METALS & MINING | Q3FY26 Review | 19 February 2026

Weak realisations impacted EBITDA/t, despite strong volume growth

- **Overall, Steel coverage universe delivered weaker-than-expected operational performance amid declining steel prices**
- **Jindal Steel led domestic growth at 20.0% YoY, followed by SAIL at 17.0%. Tata Steel and JSW Steel, too, posted healthy gains**
- **Post results, we downgrade JSW Steel to HOLD from BUY, maintain HOLD on Jindal Steel and Tata Steel; and reiterate SELL on SAIL**

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Healthy volume performance: Industry (Steel) reported 4.6% YoY volume growth in Q3FY26 v/s 9.0% YoY growth in previous Q2FY26. For 9MFY26, volumes rose 7.0% YoY to 120 mt on strong demand from the auto and construction sectors.

Among coverage steel companies, Jindal Steel reported strong volume growth of 20.0%, driven by a 3.0 MTPA capacity ramp-up commissioned in Q2FY26. Domestic industry market growth of 4.6% YoY was led by double-digit volume growth by listed players, while growth in the unorganised segment remained subdued due to the fall in steel prices impacting cost competitiveness.

Domestic pricing surprised negatively: Domestic steel pricing surprised negatively, with average realisations declining YoY and QoQ despite a sharp fall in imports (-(-42.4% YoY, -35.9% QoQ). Weak pricing weighed on EBITDA/tonne across companies that declined YoY and QoQ for all companies. However, prices have rebounded by Rs3,000–3,500/t since end-Dec'25 and are expected to remain firm in Q4, on the back of a seasonally strong construction demand.

EBITDA per tonne performance: Weak pricing had an impact on EBITDA per tonne YoY and QoQ. EBITDA/t was lower by 38%YoY for Jindal Steel, lower by 6% for JSW Steel (Standalone), lower by 10%YoY for Tata Steel standalone and 3% for SAIL. Cost for Jindal Steel was also impacted by a one-time start-up cost of Rs3,500mn related to the ramp-up of expanded capacity.

Management outlook: Outlook is positive in the near term for Q4FY26E, on a seasonally better period for construction activity and expects the price improvement to sustain till start of monsoon. Expects the industry demand to be around 7.0-9.0% for FY27E.

Improving steel outlook; prefer JSW Steel: Outlook has improved on price improvement and sustainability of demand. We prefer JSW Steel in our pack – with TP at Rs1,307 with reduced rating to HOLD from BUY, owing to improved stock performance.

Maintain HOLD on Jindal Steel with TP of Rs1,192 supported by an improving pricing outlook and ramp-up of recently commissioned capacity. Maintain HOLD on Tata Steel with a TP of Rs206, driven by better pricing trends in both India and Europe. Reiterate SELL on SAIL with a TP of Rs132, given the near-term capacity constraints, relatively higher cost structure, and potential balance sheet risks amid rising capex.

Fig 1 – BOBCAPS Steel universe – Q3FY26 review

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q3FY26	YoY (%)	QoQ (%)	Q3FY26	YoY (%)	QoQ (%)	Q3FY26	YoY (%)	QoQ (%)
Jindal Steel	130,266	10.9	11.5	16,337	(25.2)	(21.5)	2,450	(74.2)	(61.6)
Tata Steel	566,461	6.4	(2.7)	81,997	38.9	(7.8)	28,286	524.7	(19.7)
JSW Steel	452,190	10.8	1.5	64,960	16.4	(8.7)	26,680	225.4	64.4
SAIL	273,714	11.8	2.5	22,943	13.0	(9.3)	3,740	229.8	(50.6)
Total	**1,422,631**	**9.2**	**0.8**	**186,237**	**18.7**	**(9.7)**	**61,156**	**161.7**	**(6.5)**

Source: Company

Fig 2 – Volume growth

(Mn tonne)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ %)	Comments
Jindal Steel	2.3	1.9	20.0	1.9	21.9	▪ Jindal Steel volume growth was the highest by 20%YoY – helped by ramp-up in commissioned steel capacity of 3.0mnt in Q2FY26.
Tata Steel	8.2	7.7	6.3	7.9	3.8	▪ Tata Steel's overall growth was 6.3%YoY while standalone growth was better at 14.2%YoY.
JSW Steel	7.6	6.7	13.9	7.3	4.1	▪ JSW Steel growth of 13.9%YoY was driven by the ramp-up of Vijayanagar 5.0mnt asset.
SAIL	5.2	4.4	17.0	4.9	4.9	▪ SAIL growth of 17% was much better vs industry growth of 4.6%.
Average	**5.8**	**5.2**	**12.3**	**5.5**	**5.7**	

