

Higher Steel prices to drive profitability and support margins

- Demand momentum to continue with a likely 7.0-8.0%YoY growth, driven by strong demand from construction and auto sectors
- Steel pricing improved by 8.1%YoY and 6.7%QoQ. Costs went up to some extent owing to coking coal price
- Maintain BUY on Goodluck India; HOLD on JSW Steel, Jindal Steel, Tata Steel & Hindalco; and SELL on SAIL

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Overall sector performance: Sector will likely show good volumes growth performance during Q1FY27E, with growth estimated to be 7-8%YoY. Pricing improved, with an increase of 8.1%YoY and 6.7%QoQ, helped by strong demand; leading to price hike. Costs likely to increase up to some extent due to coking coal price hike from USD190/t in Q1FY26 to USD235/t in Q1FY27E. Overall, our coverage universe of 4 steel companies will likely show revenue growth of 8.9%YoY and EBITDA growth of 21.9%YoY.

Pricing environment: Price of HRC steel for Q1FY27E averaged Rs57,200/t; higher by Rs3,900 from Rs53,300/t in Q1FY26 and higher by Rs3,577 from Rs53,623/t in Q4FY26. QoQ increase is by 6.7%. Improvement is on the back of strong demand that led to industry players taking price hikes during this period.

JSW Steel: Likely to see revenue growth of 1.8%YoY and EBITDA growth of 9.1%YoY. Volumes are likely to decline by 2.2%YoY. Numbers are not directly comparable as Q1FY27E excludes Bhushan Power & Steel volumes and financials, following its transfer to a JV in March 2026. Adj for BPSL volumes, growth is likely ~15%. EBITDA benefited from improved pricing, partly offset by higher coking coal costs. Consequently, EBITDA/t increased 11.6% YoY to Rs12,633.

Jindal Steel: Likely to see revenue growth of 15.8%YoY to be driven by incremental volumes from expanded capacity. Volume growth estimated at 14.5%YoY. Volumes likely to have declined QoQ due to impact of maintenance shutdown during the quarter. Pricing to see growth of 1.1%YoY and 5.7%QoQ.

Tata Steel: Likely to see revenue growth of 12.5%YoY, driven by volume growth in India aided by a low base. Q1FY26 has low volumes owing to maintenance shutdown. EBITDA growth of 38.3%YoY is on account of improved India profitability. Europe volumes are likely to be lower, given the fire incident in the UK.



SAIL: We expect revenue growth of 9.7%YoY and EBITDA growth of 51.9%YoY. This will likely be driven by volume growth of 4.8%YoY, accompanied by price growth of 4.7%YoY. Cost increased marginally, owing to coking coal cost. There was a low base of EBITDA in Q1FY26 due to higher cost, thereby leading to a strong EBITDA performance,

Goodluck India: Likely to witness revenue growth of 15.6%YoY — primarily due to volume growth of 9.6%, aided by low base of last year. EBITDA is likely to benefit from topline growth. Defence subsidiary is expecting to see a revenue of Rs500mn with EBITDA margin of 30%, which will aid in incremental EBITDA and profitability.

Hindalco: We expect revenue growth of 24.0%, driven by the Standalone business (Al and Copper businesses). Novelis will likely witness 12% growth in revenue and EBITDA/t is likely to be at USD555 vs USD432 in Q1FY26. However, Novelis volumes to be lower YoY because of production disruption at the Oswego plant, which is on its way to normalisation. Overall EBITDA will likely be higher on account of higher EBITDA of Novelis business.

Maintain HOLD on JSW Steel with TP of Rs1,348; HOLD on Jindal Steel with TP of Rs1,297; HOLD on Tata Steel with TP of Rs223 and SELL on SAIL with TP of Rs178.

We maintain BUY on Goodluck India with TP of 1,706

Maintain HOLD on Hindalco with TP of Rs1,134.

