

Set for good revenue and operational gains

- Demand momentum to continue; costs (coking coal) to benefit
- Positive pricing growth YoY and lower costs YoY likely to improve operational performance
- QoQ performance likely to be impacted by marginal price decline

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Overall sector performance: likely to show good steel volumes growth performance during Q2FY26E, with growth estimated to be 7-8%YoY. Pricing was positive on YoY basis aided by 12% safeguard duty in place. Costs remained stable to downward bias with companies benefitting from captive mine usage and decline in coking coal cost. Overall operational performance is likely to improve YoY. Overall, our coverage universe of 4 companies is likely to show revenue growth of 5.8%YoY and EBITDA growth of 20.5%YoY. However, QoQ operational performance will be lower with EBITDA decrease of 5.6% for the universe.

Pricing environment: Price of HRC steel for Q2FY26E averaged Rs50,500/tonne, up from Rs49,800/t in Q2FY25 and down from Rs53,300/t in Q1FY26 QoQ.

Tata Steel: Likely to see revenue growth of +2.8%YoY and +5.1%QoQ, driven by pricing growth. India volumes will likely be higher QoQ, as Q1FY26 had shutdown for some days at Kalinganagar and Neelanchal Ispat Nigam (NINL). India EBITDA/t is likely to be higher on YoY at Rs14,387 vs Rs12,109 in Q2FY25, due to cost benefit. Europe to see + EBITDA/t at USD16 vs negative USD75 in Q2FY25.

Jindal Steel: Likely to see revenue growth of 8.2%YoY and EBITDA growth of 14.2%YoY. This will be driven by India volume growth of 3.2%YoY. Operational performance is likely to improve by 14.2%YoY due to pricing growth and usage of captive mine and lower coking coal costs.

JSW Steel: Likely to see revenue growth of 12.4%YoY and EBITDA growth of 30.7%YoY likely, due to volume growth of 16.6%YoY. EBITDA/t should improve given the cost decline from captive usage.

SAIL: Likely to witness revenue growth of 0.9%YoY and EBITDA decline of 20.8%YoY. Volume growth of 8.6%YoY is offset by price decline on YoY.

We maintain BUY on Tata Steel & Jindal Steel; HOLD on JSW Steel and SELL on SAIL.



Fig 1 – BOBCAPS Steel universe: Q2FY26E Preview

| Y/E March | Net Sales (Rs mn) | | | EBITDA (Rs mn) | | | PAT (Rs mn) | | |
|--------------|-------------------|------------|------------|----------------|-------------|--------------|---------------|--------------|--------------|
| | Q2FY26E | YoY (%) | QoQ (%) | Q2FY26E | YoY (%) | QoQ (%) | Q2FY26E | YoY (%) | QoQ (%) |
| Tata Steel | 554,234 | 2.8 | 5.1 | 76,989 | 34.1 | (1.4) | 28,266 | 239.2 | 36.0 |
| Jindal Steel | 121,288 | 8.2 | (1.3) | 25,134 | 14.2 | (16.4) | 10,741 | 24.8 | (28.1) |
| JSW Steel | 439,611 | 12.4 | 3.5 | 71,042 | 30.7 | (6.2) | 18,127 | 348.7 | (17.0) |
| SAIL | 249,071 | 0.9 | (3.9) | 23,073 | (20.8) | (16.7) | 5,160 | (42.5) | (30.7) |
| Total | 1,364,204 | 5.8 | 2.2 | 196,237 | 20.5 | (5.6) | 62,293 | 108.0 | (4.2) |

