0	
Net Profit	40,154	8,760	(4,437)	3,421	NA	10,843	15,249	18,441	75.3%
EPS (₹/share)	32.9	7.2	(3.6)	2.7		8.7	12.2	14.8	
P/E	5.2	23.7	(47.8)	62.0		19.6	13.9	11.5	
RoNW (%)	35.2	8.5	33.0	4.1		11.6	14.3	15.5	
RoCE (%)	25.4	10.8	6.2	7.2		10.3	12.6	13.8	

Source: Company, ICICI Direct Research

TATA STEEL

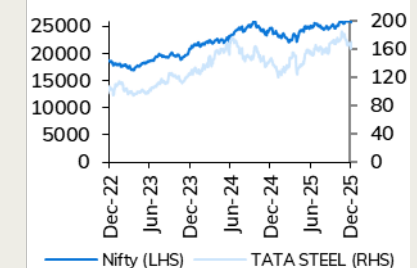
Particulars

Particulars	₹ crore
Market capitalisation	2,12,065
Total Debt (FY25)	88,964
Cash & Investment (FY25)	12,090
EV (₹ crore)	2,88,938
52 week H/L (₹)	187 / 123
Equity capital (₹ crore)	1,247
Face value (₹)	1.0

Shareholding pattern

	Dec-24	Mar-25	June-25	Sept-25
Promoter	33.2	33.2	33.2	33.2
FII	18.5	18.3	17.2	17.3
DII	23.5	24.5	26.1	26.9
Other	24.8	24.0	23.5	22.6

Price Chart



Recent event & key risks

- TSL announces 4.8 MTPA capacity expansion at NINL, 6 MTPA greenfield capacity - Maharashtra
- Key Risk: (i) Delay in steel prices recovery will impact performance across India & Europe operations (ii) high capex intensity increasing leverage on B/S in interim period.

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Manisha Kesari
manisha.kesari@icicisecurities.com

Key Table and Charts

Exhibit 1: Key Assumptions

	Units	FY25	FY26E	FY27E	FY28E
Indian Operation (Standalone+NINL)					
Sales Volume	MT	20.9	22.5	23.5	24.0
Blended Realisation	₹/tonne	66,007	64,514	65,895	66,856
Revenue	₹ crores	1,38,218	1,45,110	1,54,860	1,60,160
EBITDA	₹ crores	28,932	32,232	36,745	39,888
EBITDA/tonne	₹/tonne	13,817	14,330	15,635	16,651
Netherland Operation					
Sales Volume	MT	6.3	6.3	6.5	6.6
Blended Realisation	₹/tonne	91,046	99,541	1,05,100	1,09,850
Revenue	₹ crores	56,904	62,365	68,494	72,320
EBITDA	₹ crores	819	3,141	4,236	4,608
EBITDA/tonne	₹/tonne	1,310	5,013	6,500	7,000
UK Operation					
Sales Volume	MT	2.5	2.6	2.6	2.6
Blended Realisation	₹/tonne	99,566	99,805	1,03,100	1,10,090
EBITDA	₹ crores	(4,152)	(2,500)	(2,000)	(250)
EBITDA/tonne	₹/tonne	(16,542)	(9,804)	(7,692)	(962)

Source: Company, ICICI Direct Research

Exhibit 2: Valuation Matrix – SoTP based target price calculation

Particulars	Units	Avg FY27-28
Tata Steel Indian Operations (Standalone+NINL)		
Sales volume	in MT	23.7
EBITDA/tonne	₹/tonne	16,148
EBITDA	₹ in crore	38,317
EV/EBITDA Multiple	x	8.5
Target EV (A)	₹ in crore	3,25,692
Tata Steel European Operations		
Sales volume	in MT	8.9
EBITDA/tonne	₹/tonne	3,715
EBITDA	₹ in crore	3,297
EV/EBITDA Multiple	x	4.0
Target EV (B)	₹ in crore	13,189
Total Consolidated Target EV (A+B)	₹ in crore	3,38,881
Gross Debt	₹ in crore	82,964
Net Cash and Cash Equivalents	₹ in crore	10,152
Less: Net Debt	₹ in crore	72,812
Implied Market Cap	₹ in crore	2,66,069
No. of Equity Shares	in crore	1,247
Target price	₹/share	210
CMP	₹/share	170
Upside (%)	in %	24%