Fig 1 – BOBCAPS Metal universe: Q1FY27E preview

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q1FY27E	YoY (%)	QoQ (%)	Q1FY27E	YoY (%)	QoQ (%)	Q1FY27E	YoY (%)	QoQ (%)
JSW Steel	432,453	1.8	(13.2)	82,674	9.1	(4.2)	25,241	15.6	(84.6)
Jindal Steel	142,329	15.8	(12.2)	25,536	(14.4)	(3.5)	11,427	(23.5)	9.4
Tata Steel	593,319	12.5	(5.4)	102,711	38.3	4.5	33,612	52.1	2.9
SAIL	284,476	9.7	(7.7)	42,069	51.9	(4.6)	17,570	136.0	(18.9)
Total	1,452,577	8.9	(8.9)	252,990	21.9	(0.9)	87,851	32.5	(61.5)
Goodluck India	11,246	15.6	4.3	1,073	16.3	(5.1)	461	14.8	(15.5)
Hindalco Industries	796,512	24.0	1.9	103,663	31.1	3.5	58,589	46.3	25.8

Source: Company, BOBCAPS Research

Fig 2 – JSW Steel

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Consol. Volumes (mn t)	6.5	6.7	(2.2)	8.0	(17.9)	Revenue is expected to grow 1.6% YoY, primarily on 4.1% YoY increase in pricing.
Consol. Realisation (Rs/t)	66,082	63,468	4.1	62,482	5.8	
Consol. EBITDA/t (Rs.)	12,633	11,324	11.6	10,833	16.6	Volumes are likely to decline by 2.2%YoY. Numbers are not directly comparable as Q1FY27E excludes Bhushan Power & Steel volumes and financials, following its transfer to a JV in March 2026. Adj for BPSL volumes, growth is likely ~15%.
Standalone Volumes (mn t)	5.34	5.26	1.6	5.78	(7.5)	
Standalone EBITDA/t (Rs)	11,651	10,618	9.7	9,651	20.7	
Revenue (Rs mn)	432,453	424,600	1.8	497,980	(13.2)	
EBITDA (Rs mn)	82,674	75,760	9.1	86,340	(4.2)	EBITDA benefited from improved pricing, partly offset by higher coking coal costs. Consequently, expected EBITDA/t to increase 13.2% YoY to Rs13,333.
EBITDA margin (%)	19.1	17.8	7.1	17.3	10.3	
PAT (Rs mn)	25,241	21,840	15.6	163,700	(84.6)	

Source: Company, BOBCAPS Research

Fig 3 – Jindal Steel

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Sales volumes (mn t)	2.17	1.90	14.5	2.62	(17.0)	
Realisation (Rs/t)	65,450	64,708	1.1	61,900	5.7	Revenue is expected to grow 15.8% YoY, driven by 14.5% YoY volume growth, supported by expanded capacity.
EBITDA/t (Rs)	11,743	15,680	(25.1)	10,093	16.3	Realisations likely to improve 1.1% YoY and 5.7% QoQ.
Revenue (Rs mn)	142,329	122,945	15.8	162,179	(12.2)	Volumes likely to have declined QoQ due to impact of maintenance shutdown during the quarter.
EBITDA (Rs mn)	25,536	29,846	(14.4)	26,471	(3.5)	
EBITDA margin (%)	17.9	24.3	(26.1)	16.3	9.9	
PAT (Rs mn)	11,427	14,940	(23.5)	10,448	9.4	

Source: Company, BOBCAPS Research

Fig 4 – TATA Steel

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Standalone volumes (mnt)	6.2	4.8	30.5	6.2	0.2	Revenue is expected to grow 12.5% YoY, on higher India volumes and aided by a low base, as Q1FY26 was impacted by maintenance shutdowns.
Standalone EBITDA/t (Rs)	16,303	14,988	8.8	15,303	6.5	EBITDA is likely to increase 38.3% YoY, supported by improved profitability in India.
Europe volumes (mn t)	1.7	2.1	(20.7)	2.2	(25.0)	Europe volumes are likely to be lower due to the fire incident in the UK. Europe EBITDA/t is estimated at USD 1 vs USD 8 in Q4FY25 and USD 2 in Q1FY26.
Europe EBITDA/t (USD)	1.0	8.0	(87.5)	1.7	(39.5)	
Revenue (Rs mn)	593,319	527,441	12.5	626,873	(5.4)	
EBITDA (Rs mn)	102,711	74,275	38.3	98,287	4.5	
EBITDA margin (%)	17.3	14.1	22.9	15.7	10.4	
PAT (Rs mn)	33,612	22,098	52.1	32,658	2.9	