Source: Company

Fig 3 – EBITDA per tonne performance

(Rs/tonne)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ %)	Comments
Jindal Steel	7,165	11,494	(37.7)	11,129	(35.6)	▪ Fall in steel realisations YoY and QoQ were seen for all companies.
Tata Steel	12,800	14,179	(9.7)	14,681	(12.8)	▪ The decline for Jindal Steel owing to cost hike by a one-time start-up cost of Rs3,500mn related to the ramp-up of expanded capacity.
JSW Steel	8,503	8,314	2.3	9,693	(12.3)	▪ JSW Steel EBITDA/t performance with positive YoY growth due to lower decline in blended realisations relative to peers and improved value-added products. Standalone EBITDA/t was lower by 6.0%YoY
SAIL	4,463	4,602	(3.0)	5,144	(13.2)	

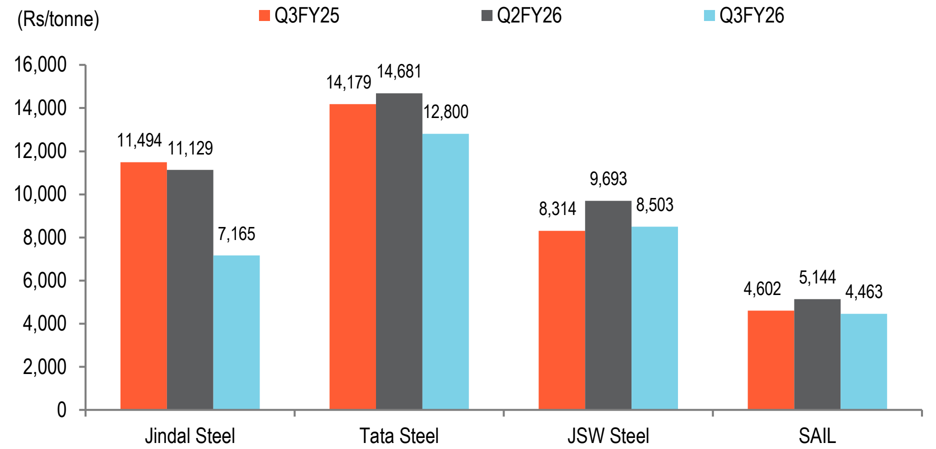
Source: Company

Fig 4 – Realisation per tonne performance

(Rs/tonne)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ %)	Comments
Jindal Steel	57,134	61,846	(7.6)	62,491	(8.6)	▪ Jindal Steel price decline of 7.6% was due to lower byproduct sales and an unfavourable product mix.
Tata Steel	58,310	61,070	(4.5)	61,673	(5.5)	
JSW Steel	59,187	60,794	(2.6)	60,708	(2.5)	▪ JSW Steel price performance reported lower decline in blended realisation relative to peers, owing to improved value-added products.
SAIL	53,148	55,658	(4.5)	54,387	(2.3)	
Average	56,945	59,842	(4.8)	59,815	(4.8)	

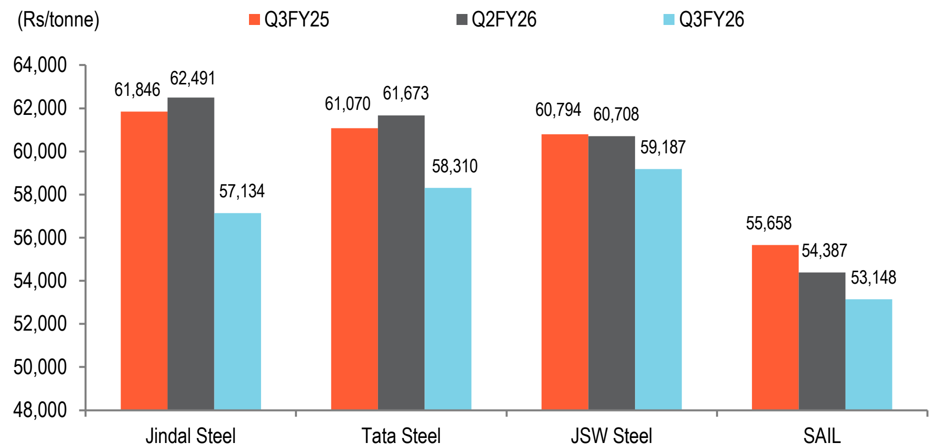
Source: Company

Fig 5 – EBITDA per tonne performance



Source: Company

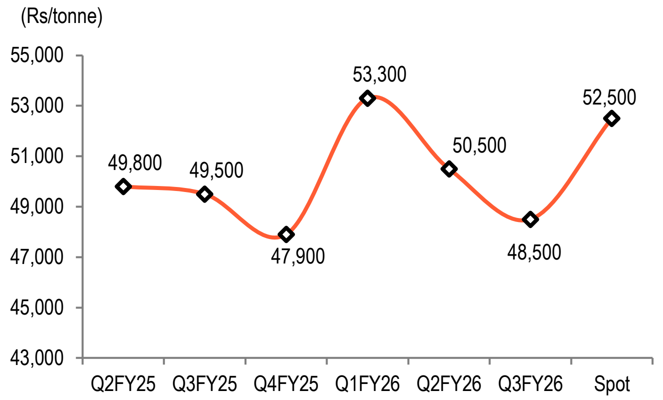
Fig 6 – Realisation per tonne performance



