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METALS & MINING | Q2FY26 Review | 20 November 2025

Growth in demand continued; weak realisation hit EBITDA/t

- **Overall, the industry reported a decent growth of 9.0%. However, weakness in steel prices surprised negatively on higher imports**
- **Among our coverage universe, JSW Steel reported 14.0%YoY domestic growth due to the ramp-up of new capacity and SAIL reported 19.8%**
- **Post Q2FY26, we reduce rating to HOLD from BUY in Jindal Steel and Tata Steel. Retain at HOLD for JSW Steel and SELL for SAIL**

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Decent volumes performance: Industry reported decent volume growth of 9.0% YoY for Q2, following 8.0% growth in Q1FY26. Growth was driven by incremental demand from construction & Infrastructure segments and retail housing.

Among all companies, JSW Steel benefitted due to the ramp-up of new capacity at Bhushan Power & Steel and at Vijayanagar asset (5.0mn t). JSW Steel reported domestic volume growth of 14.0%YoY. Jindal Steel volume growth was minimal at 1%YoY due to maintenance shutdown taken during the quarter.

Domestic pricing surprised negatively: Average realisation was weak and decreased by 2.8%YoY and 4.4%QoQ. QoQ decline was despite safeguard duty, as imports spiked QoQ by 36%; owing to the tariff imposed by various countries. Spot prices are 3-4% lower than Q2 average. Weak pricing had an impact on EBITDA/t. Management expects prices to improve from Nov-Dec 2025 period due to a pickup in construction activity.

Cost performance: Cost was stable in terms of iron ore and coking coal cost.

EBITDA per tonne performance: Weak pricing on QoQ had an impact on EBITDA per tonne. For Jindal Steel - EBITDA/t was Rs11,129 - lower by 30%QoQ. Tata Steel - EBITDA/t was Rs14,681 – lower by 2%QoQ. JSW Steel – EBITDA/t was lower by 20.5% and SAIL - EBITDA/t was lower by 15.3%QoQ

Management commentary: Management of companies are positive on demand outlook in H2FY26E on seasonally better period for construction activity and expects the pricing to improve from Nov – Dec 2025.

Prefer Jindal Steel: We prefer Jindal Steel in our pack – maintain TP at Rs1,213 (upside of +13%) with reduced rating to HOLD from BUY, owing to improved stock performance. We reduce rating to HOLD from BUY for Tata Steel and TP to Rs190 from Rs202, due to a delay in the profitability of Europe business. We maintain HOLD for JSW Steel with TP of Rs1,121 and SELL for SAIL with TP of Rs121.

Fig 1 – BOBCAPS steel universe – Q2FY26 review

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)
Jindal Steel	116,859	4.2	(5.0)	20,811	(5.4)	(30.8)	6,382	(25.9)	(57.3)
Tata Steel	582,160	8.8	10.4	88,965	44.9	19.8	31,018	272.2	49.3
JSW Steel	445,600	14.0	4.9	71,150	30.9	(6.1)	16,230	269.7	(25.7)
SAIL	267,042	8.2	3.0	25,283	(13.2)	(8.7)	4,187	(53.3)	(43.8)
Total	1,411,661	9.9	5.8	206,209	23.5	(0.8)	57,817	90.8	(11.1)

Source: Company

Fig 2 – Volume growth

(Mn tonne)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ %)	Comments
Jindal Steel	1.9	1.9	1.1	1.9	(1.6)	Jindal Steel volume growth was minimal given the impact of maintenance shutdown for 25-27days in Q2FY26.
Tata Steel	7.9	7.5	5.2	7.1	11.1	JSW Steel growth was strong due to the ramp-up of new capacity at Bhushan Power & Steel and at Vijayanagar asset (5.0mnt). JSW Steel's domestic growth was 14%YoY.SAIL growth was at 19.8%YoY, partly due to good demand and partly due to volumes from NMDC Steel.
JSW Steel	7.3	6.1	19.7	6.7	9.7	
SAIL	4.9	4.1	19.8	4.6	7.9	Tata Steel total growth was 5.2% while domestic growth was 8.6%YoY, aided by ramp-up in Kalinga Nagar project volumes.

