Metals

Steel price recovery to drive margin uptick

- **Domestic demand rebounded; net exports sustained**: Finished steel consumption rose 10% YoY in Q4FY26, taking FY26 growth to 8% YoY, as per the ministry of steel. A healthy pick-up in infrastructure demand supported quarterly momentum. India returned to being a net exporter of steel in H2FY26, after being a net importer through FY24 and H1FY26.

- **Strong rebound in steel prices:** Both domestic HRC (flats) and rebar (longs) witnessed a sharp increase from December 2025, with the uptrend continuing through Q4FY26. HRC prices rose 14% QoQ (+11% YoY), while rebar prices increased 21% QoQ (+8% YoY), supported by robust infrastructure-led demand. As of April, HRC prices are a further 10/15% higher QoQ/YoY and rebar prices are 6/9% higher QoQ/YoY, indicating continued pricing support for domestic producers. Coking coal prices increased 17% QoQ in Q4FY26, offsetting a large portion of the steel price gains. While coking coal prices are stable QoQ in Q1FY27, they remain ~25% higher YoY. We expect coking coal consumption cost to increase by USD 15–20/MT QoQ (~INR 1,300/MT of steel). Iron ore price increases should add another ~INR 150/MT of steel in Q4FY26.

- **Coverage performance:** For our coverage universe, we estimate aggregate volume to increase 6% YoY. We have also built in average NSR to rise 5/5% QoQ/YoY and this should more than offset the increase in coking coal and iron ore price inflation. Thus, we estimate average unit EBITDA to increase by ~INR 1800/MT QoQ (+1650 YoY). We expect Jindal Steel's volume growth to remain strong at ~20% YoY, driven by higher production. Even Tata Steel's domestic volume has been robust at11% YoY (Kalinganagar ramp-up). JSW Steel's volume growth slowed to 5% YoY, owing to BF3 shutdown at Vijayanagar. SAIL's growth should moderate to 4% YoY on account of expected lower contribution of traded sales of NMDC Steel. Aided by strong pricing gain, unit EBITDA should recover between INR 1,200-2,400/MT QoQ for our coverage companies.

- **Steel tubes Q4FY26 outlook**: APL Apollo Tubes (APAT) delivered 9% YoY volume growth in Q4FY26, lower than the ~20% YoY growth indicated earlier by management. GCC-related geopolitical disruptions from March 2026 impacted sales in the region, alongside gas-supply disruption and a temporary slowdown in domestic construction activity. We estimate APAT to deliver 11%/20%/10% YoY revenue/EBITDA/APAT growth in Q4FY26.

- **Maintain positive outlook for the Indian steel sector:** Continued healthy steel demand should support absorption of recent price increases, helping expand gross margins even after factoring in higher coking coal and iron ore costs. We remain positive on the sector and have marginally reduced EBITDA estimates to reflect lower-than-expected margin expansion in Q4FY26. We retain BUY ratings on Tata Steel, JSW Steel, and Jindal Steel, and ADD ratings on APAT and SAIL.

COMPANY	RATING	TP (INR/sh)
Tata Steel	BUY	208
JSW Steel	BUY	1,240
Jindal Steel	BUY	1,160
Steel Authority of India (SAIL)	ADD	150
Apollo Tubes	ADD	2,070

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Q4FY26E consolidated estimates

Y/E March (INR mn)	Net sales (INR bn)			EBITDA (INR bn)			EBITDA Margin (%)			Adj. PAT (INR bn)		
	Mar-26E	YoY (%)	QoQ (%)	Mar-26E	YoY (%)	QoQ (%)	Mar-26E	YoY (%)	QoQ (%)	Mar-26E	YoY (%)	QoQ (%)
Tata Steel	628.75	11.8	10.3	97.24	48.2	18.6	15.5	3.8	1.1	34.89	119.1	24.9
JSW Steel	501.83	12.0	9.1	82.49	29.3	27.0	16.4	2.2	2.3	24.58	58.9	(3.1)
Jindal Steel	154.89	17.5	18.9	24.08	(3.8)	47.4	15.5	(3.4)	3.0	7.73	(27.3)	234.2
SAIL*	314.37	7.2	14.9	38.01	9.2	65.4	12.1	0.2	3.7	15.47	28.1	250.2
APL Apollo Tubes	60.91	10.6	4.7	4.95	19.6	4.8	8.1	0.6	0.0	3.22	9.9	3.9

Source: Company, HSIE Research, * Standalone financials.

Q4FY26E consolidated operational estimates

Y/E March	Sales volume (mn MT)			NSR (INR/MT)			EBITDA (INR/MT) *			Opex (INR/MT)		
	Mar-26E	YoY (%)	QoQ (%)	Mar-26E	YoY (%)	QoQ (%)	Mar-26E	YoY	QoQ	Mar-26E	YoY (%)	QoQ (%)
Tata Steel	8.8	5.3	6.1	71,858	6.2	4.0	11,113	3,220	1,174	60,744	1.7	2.7
JSW Steel	7.9	5.0	2.9	63,810	6.6	6.0	10,489	1,974	1,987	53,320	3.9	3.1
Jindal Steel	2.6	20.0	12.2	60,562	(2.1)	6.0	9,415	(2,323)	2,250	51,147	2.1	2.4
SAIL*	5.5	3.7	7.3	56,869	3.4	7.0	6,876	346	2,414	49,992	3.1	2.7
APL Apollo Tubes	0.86	12.7	7.6	63,484	(3.1)	4.3	5,151	982	(78)	58,333	(4.9)	4.8