Source: BOBCAPS Research

Fig 2 – TATA Steel

| Particulars | Q2FY26E | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | Comments |
|---------------------------|---------|---------|---------|---------|---------|--|
| Standalone volumes (mn t) | 5.0 | 5.1 | (1.4) | 4.8 | 6.1 | |
| Standalone EBITDA/t (Rs) | 14,387 | 12,109 | 18.8 | 14,987 | (4.0) | Revenue growth of 2.8% is likely to be driven by pricing growth in India and Europe business. |
| Europe volumes (mn t) | 2.1 | 2.1 | (0.5) | 2.1 | 1.0 | |
| Europe EBITDA/t (USD) | 16.0 | (75.0) | (121.3) | 8.1 | 98.3 | EBITDA growth of 34.1%YoY is likely to come on account of cost benefit in India and Europe businesses. Expect Europe EBITDA/t at USD16 vs loss of USD75 in Q2FY25. |
| Revenue (Rs mn) | 554,234 | 539,047 | 2.8 | 527,441 | 5.1 | |
| EBITDA (Rs mn) | 76,989 | 57,413 | 34.1 | 74,275 | 3.7 | |
| EBITDA margin (%) | 13.9 | 10.7 | 30.4 | 14.1 | (1.4) | |
| PAT (Rs mn) | 28,266 | 8,334 | 239.2 | 20,777 | 36.0 | |

Source: BOBCAPS Research

Fig 3 – Jindal Steel

| Particulars | Q2FY26E | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | Comments |
|---------------------------|---------|---------|---------|---------|---------|---|
| Standalone volumes (mn t) | 1.91 | 1.85 | 3.2 | 1.90 | 0.5 | |
| Standalone EBITDA/t (Rs) | 13,133 | 10,486 | 25.2 | 15,033 | (12.6) | Revenue growth of 8.2% and EBITDA growth of 14.2%YoY will likely be driven by volume growth and pricing growth. |
| Revenue (Rs mn) | 121,288 | 112,133 | 8.2 | 122,945 | (1.3) | |
| EBITDA (Rs mn) | 25,134 | 22,003 | 14.2 | 30,056 | (16.4) | QoQ revenue and EBITDA declined due to price decline of Rs1,500/t. |
| EBITDA margin (%) | 20.7 | 19.6 | 5.6 | 24.4 | (15.2) | |
| PAT (Rs mn) | 10,741 | 8,609 | 24.8 | 14,940 | (28.1) | |

Source: BOBCAPS Research

Fig 4 – JSW Steel

| Particulars | Q2FY26E | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | Comments |
|---------------------------|---------|---------|---------|---------|---------|---|
| Standalone volumes (mn t) | 6.95 | 5.96 | 16.6 | 6.43 | 8.1 | |
| Standalone EBITDA/t (Rs) | 8,186 | 7,787 | 5.1 | 8,686 | (5.8) | Revenue growth of 12.4%YoY is primarily driven by strong volume growth of 16.6% on commissioned projects. |
| Revenue (Rs mn) | 439,611 | 391,040 | 12.4 | 424,600 | 3.5 | |
| EBITDA (Rs mn) | 71,042 | 54,370 | 30.7 | 75,760 | (6.2) | QoQ EBITDA got impacted due to price decline of Rs1,500/t. |
| EBITDA margin (%) | 16.2 | 13.9 | 16.2 | 17.8 | (9.4) | |
| PAT (Rs mn) | 18,127 | 4,040 | 348.7 | 21,840 | (17.0) | |

Source: BOBCAPS Research

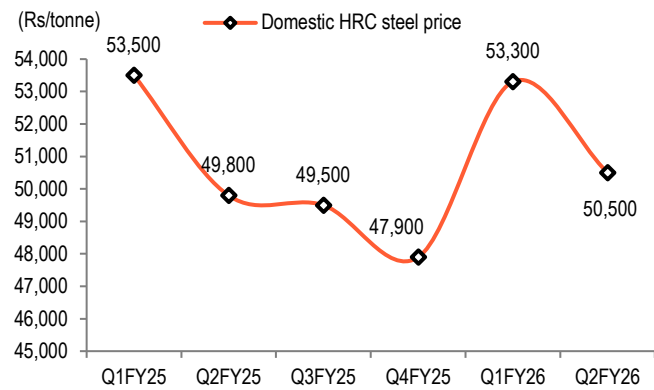
Fig 5 – SAIL

| Particulars | Q2FY26E | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | Comments |
|----------------------|---------|---------|---------|---------|---------|---|
| Sales volumes (mn t) | 4.5 | 4.1 | 8.6 | 4.6 | (2.2) | |
| EBITDA/t (Rs) | 5,176 | 7,090 | (27.0) | 6,076 | (14.8) | Volume growth is likely to be 8.6%YoY. Price decline is expected to impact EBITDA performance on YoY and QoQ basis. |
| Revenue (Rs mn) | 249,071 | 246,752 | 0.9 | 259,218 | (3.9) | |
| EBITDA (Rs mn) | 23,073 | 29,127 | (20.8) | 27,687 | (16.7) | QoQ revenue and EBITDA are likely to fall by price decline of Rs1,500/t. |
| EBITDA margin (%) | 9.3 | 11.8 | (21.5) | 10.7 | (13.3) | |
| PAT (Rs mn) | 5,160 | 8,972 | (42.5) | 7,446 | (30.7) | |

