

METALS & MINING

| Q3FY26 Preview

| 05 January 2026

Steel Sector to see 7.5% YoY revenue surge on volume gains

- Demand momentum to continue; benefit offset to some extent by price decline
- Steel pricing fell by 5.0%YoY and 5.6%QoQ. Costs remained stable in terms of iron ore. Decline in coking coal prices to benefit with a lag
- Maintain coverage rating of stocks with a Buy for JSW Steel and Jindal Steel with TP of 1,345 and 1,213, respectively

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Overall sector performance: Sector will likely show good volumes growth performance during Q3FY26E with growth estimated to be 8-9%YoY. Pricing was weak with a decline of 5.0%YoY and 5.6%QoQ, due to pressure from imports. Cost remained stable YoY with companies benefitting more from captive mines usage. Volume growth for Jindal Steel to be better among companies due to the expanded capacity and normalisation of production post shutdown in Q2FY26. Overall, our coverage universe of 4 companies is likely to show revenue growth of 7.5%YoY and EBITDA growth of 32.0%YoY.

Pricing environment: Price of HRC steel for Q3FY26E averaged Rs47,000/t, down by Rs2,500, from Rs49,500/t in Q3FY25 and down by Rs2,800 from Rs49,800/t in Q2FY26. QoQ decrease is by 5.6%. Pricing improved to some extent from the level of Rs46,000 in early Dec'25.

JSW Steel: Likely to see revenue growth of 6.1%YoY and EBITDA growth of 23.9%YoY, due to volume growth of 10.8%YoY. EBITDA to benefit from cost reduction from captive usage. Standalone EBITDA/t improved to Rs8,321 from Rs7,866 in Q3FY25 – benefit from volume growth and cost decline from captive usage. QoQ to see fall in EBITDA due to price decline.

Jindal Steel: Likely to see revenue growth of 13.1%YoY and EBITDA growth of 10.6%YoY. Revenue growth driven by volume growth of 15.3%YoY due to sustained industry demand and the benefit of expanded capacity during Q2FY26. EBITDA/t improved to Rs11,029 – benefitted from volume growth and use of captive mines.

Tata Steel: Likely to see revenue growth of +9.5%YoY and +12.0%QoQ, driven by volume growth in India & Europe as well as pricing growth in the Europe business. Standalone business will probably see 6.1% growth in revenues led by volumes growth of 10%YoY - aided by the ramp-up in Kalinganagar project. Standalone to see price decline of 4.0%, owing to weakness in domestic pricing.



India EBITDA/t is likely to be higher on YoY basis at Rs14,281 vs Rs14,179 in Q3FY25. Europe to see + EBITDA/t at USD15 vs negative USD42 in Q3FY25.

SAIL: Revenue growth of 2.5%YoY and EBITDA growth of 19.5%YoY, likely. Volume growth of 9.5%YoY is offset by 6.4%YoY fall in the price. Cost reduction primarily due to high base of expenses last year should lead to improved EBITDA performance for the quarter.

We maintain BUY on JSW Steel & Jindal Steel with TP of Rs1,345 & 1,213 respectively. maintain HOLD on Tata Steel with TP of Rs190 and SELL on SAIL with TP of Rs121.

Fig 1 – BOBCAPS Steel universe: Q3FY26 preview

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (%)	QoQ (%)
JSW Steel	432,954	6.1	(2.8)	69,125	23.9	(2.8)	20,820	189.6	28.3
Jindal Steel	132,913	13.1	13.7	24,154	10.6	16.1	10,918	14.9	71.1
Tata Steel	590,475	9.5	12.0	87,489	52.4	17.8	32,105	285.2	54.5
SAIL	251,061	2.5	(6.0)	24,245	19.5	(4.1)	6,677	370.6	59.5
Total	1,407,404	7.5	3.7	205,012	32.0	7.0	70,519	166.6	48.2

Source: Company, BOBCAPS Research

Fig 2 – JSW Steel

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ %	Comments
Standalone Volumes (mn t)	5.85	5.59	4.6	5.81	0.7	▪ Revenue growth of 6.1%YoY is primarily driven by strong volume growth of 10.8% offset by decline in pricing by 4.3%YoY.
Standalone EBITDA/t (Rs)	8,321	7,866	5.8	8,446	(1.5)	
Revenue (Rs mn)	432,954	407,930	6.1	445,600	(2.8)	▪ Standalone volume growth expected to be 4.6%YoY - moderate growth on account of shutdown of Vijayanagar blast furnace.
EBITDA (Rs mn)	69,125	55,790	23.9	71,150	(2.8)	
EBITDA margin (%)	16.0	13.7	16.7	16.0	(0.0)	▪ Standalone EBITDA benefitted from volume growth and cost benefit from captive iron ore.
PAT (Rs mn)	20,820	7,190	189.6	16,230	28.3	

