

Metals

Robust volume growth; prices firming up

- While domestic demand growth moderated, India turned net exporter in Q3FY26:** In Q3FY26, finished steel consumption moderated slightly to 6.5% YoY, compared with ~8.4% in H1FY26. October and November witnessed lower growth of ~4.5% YoY each, but demand firmed up in December 2025 to ~10%, as per the Ministry of Steel. Consumption remained flattish on a QoQ basis. On the positive side, the safeguard duty contributed to a sharp decline in imports, while exports strengthened. As a result, India turned a net exporter of steel in Q3/9MFY26, compared with being a net importer through FY24 and H1FY26.
- Domestic steel prices continued to fall in Q3FY26:** Both domestic HRC (flats) and rebar (longs) prices corrected further. HRC prices cooled off 4.5% QoQ (INR 2.3k/MT) and 1% YoY (INR 0.5k/MT). Rebar prices, which had already fallen 13% QoQ in Q2, declined another 1.6% QoQ (INR 0.8k/MT). On a YoY basis, rebar prices slumped 12% (INR 6.5k/MT). Prices were weak through October and November 2025 but have been recovering since December 2025. HRC prices rebounded by INR 2.2k/MT in December and by another INR 3.8k/MT in January 2026. Similarly, rebar prices increased by INR 2.7k/MT and INR 4.8k/MT, respectively, during the same period. This recovery is driven by the extension of the 12% safeguard duty, lower imports, and a pick-up in domestic demand. Mid-January prices for both flats and longs are up ~10% and 14%, respectively, relative to their Q3 averages—implying a healthy outlook for Q4FY26 if prices remain stable.
- Coverage performance:** Tata Steel reported robust 14% YoY domestic volume growth, driven by the Kalinganagar and Jamshedpur ramp-up. SAIL's 18% growth was supported by traded sales of NMDC Steel. JSW Steel also delivered 12% growth, despite BF3 at Vijayanagar being under maintenance. We estimate Jindal Steel to report a strong 15% growth in Q3, driven by higher production. As a result, aggregate sales volume for our coverage universe should grow ahead of the industry at +5% QoQ / +12% YoY. In addition to weak pricing, margins will be impacted by higher coking coal costs, which are expected to rise ~USD 3–5/MT QoQ. We estimate average NSR for our universe to decline ~2.5% QoQ, leading to an average margin compression of ~INR 1k/MT QoQ and an aggregate EBITDA decline of ~6% QoQ. On a YoY basis, despite a marginal decline in NSR (-0.5%), higher utilisation levels should support a modest margin uptick (+INR 0.8k/MT). Overall, we expect aggregate volume/EBITDA to grow 12%/23% YoY, respectively.
- Maintain positive outlook for the Indian steel sector :** With the recent uptick in steel demand and the sharp improvement in steel prices, sector profitability should strengthen meaningfully. We therefore remain positive on the sector. We maintain our earnings estimates and ratings for our coverage universe. We roll forward valuations to Mar'28E from Sep'27E earlier, leading to upward revisions in target prices. We retain BUY ratings on Tata Steel, JSW Steel and Jindal Steel, and ADD ratings on SAIL.

COMPANY	RATING	TP (INR/sh)
Tata Steel	BUY	215
JSW Steel	BUY	1,180
Jindal Steel	BUY	1,120
Steel Authority of India (SAIL)	ADD	150

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Q3FY26E consolidated estimates

Y/E March (INR mn)	Net sales (INR bn)			EBITDA (INR bn)			EBITDA Margin (%)			Adj. PAT (INR bn)		
	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)
Tata Steel	599.88	11.8	2.2	83.61	41.6	(6.0)	13.9	2.9	(1.2)	27.16	544.8	(20.5)
JSW Steel	448.43	8.4	(0.7)	68.35	22.5	(3.9)	15.2	1.8	(0.5)	13.42	63.6	(17.3)
Jindal Steel	130.13	10.7	11.4	17.58	(19.5)	(15.5)	13.5	(5.1)	(4.3)	5.35	(43.7)	(16.2)
SAIL*	279.76	14.2	4.8	23.49	16.0	(7.0)	8.4	0.1	(1.1)	4.66	379.2	(31.5)
Aggregate	1458.19	11.1	2.5	193.02	23.0	(6.4)	13.2	1.3	(1.3)	50.59	121.0	(20.4)

Source: Company, HSIE Research, * Standalone financials.