Source: Company

Fig 3 – EBITDA per tonne performance

(Rs/tonne)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ %)	Comments
Jindal Steel	11,129	11,893	(6.4)	15,819	(29.6)	Decline in EBITDA QoQ is primarily due to decline in realisation.
Tata Steel	14,681	12,935	13.5	14,988	(2.0)	Jindal Steel was impacted by price realisation and maintenance shutdown in Q2.
JSW Steel	8,446	8,757	(3.6)	10,618	(20.5)	Tata Steel showed improved EBITDA YoY, primarily due to lower India cost as realisation was weak YoY and volumes higher.
SAIL	5,144	7,084	(27.4)	6,076	(15.3)	

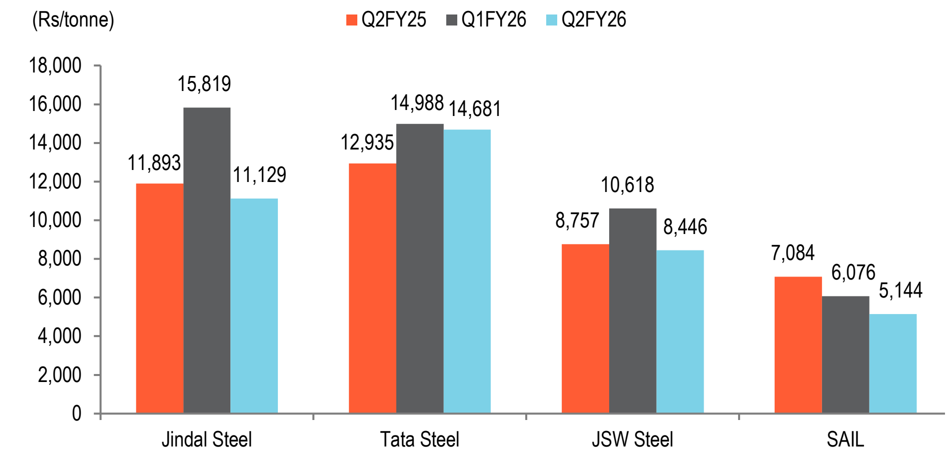
Source: Company

Fig 4 – Realisation per tonne performance

(Rs/tonne)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ %)	Comments
Jindal Steel	62,491	60,612	3.1	64,708	(3.4)	Jindal Steel reported +realization growth YoY among all companies due to higher share of value added product. relative to other companies
Tata Steel	61,673	62,649	(1.6)	64,419	(4.3)	
JSW Steel	55,205	57,170	(3.4)	58,416	(5.5)	SAIL reported weak realisation performance due to price competition and focus on higher volumes and inventory destocking.
SAIL	54,387	60,182	(9.6)	56,970	(4.5)	
Average	58,439	60,153	(2.8)	61,128	(4.4)	

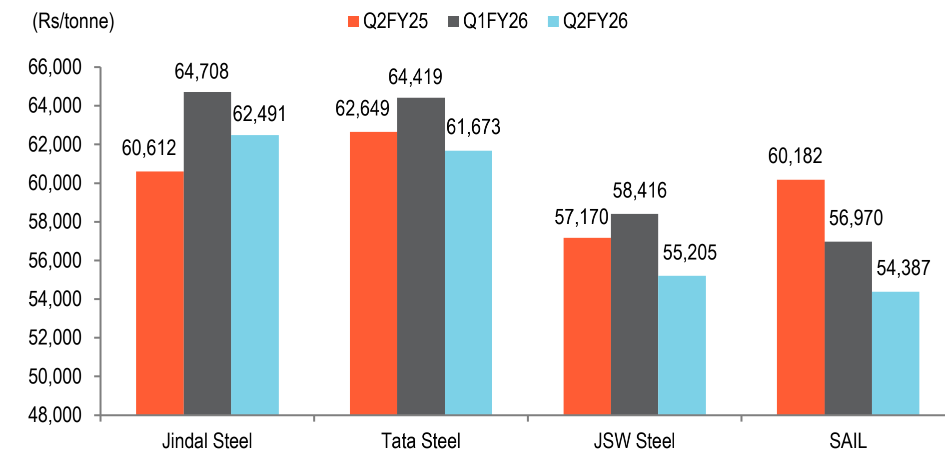
Source: Company

Fig 5 – EBITDA per tonne performance



Source: Company

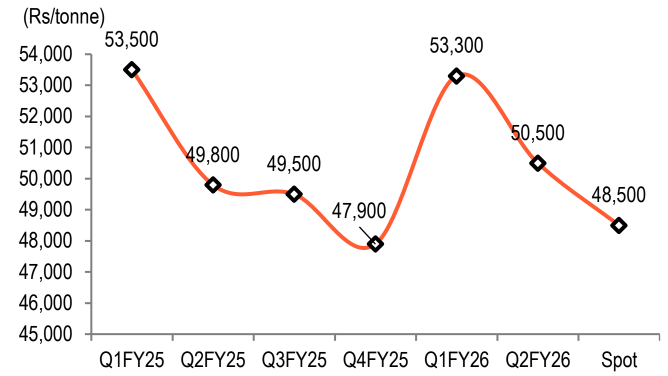
Fig 6 – Realisation per tonne performance