Source: Company, BOBCAPS Research

Fig 5 – SAIL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Sales volumes (mnt)	4.8	4.6	4.8	5.3	(10.0)	Revenue is expected to grow 9.7% YoY, driven by higher volumes and improved realisations.
EBITDA/t (Rs)	8,813	6,076	45.1	8,313	6.0	Volume growth is estimated at 4.8% YoY, trailing the industry growth due to capacity constraints.
Revenue (Rs mn)	284,476	259,218	9.7	308,135	(7.7)	EBITDA is likely to increase 51.9% YoY, supported by operating leverage and a higher cost base in the Q1FY26.
EBITDA (Rs mn)	42,069	27,687	51.9	44,087	(4.6)	
EBITDA margin (%)	14.8	10.7	38.5	14.3	3.4	
PAT (Rs mn)	17,570	7,446	136.0	21,653	(18.9)	

Source: Company, BOBCAPS Research

Fig 6 – Goodluck India

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Sales volumes (mnt)	0.12	0.11	9.6	0.12	1.0	Revenue is expected to grow 15.6% YoY, primarily on the back of 9.6% YoY growth in volumes. EBITDA to benefit from strong topline growth.
EBITDA/t (Rs)	7,473	8,182	(8.7)	7,423	0.7	Additionally, Defence subsidiary is expected to contribute revenue of Rs500mn with an EBITDA margin of 30%, supporting incremental EBITDA and profitability.
Revenue (Rs mn)	11,246	9,730	15.6	10,784	4.3	
EBITDA (Rs mn)	1,073	922	16.3	1,131	(5.1)	
EBITDA margin (%)	9.5	9.5	0.6	10.5	(9.0)	
PAT (Rs mn)	461	402	14.8	546	(15.5)	

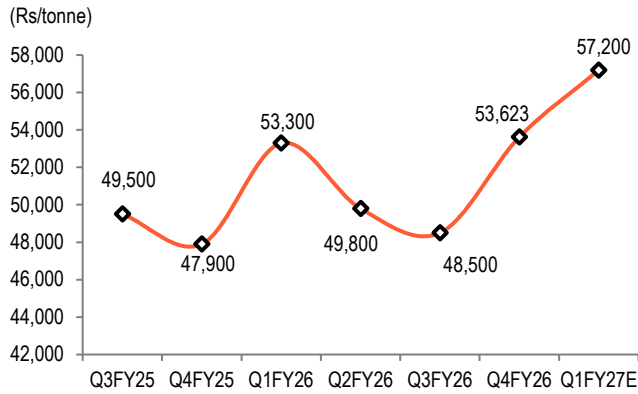
Source: Company, BOBCAPS Research

Fig 7 – Hindalco Industries

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Volumes (mn t)	332	325	2.2	339	(2.0)	
Standalone EBITDA/t (Rs)	1,587.0	1,379.5	15.0	1,572.0	1.0	<ul style="list-style-type: none"> Revenue growth of 24.0% is likely to be driven by Standalone businesses (Al and Copper). & Novelis
Novelis volumes (kt)	852	963	(11.5)	844	1.0	
Novelis EBITDA/t (USD)	555	432	28.5	544	2.1	<ul style="list-style-type: none"> Novelis will likely have 12% revenue growth on improved pricing and EBITDA/t is likely to be at USD555 vs USD432 in Q1FY26.
Revenue (Rs mn)	796,512	642,320	24.0	781,330	1.9	
EBITDA (Rs mn)	103,663	79,060	31.1	100,180	3.5	<ul style="list-style-type: none"> Overall EBITDA is likely to be higher on account of higher EBITDA of Novelis business.
EBITDA margin (%)	13.0	12.3	5.7	12.8	1.5	
PAT (Rs mn)	58,589	40,040	46.3	46,590	25.8	