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	32.4	34.0	35.7	2,352.28	2,469.90	2,619.33	343.14	386.89	457.53	119.70	132.85	178.35	4.8	6.2	21.8
JSW Steel	26.5	32.3	35.2	1,853.01	2,090.48	2,301.40	297.37	375.10	443.93	89.45	125.39	162.48	10.0	10.9	24.7
Jindal Steel	8.6	10.8	12.9	525.15	656.43	795.60	91.30	129.58	179.08	32.31	54.06	86.57	17.4	16.6	23.6
SAIL*	20.1	21.4	22.5	1,117.42	1,210.88	1,281.54	114.08	134.66	148.69	33.80	38.58	45.49	7.9	7.7	11.8
APAT	3.5	4.0	4.6	223.91	261.88	298.15	17.64	19.16	23.10	11.61	13.18	16.43	13.0	13.0	24.4

Source: Company, HSIE Research; * Standalone financials

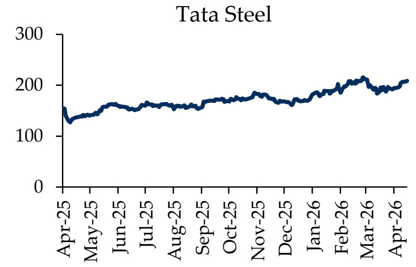
	OPM (%)			EBITDA (INR/MT)			RoCE (pre-tax) %			RoE (%)			Net Debt/EBITDA (x)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Tata Steel	14.6	15.7	17.5	10,606	11,389	12,827	11.2	12.6	15.1	12.7	13.3	16.7	2.4	2.1	1.6
JSW Steel	16.0	17.9	19.3	10,038	11,616	12,613	10.9	13.9	15.7	10.5	13.3	15.3	2.5	2.1	1.6
Jindal Steel	17.4	19.7	22.5	10,607	12,043	13,870	8.0	11.7	16.1	6.6	10.2	14.5	1.9	1.4	0.9
SAIL*	10.2	11.1	11.6	5,671	6,301	6,607	6.2	7.2	7.9	6.0	6.5	7.3	2.8	2.2	1.8
APAT	7.9	7.3	7.7	5,032	4,835	5,070	30.2	29.4	30.9	25.0	23.8	25.0	(0.4)	(0.6)	(0.9)

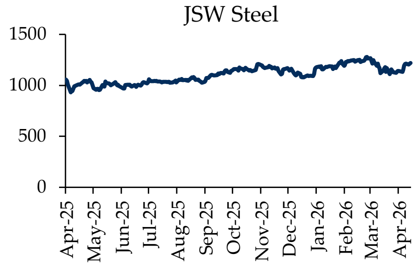
Source: Company, HSIE Research; * Standalone financials

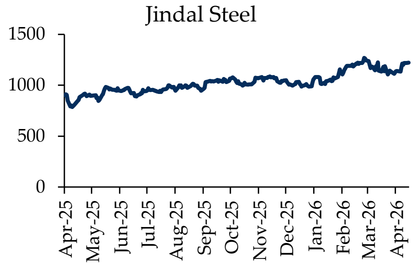
	MCap INR bn	CMP INR/Sh	Old TP INR/sh	New TP INR/sh	Rating	Target Multiple ^ (x)	EV/EBITDA (x)			P/B (x)			P/E (x)		
							FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Tata Steel	2,123	210	220	208	BUY	6.5	8.0	8.0	6.5	2.2	2.5	2.3	21.8	19.6	14.6
JSW Steel	2,934	1,221	1,290	1,240	BUY	8.0	12.1	9.6	8.0	3.3	2.9	2.6	33.2	23.7	18.3
Jindal Steel	1,233	1,237	1,260	1,160	BUY	6.5	14.6	10.3	7.3	2.4	2.2	1.9	38.2	22.9	14.3
SAIL*	694	169	150	150	ADD	5.5	8.4	6.8	6.1	1.2	1.1	1.1	20.4	17.9	15.2
APAT	529	2,040	2,070	2,070	ADD	35.0**	29.4	26.8	22.0	10.4	8.8	7.4	45.6	40.2	32.2

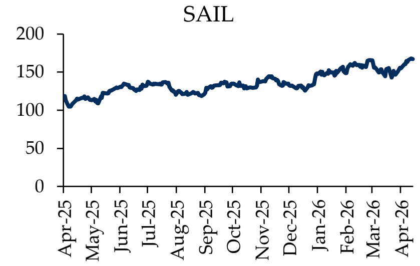
Source: Company, HSIE Research; * Standalone financials; ^ Target multiples are EV/EBITDA based on Mar-28E. **APAT valued at 35x FY28E adj EPS. CMP as on April 15, 2026

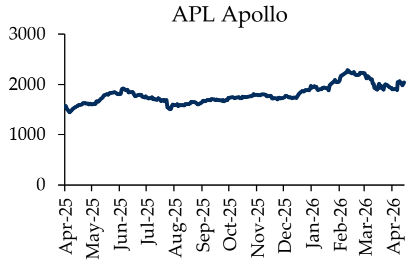
1 Yr Price history











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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