Metals

Healthy demand and realization

- **Healthy demand continues in Q1FY27**: Domestic consumption of finished steel (FS) in India remained healthy as it rose ~9% YoY in Q1FY27. Continued momentum in large-scale public infrastructure capex, steady demand from real estate and urban development projects, a rising demand from automative manufacturing, and heavy engineering sectors are driving growth. FS production growth was slower at 6% YoY, leading to net imports in Q1FY27.
- **Mixed trend in steel prices; CoP to rise too:** While domestic HRC (flats) continued to trend higher in Q1FY27, rebar (longs) witnessed a cool-off mid-April'26 onward. Thus, while flats prices firmed up 9/13% QoQ/YoY, longs prices flattened QoQ (+3% YoY). Hence, we estimate steel companies will continue to deliver higher blended realization QoQ in Q1FY27. Steel companies will also report higher cost of production (CoP) as both coking coal and iron ore prices are on a rise. We estimate coking coal price increase by ~USD 15-20/MT QoQ and iron price by ~INR 300/MT. These should moderate the gross and EBITDA margin expansions from robust pricing gain.
- **Coverage performance:** For our coverage universe, we estimate aggregate sales volume will decline by ~ 0.4% YoY and 18% QoQ. The QoQ decline is led by seasonal weakness as well as on account of maintenance shutdowns. We expect Jindal Steel to deliver strong 18% YoY volume growth followed by 2% consolidated volume growth by Tata Steel. While Tata Steel's India volume is up 9% YoY, its European/UK volumes are sharply down. JSW Steel's reported volumes are expected to fall ~3% YoY, on account of sales of its BPSL assets at the end of FY26. Its like-to-like volumes are expected to rise ~3% YoY. SAIL's volume is expected to fall 8% YoY. Adjusted for JSWS's sale of BPSL and Tata Steel's domestic sales, aggregate sales volume would rise 4% YoY in the quarter. Factoring in rising steel prices, we expect the average NSR for our universe to increase by ~INR 4.5k/MT QoQ (+3.4k/MT YoY). We build in 5-8% QoQ NSR growth for our coverage companies. Despite factoring in CoP rise (higher coking coal and iron ore prices), we expect the average margin to expand by ~INR 1.1k/MT both QoQ and YoY.
- **Steel tubes Q1FY27 outlook**: APL Apollo Tubes (APAT) has reported 6/20% YoY/QoQ volume decline in Q1FY27, impacted by rising steel prices and lower QoQ offtake (down 48%) from the UAE plant. Its roofing product segment recorded 5% QoQ growth. However, we expect APAT's margin to remain strong and flattish QoQ at ~INR 5.5k/MT on continued focus on VAP and pricing gain. We estimate APAT will deliver 3%/11%/13% YoY revenue/EBITDA/APAT growth in Q1FY27.
- **Maintain positive outlook for the Indian steel sector:** Steel demand remains healthy, which should accelerate volume offtake for our coverage universe. Even steel prices should continue to remain buoyant and drive margin recovery. We maintain our earnings estimates, target prices, and ratings. We retain BUY on Tata Steel, JSW Steel, and Jindal Steel, and ADD on APAT and SAIL.

COMPANY	RATING	TP (INR/sh)
Tata Steel	BUY	250
JSW Steel	BUY	1,370
Jindal Steel	BUY	1,210
Steel Authority of India (SAIL)	ADD	190
Apollo Tubes	ADD	2,070

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Q1FY27E consolidated estimates

Y/E March (INR mn)	Net sales (INR bn)			EBITDA (INR bn)			EBITDA Margin (%)			Adj. PAT (INR bn)		
	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)
Tata Steel	563.83	6.0	(10.9)	91.90	23.7	(6.5)	16.3	2.3	0.8	26.93	23.7	(15.3)
JSW Steel	440.63	2.1	(13.3)	78.41	3.5	(5.2)	17.8	0.2	1.5	27.39	25.4	(21.0)
Jindal Steel	149.88	21.9	(7.6)	28.97	(3.6)	(1.4)	19.3	(5.1)	1.2	11.22	(24.9)	(32.3)
SAIL*	254.58	(1.8)	(17.4)	31.36	13.5	(28.8)	12.3	1.7	(2.0)	9.27	35.3	(51.9)
APL Apollo Tubes	53.00	2.5	(15.5)	4.11	10.5	(19.6)	7.8	0.6	(0.4)	2.68	13.1	(24.3)

Source: Company, HSIE Research, * Standalone financials.