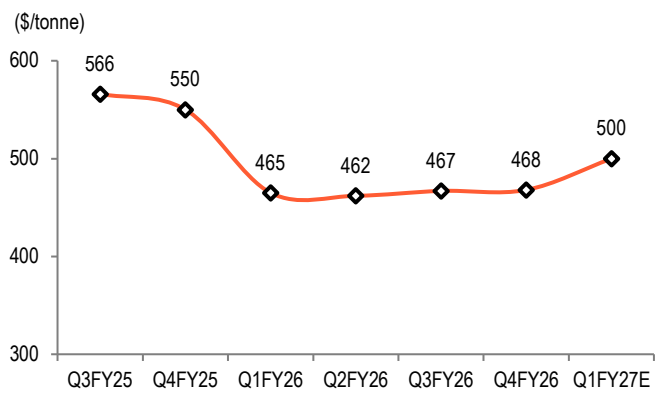
Source: Company, BOBCAPS Research

Fig 8 – Domestic HRC steel price



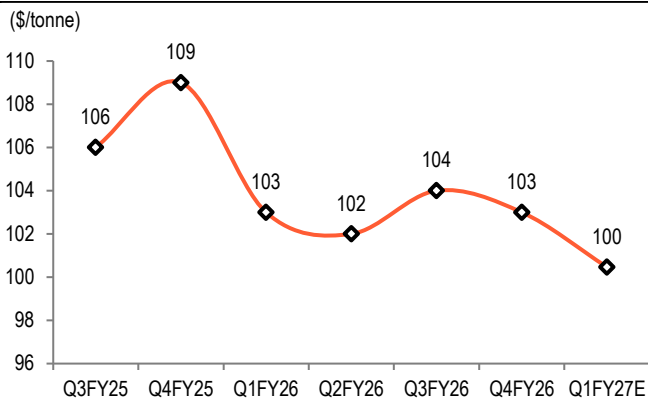
Source: Bloomberg

Fig 9 – China HRC price



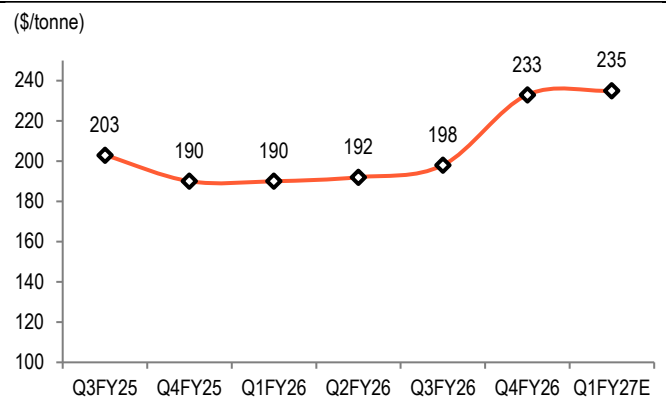
Source: Bloomberg

Fig 10 – Iron ore price



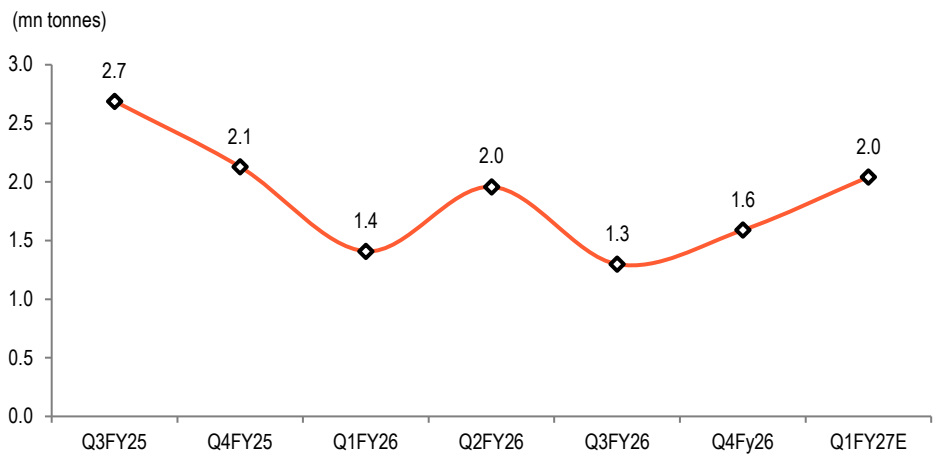
Source: Bloomberg

Fig 11 – Coking coal price



Source: Bloomberg

Fig 12 – Steel imports



Source: Industry

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