Source: Company

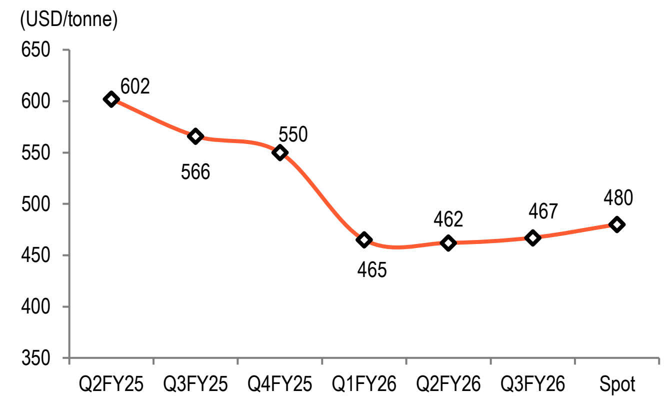
Industry charts

Fig 7 – Domestic HRC steel price



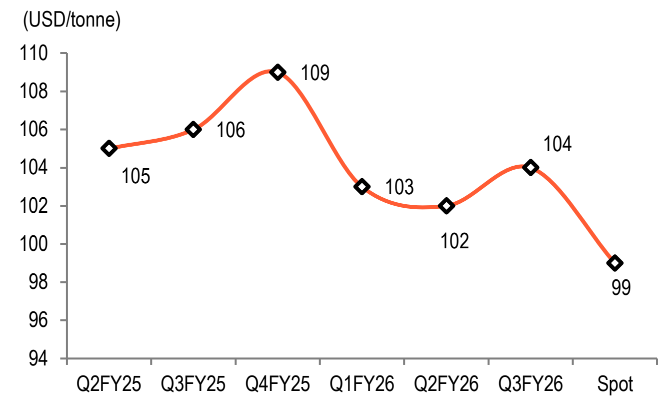
Source: , Bloomberg

Fig 8 – China HRC price



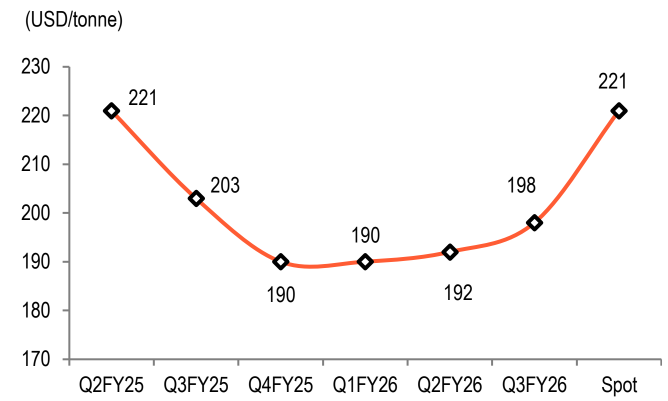
Source: , Bloomberg

Fig 9 – Iron ore price



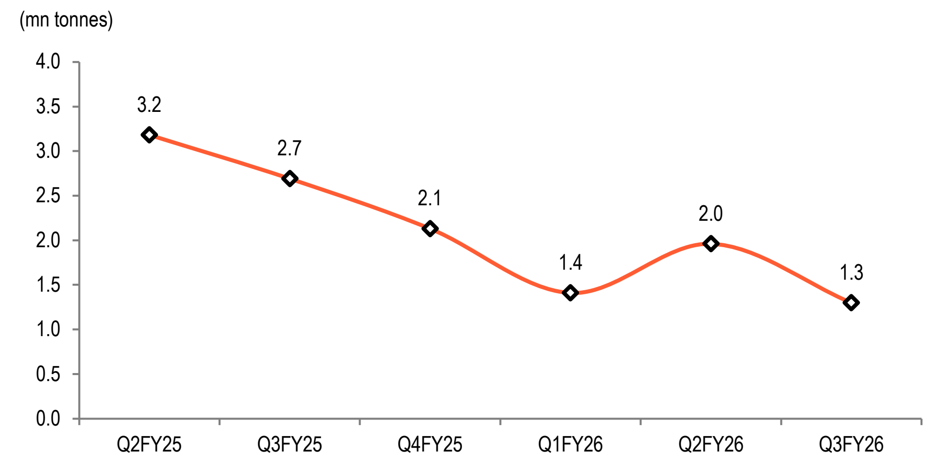
Source: Bloomberg

Fig 10 – Coking coal price



Source: Bloomberg

Fig 11 – Steel imports



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