Q1FY27E consolidated operational estimates

Y/E March	Sales volume (mn MT)			NSR (INR/MT)			EBITDA (INR/MT) *			Opex (INR/MT)		
	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY	QoQ	Jun-26E	YoY (%)	QoQ (%)
Tata Steel	7.3	2.0	(16.7)	77,637	3.9	7.0	12,654	2,222	1,383	64,983	1.1	6.0
JSW Steel	6.5	(3.0)	(18.6)	67,901	5.3	6.5	12,084	759	1,710	55,817	5.0	4.6
Jindal Steel	2.2	18.0	(14.4)	66,853	3.3	8.0	12,920	(2,899)	1,702	53,933	10.3	6.4
SAIL*	4.2	(8.0)	(21.3)	60,816	6.8	5.0	7,493	1,417	(789)	53,323	4.8	7.4
APL Apollo Tubes	0.74	(6.2)	(19.5)	71,156	9.3	5.0	5,519	835	(6)	65,637	8.7	5.5

Source: Company, HSIE Research, * Standalone financials, * EBITDA/MT changes are in INR/MT

Annual operating and valuation snapshot

	Sales vol (mn MT)			Revenue (INR bn)			EBITDA (INR bn)			APAT (INR bn)			CAGR (FY26-28E) %		
	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	Sales vol	Rev	EBITDA
Tata Steel	32.0	33.9	35.6	2,321.40	2,559.11	2,687.07	343.52	418.14	474.88	115.68	146.63	183.54	*5.5*	*7.6*	*17.6*
JSW Steel	26.5	28.4	31.0	1,851.04	1,883.62	2,073.68	294.55	333.01	395.11	98.10	108.73	143.44	*2.3*	*5.8*	*15.8*
Jindal Steel	8.7	10.9	13.0	534.55	718.30	861.96	96.60	130.98	174.24	40.21	54.65	82.92	*22.5*	*27.0*	*34.3*
SAIL*	19.9	21.1	22.1	1,108.10	1,228.29	1,281.52	119.95	152.26	159.96	37.35	51.34	58.31	*5.4*	*7.5*	*15.5*
APAT	3.5	3.9	4.5	230.79	273.48	312.16	18.02	20.19	23.32	12.03	13.83	16.45	*14.0*	*16.3*	*13.8*

Source: Company, HSIE Research; * Standalone financials

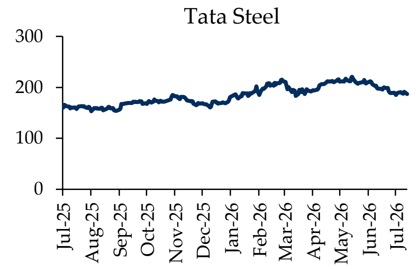
	OPM (%)			EBITDA (INR/MT)			*RoCE (pre-tax) %*			*RoE (%)*			Net Debt/EBITDA (x)		
	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Tata Steel	*14.8*	*16.3*	*17.7*	10,745	12,339	13,346	*11.0*	*13.2*	*15.0*	*11.9*	*13.7*	*15.9*	2.4	1.9	1.6
JSW Steel	*15.9*	*17.7*	*19.1*	9,941	11,707	12,743	*10.2*	*10.8*	*12.4*	*10.5*	*9.9*	*12.0*	2.0	1.8	1.5
Jindal Steel	*18.1*	*18.2*	*20.2*	11,129	12,072	13,382	*8.8*	*11.5*	*15.0*	*8.1*	*10.0*	*13.6*	1.7	1.3	0.8
SAIL*	*10.8*	*12.4*	*12.5*	6,018	7,216	7,230	*6.8*	*8.8*	*9.2*	*6.6*	*8.5*	*9.1*	2.6	2.0	2.4
APAT	*7.8*	*7.4*	*7.5*	5,161	5,164	5,142	*29.7*	*29.8*	*30.2*	*25.3*	*24.1*	*24.4*	(0.9)	(0.8)	(1.0)

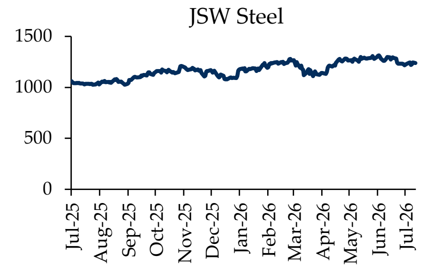
Source: Company, HSIE Research; * Standalone financials

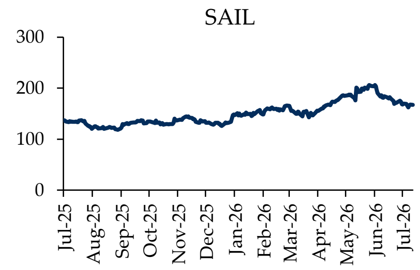
	MCap INR bn	CMP INR/Sh	Old TP INR/sh	New TP INR/ sh	Rating	Target Multiple ^ (x)	EV/EBITDA (x)			P/B (x)			P/E (x)		
							FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Tata Steel	2,123	185	250	250	BUY	7.5	8.2	7.0	5.9	2.0	2.1	1.9	20.3	16.0	12.8
JSW Steel	2,699	1,227	1,370	1,370	BUY	8.5	10.9	10.7	8.9	2.6	2.7	2.4	31.1	28.1	21.3
Jindal Steel	1,041	1,043	1,210	1,210	BUY	6.5	12.1	9.0	6.5	2.0	1.8	1.6	26.3	19.4	12.8
SAIL*	556	165	190	190	ADD	6.0	6.8	5.9	5.6	1.0	1.1	1.0	18.4	13.4	11.8
APAT	499	1,817	2,070	2,070	ADD	35.0**	26.8	24.2	20.7	9.4	8.2	7.0	41.5	36.6	30.8

Source: Company, HSIE Research; * Standalone financials; ^ Target multiples are EV/EBITDA based on Mar-28E. **APAT valued at 35x FY28E adj EPS. CMP as on July 15, 2026

Price history







Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:
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