Source: BOBCAPS Research

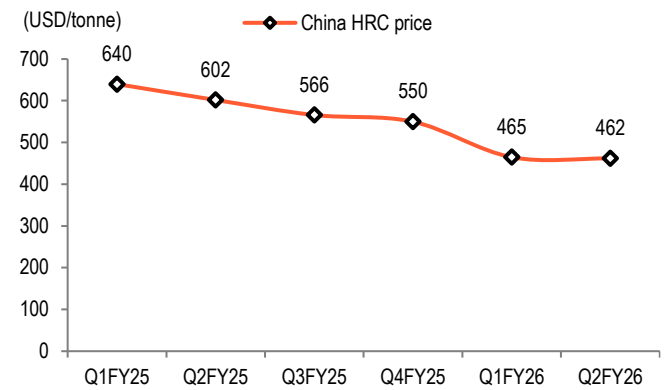
Industry Charts

Fig 6 – Domestic HRC steel price



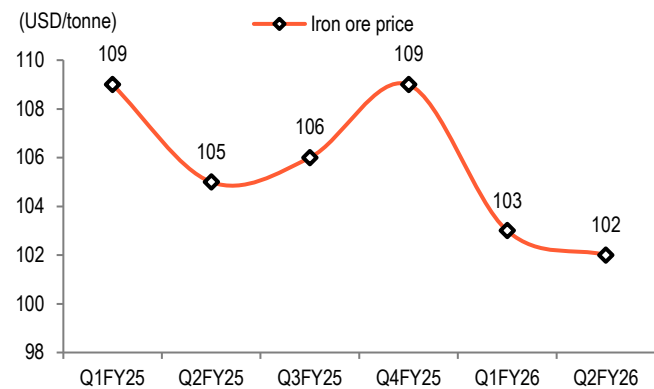
Source: Bloomberg

Fig 7 – China HRC price



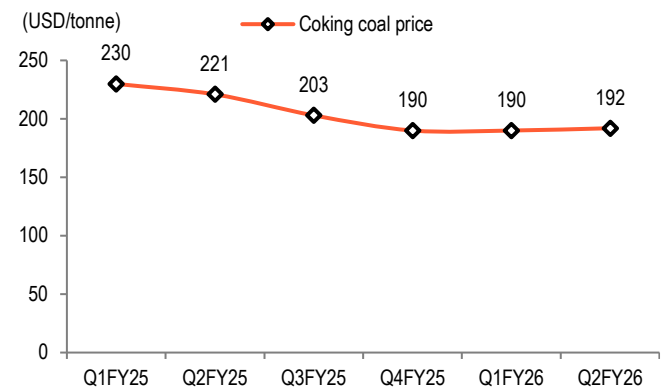
Source: Bloomberg

Fig 8 – Iron ore price



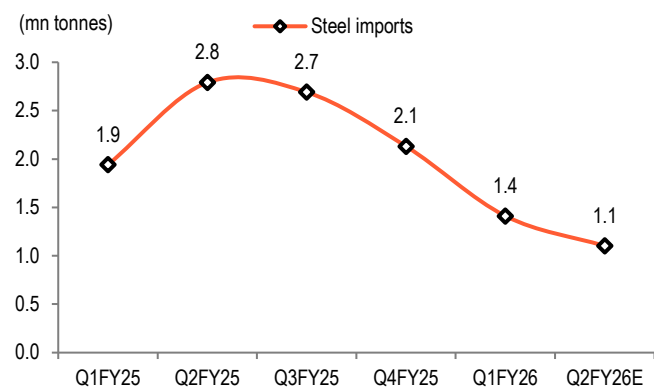
Source: Bloomberg

Fig 9 – Coking coal price



Source: Bloomberg

Fig 10 – Steel imports



Source: Bloomberg

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