Source: ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Total Operating Income	2,18,543	2,34,095	2,52,419	2,63,052
Growth (%)	(5)	7	8	4
Raw Material Expenses	95,001	97,252	1,06,016	1,07,851
Employee Expenses	24,889	26,268	27,766	28,936
Other Operating Expense	73,354	77,208	79,007	81,546
Total Operating Exp.	1,93,244	2,00,728	2,12,789	2,18,333
EBITDA	25,298	33,367	39,630	44,719
Growth (%)	13	32	19	13
Depreciation	10,421	11,471	12,116	12,890
Interest	7,341	7,133	6,677	6,313
Other Income	1,541	1,263	1,033	914
Share of Associate	191	230	200	200
PBT	9,077	16,026	21,869	26,430
Exceptional Item	855	553	-	-
Total Tax	5,239	4,711	6,621	7,989
PAT post Minority Interest	3,421	10,843	15,249	18,441
Growth (%)	(177)	217	41	21
EPS (₹)	2.7	9.0	12.2	14.8

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	3,421	10,843	15,249	18,441
Add: Depreciation	10,421	11,471	12,116	12,890
(Inc)/dec in Current Assets	4,796	-5,188	-4,822	-2,798
Inc/(dec) in CL and Provisions	-2,342	6,249	6,085	3,531
Others	7,341	7,133	6,677	6,313
CF from operating activities	23,637	30,507	35,305	38,376
(Inc)/dec in Investments	63	-150	-150	-150
(Inc)/dec in Fixed Assets	-19,575	-17,500	-20,000	-25,000
Others	3,082	0	0	0
CF from investing activities	-16,429	-17,650	-20,150	-25,150
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	7,390	-2,000	-4,000	0
Dividend & interest outgo	-11,831	-12,123	-12,291	-12,550
Inc/(dec) in Share Cap	0	0	0	0
Others	203	0	0	0
CF from financing activities	-4,238	-14,123	-16,291	-12,550
Net Cash flow	2,970	-1,266	-1,136	676
Opening Cash	8,678	11,648	10,382	9,246
Closing Cash	11,648	10,382	9,246	9,922

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Liabilities				
Equity Capital	1,247	1,247	1,247	1,247
Reserve and Surplus	89,922	95,775	1,05,410	1,17,614
Total Shareholders funds	91,170	97,023	1,06,658	1,18,862
Total Debt	88,964	86,964	82,964	82,964
Deferred Tax Liability	14,430	14,430	14,430	14,430
Minority Interest / Others	13,343	13,443	13,543	13,643
Total Liabilities	2,07,907	2,11,860	2,17,595	2,29,899
Assets				
Gross Block	2,65,314	2,89,437	3,04,437	3,29,437
Less: Acc Depreciation	1,20,359	1,31,829	1,43,946	1,56,835
Net Block	1,44,956	1,57,607	1,60,491	1,72,602
Capital WIP	41,622	35,000	40,000	40,000
Total Fixed Assets	1,86,578	1,92,607	2,00,491	2,12,602
Investments	12,153	12,303	12,453	12,603
Inventory	44,590	48,102	51,867	54,052
Debtors	5,260	6,414	6,916	7,207
Loans and Advances	120	129	139	145
Other Current Assets	6,447	6,960	7,505	7,821
Cash	11,648	10,382	9,246	9,922
Total Current Assets	68,064	71,986	75,672	79,147
Current Liabilities	29,314	32,068	34,578	36,034
Provisions	9,695	10,605	11,436	11,917
Current Liabilities & Prov	71,489	77,737	83,822	87,353
Net Current Assets	-3,424	-5,751	-8,150	-8,206
Others Assets	12,601	12,701	12,801	12,901
Application of Funds	2,07,907	2,11,860	2,17,595	2,29,899

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS	2.7	8.7	12.2	14.8
Cash EPS	11.1	17.9	21.9	25.1
BV	73.1	77.8	85.5	95.3
DPS	3.6	4.0	4.5	5.0
Cash Per Share	9.3	8.3	7.4	8.0
Operating Ratios (%)				
EBITDA Margin	11.6	14.3	15.7	17.0
PAT Margin	1.6	4.6	6.0	7.0
Inventory days	75.1	75.0	75.0	75.0
Debtor days	8.9	10.0	10.0	10.0
Creditor days	49.3	50.0	50.0	50.0
Return Ratios (%)				
RoE	4.1	11.6	14.3	15.5
RoCE	7.2	10.3	12.6	13.8
RoC	9.6	13.2	16.4	17.7
Valuation Ratios (x)				
P/E	62.0	19.6	13.9	11.5
EV / EBITDA	11.4	8.6	7.2	6.4
EV / Net Sales	1.3	1.2	1.1	1.1
Market Cap / Sales	1.0	0.9	0.8	0.8
Price to Book Value	2.3	2.2	2.0	1.8
Solvency Ratios				
Debt/EBITDA	3.5	2.6	2.1	1.9
Debt / Equity	1.0	0.9	0.8	0.7
Current Ratio	1.4	1.4	1.4	1.4
Quick Ratio	0.3	0.3	0.3	0.3

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), Manisha Kesari (PGDM-Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report