Source: Company

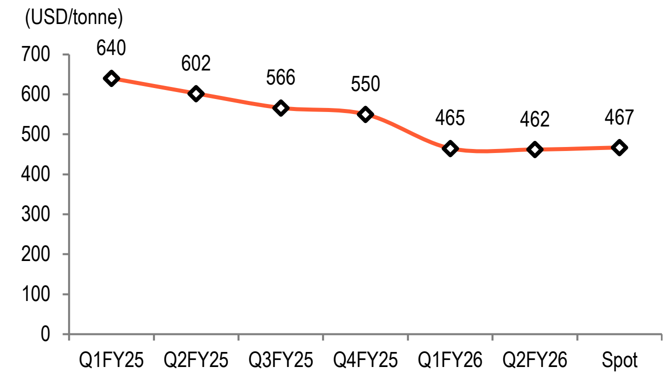
Industry charts

Fig 7 – Domestic HRC steel price



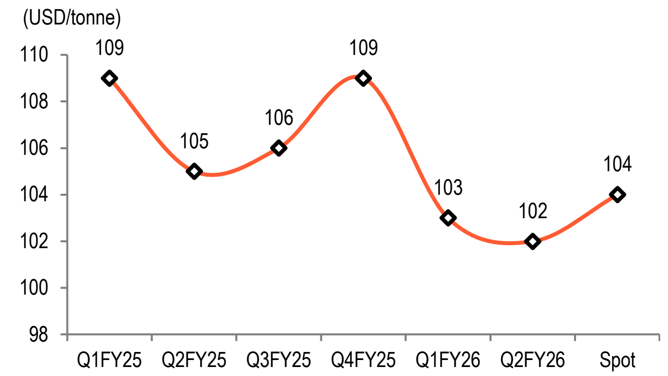
Source: , Bloomberg

Fig 8 – China HRC price



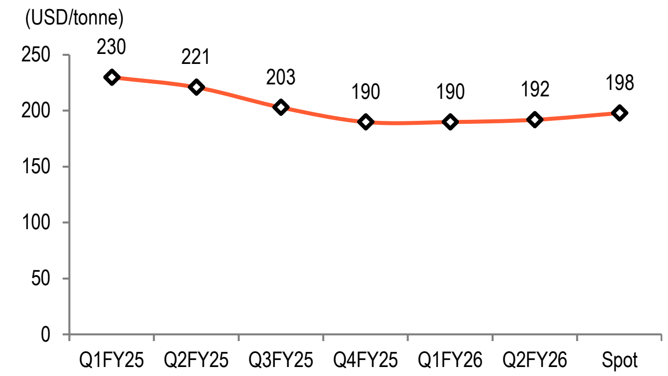
Source: , Bloomberg

Fig 9 – Iron ore price



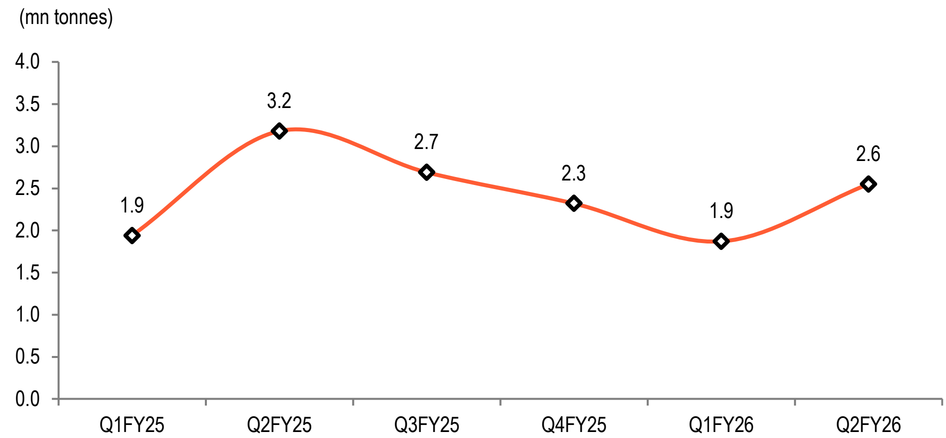
Source: Bloomberg

Fig 10 – Coking coal price



Source: Bloomberg

Fig 11 – Steel imports



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