Q3FY26E consolidated operational estimates

Y/E March	Sales volume (mn MT)			NSR (INR/MT)			EBITDA (INR/MT) *			Opex (INR/MT)		
	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY	QoQ	Dec-25E	YoY (%)	QoQ (%)
Tata Steel	8.3	6.9	4.3	72,712	4.6	(2.0)	10,134	2,487	(1,113)	62,578	1.2	(0.6)
JSW Steel	7.5	12.0	2.4	59,670	(3.2)	(3.0)	9,095	780	(599)	50,575	(5.2)	(2.4)
Jindal Steel	2.2	15.0	16.8	59,554	(3.7)	(4.7)	8,045	(3,449)	(3,084)	51,510	2.3	0.3
SAIL*	5.3	18.0	6.9	53,277	(3.2)	(2.0)	4,473	(78)	(669)	48,805	(3.3)	(0.8)
Aggregate	23.2	11.7	5.3	62,850	(0.5)	(2.6)	8,320	768	(1,039)	54,530	(2.0)	(1.2)

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 (FY25-28E) %		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	Sales vol	Rev	EBITDA
Tata Steel	32.5	34.1	35.8	2,402.55	2,522.67	2,648.81	360.88	431.31	479.20	132.18	164.34	195.41	5.0	6.6	23.7
JSW Steel	26.5	32.6	35.5	1,850.48	2,077.53	2,309.80	316.59	385.38	436.56	86.64	125.83	151.13	10.3	11.0	24.0
Jindal Steel	8.4	10.5	12.6	542.14	684.45	829.56	109.83	150.64	196.76	44.55	70.19	100.82	16.3	18.3	27.5
SAIL*	19.9	21.0	22.1	1,112.13	1,171.76	1,234.77	113.02	128.73	145.27	29.65	41.48	55.64	7.3	6.4	11.0


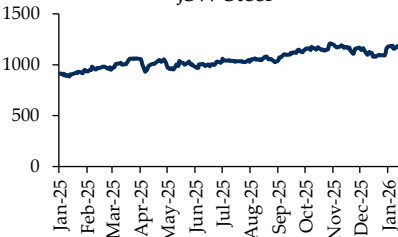
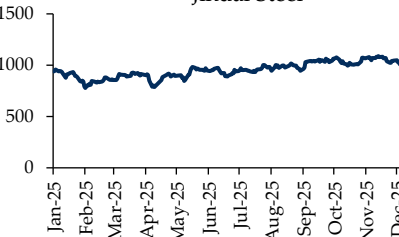
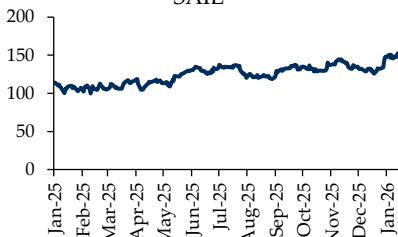
Source: Company, HSIE Research; * Standalone financials

	OPM (%)			EBITDA (INR/MT)			RoCE (pre-tax) %			RoE (%)			Net Debt/EBITDA (x)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Tata Steel	15.0	17.1	18.1	11,101	12,636	13,371	12.2	14.7	16.1	14.0	16.2	17.8	2.3	1.9	1.6
JSW Steel	17.1	18.5	18.9	10,592	11,829	12,294	11.4	13.9	14.9	10.2	13.4	14.3	2.5	2.1	1.8
Jindal Steel	20.3	22.0	23.7	13,125	14,401	15,675	10.6	14.3	17.8	9.0	12.8	16.0	1.4	0.9	0.5
SAIL*	10.2	11.0	11.8	5,674	6,134	6,569	6.2	7.6	9.2	5.2	7.0	8.8	2.8	2.1	1.6

Source: Company, HSIE Research; * Standalone financials

	Mcap		Old TP	New TP	Upside	Rating	Target Multiple ^	EV/EBITDA (x)			P/B (x)			P/E (x)		
	INR bn	CMP INR/Sh						FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Tata Steel	1,920	183	200	215	17.3	BUY	6.5	8.2	6.7	5.9	2.4	2.2	2.1	17.8	14.3	12.0
JSW Steel	2,880	1,159	1180	1,180	1.8	BUY	8.0	11.3	9.3	8.2	3.2	2.9	2.6	33.3	22.9	19.1
Jindal Steel	966	1,036	1120	1,120	8.1	BUY	6.5	10.6	7.6	5.6	2.1	1.9	1.6	24.0	15.2	10.6
SAIL*	541	145	135	150	3.5	ADD	5.5	8.0	6.6	5.6	1.1	1.0	1.0	20.9	14.9	11.1

Source: Company, HSIE Research; * Standalone financials; ^ Target multiples are EV/EBITDA based on Mar-28E. CMP as on Jan 20, 2026

Price history		
<div><p>Tata Steel</p></div>	<div><p>JSW Steel</p></div>	<div><p>Jindal Steel</p></div>
<div><p>SAIL</p></div>	<div><p>Rating Criteria</p><p>BUY: >+15% return potential</p><p>ADD: +5% to +15% return potential</p><p>REDUCE: -10% to +5% return potential</p><p>SELL: > 10% Downside return potential</p></div>	

Disclosure:

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