Source: Company, BOBCAPS Research

Fig 3 – Jindal Steel

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ %	Comments
Sales volumes (mn t)	2.19	1.90	15.3	1.87	17.1	▪ Revenue growth of 13.1%YoY is likely to be driven by incremental volumes from expanded capacity.
EBITDA/t (Rs)	11,029	11,494	(4.0)	11,129	(0.9)	
Revenue (Rs mn)	132,913	117,507	13.1	116,859	13.7	▪ Volume growth is estimated at 15.3%YoY. Pricing to see a decline of 1.9%YoY. QoQ volume growth should be at 17.1% due to a low base on shutdown impact in Q2FY26.
EBITDA (Rs mn)	24,154	21,839	10.6	20,811	16.1	
EBITDA margin (%)	18.2	18.6	(2.2)	17.8	2.0	▪ EBITDA performance at 10.6%YoY, driven by volume growth and captive usage of coal.
PAT (Rs mn)	10,918	9,505	14.9	6,382	71.1	

Source: Company, BOBCAPS Research

Fig 4 – TATA Steel

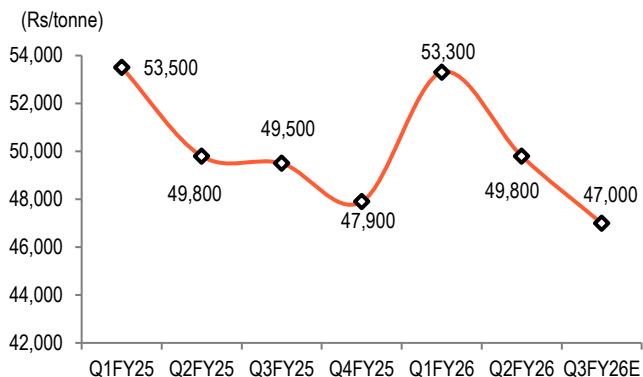
Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ %)	Comments
Standalone volumes (mnt)	5.8	5.3	10.0	5.6	4.9	Revenue growth of 9.5% is likely to be driven by volume growth in India & Europe and pricing growth in the Europe business.
Standalone EBITDA/t (Rs)	14,281.0	14,179.0	0.7	14,681.0	(2.7)	
Europe volumes (mn t)	2.1	2.1	0.6	2.1	(0.4)	Standalone likely to see 5.7% growth in revenues, led by volumes growth of 10%YoY in India. Volumes growth is aided by the ramp-up in Kalinganagar project. Standalone to see 4.0% fall in price, owing to weakness in domestic pricing.
Europe EBITDA/t (USD)	15.0	(42.0)	-	8.3	80.9	
Revenue (Rs mn)	590,475	539,047	9.5	527,441	12.0	
EBITDA (Rs mn)	87,489	57,413	52.4	74,275	17.8	EBITDA growth of 52.4%YoY is on account of India and Europe profitability. Expect Europe EBITDA/t at USD15 vs loss of USD42 in Q3FY25 ands USD8 in Q2FY26.
EBITDA margin (%)	14.8	10.7	39.1	14.1	5.2	
PAT (Rs mn)	32,105	8,334	285.2	20,777	54.5	

Source: Company, BOBCAPS Research

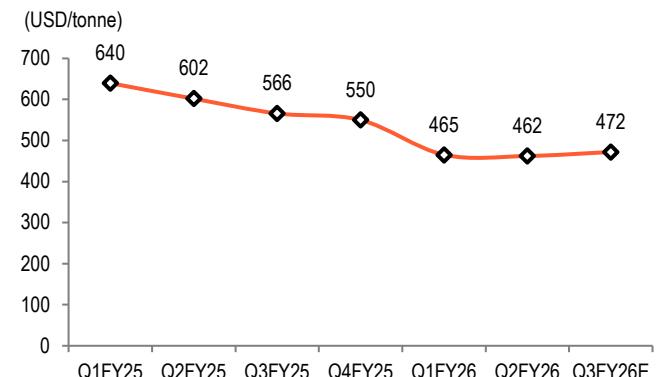
Fig 5 – SAIL

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ %)	Comments
Sales volumes (mnt)	4.8	4.4	9.5	4.9	(1.8)	Volume growth will likely be 9.5%YoY - in line with the industry growth rate.
EBITDA/t (Rs)	5,024	4,602	9.2	5,144	(2.3)	
Revenue (Rs mn)	251,061	244,899	2.5	267,042	(6.0)	Revenue growth estimated to be 2.5%YoY - driven by volume growth offset by price decline.
EBITDA (Rs mn)	24,245	20,297	19.5	25,283	(4.1)	
EBITDA margin (%)	9.7	8.3	16.5	9.5	2.0	EBITDA performance of 19.5%YoY driven by the overall cost decline, led by a high base last year..
PAT (Rs mn)	6,677	1,419	370.6	4,187	59.5	

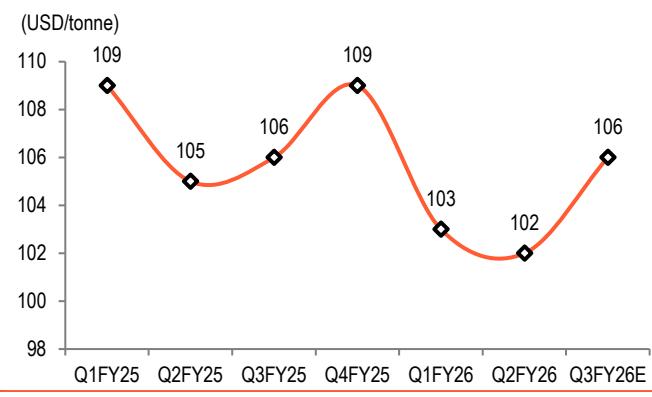
Source: Company, BOBCAPS Research

Fig 6 – Domestic HRC steel price

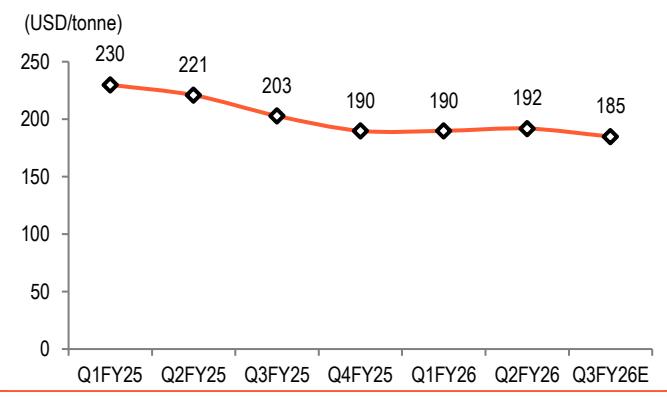
Source: Bloomberg

Fig 7 – China HRC price

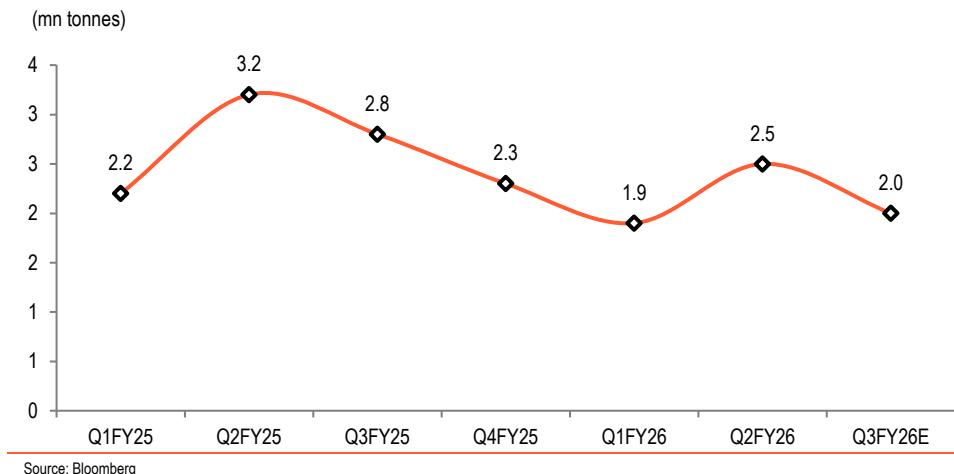
Source: Bloomberg

Fig 8 – Iron ore price

Source: Bloomberg

Fig 9 – Coking coal price

Source: Bloomberg

Fig 10 – Steel imports

Source: Bloomberg

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