METALS & MINING | Q4FY26 Review | 05 June 2026

Steel price recovery drives EBITDA/t expansion

- **Improving realisations and healthy volumes supported better-than-expected operational performance across the steel coverage**
- **Jindal Steel led domestic volume growth (+23.0% YoY), Tata Steel at 10.5%. Steel coverage delivered 22.7% YoY growth in EBITDA/t**
- **Post Q4FY26 results, we maintain BUY on Goodluck India; HOLD on JSW Steel, Tata Steel, Jindal Steel and SELL on SAIL**

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Healthy volumes performance: In Q4FY26, demand in the domestic steel industry remained robust. Industry volumes grew 11.0% YoY in Q4FY26 vs 4.6% YoY in Q3FY26. For FY26, steel consumption increased 8.0% YoY to 164mnt, supported by strong demand from the automotive, retail and construction sectors.

Among our Steel coverage companies, Jindal Steel reported the strongest volume growth of 23.0% YoY, on the back of ramp-up of its 3.0mnTPA capacity commissioned in Q2FY26. Tata Steel's India volumes grew 10.5% YoY, while JSW Steel reported volume growth of 6.4% YoY.

Imports declined sharply: Finished steel imports declined 25.0% YoY to 1.6mnt in Q4FY26. For FY26, imports fell 37.0% YoY to 6.3mnt, aided by the implementation of safeguard duty as well as improving domestic demand.

Domestic pricing improves: Steel prices recovered during the quarter, supported by safeguard duties and a stronger domestic demand environment. Average realisations rose 3.0% YoY and 7.0% QoQ to Rs60,944/t. The improvement in pricing, coupled with lower raw material costs, supported margin expansion across the sector. Current spot steel prices stay above the Q4 average, and management teams remain constructive on the near-term pricing outlook. They expect the benefit of higher steel prices in Q1FY27E to offset the hike in coking coal costs.

EBITDA per tonne performance: Higher realisations and lower costs drove the increase in EBITDA/t across the sector. Average EBITDA/t for our coverage universe increased 22.7% YoY and 42.8% QoQ. JSW Steel reported the strongest improvement, with EBITDA/t rising 43.1% YoY to Rs12,187/t.

Management outlook: Management commentary remains positive on both demand as well as pricing. Companies expect the current pricing momentum to sustain until the onset of monsoon and largely offset the higher input costs. Industry demand growth is estimated at 7–9% in FY27E.

Outlook remains positive: We remain constructive on the Metals & Mining sector, considering the healthy growth in demand and an improved pricing environment. We maintain HOLD with upward revisions to our TPs for JSW Steel, Jindal Steel and Tata Steel. However, we maintain SELL on SAIL, due to its expensive valuation.

Goodluck India: In Q4FY26, GLIN's performance was slightly below expectations due to lower-than-expected volumes and realisations. Revenue stood at Rs10.8bn (-1.3% YoY, +4.9% QoQ), while EBITDA increased to Rs1.1bn (+33.6% YoY, +11.9% QoQ). EBITDA/t improved 10.8% YoY to Rs7,423/t. FY26 year performance was broadly in line with our estimates. We maintain BUY, but reduce TP to Rs1,706 from Rs1,788; factoring in growth moderation in pricing and higher net debt.

Hindalco: Results exceeded expectations, driven by a stronger-than-expected performance from Novelis. Revenue rose to Rs781bn (+20.4% YoY, +17.5% QoQ), while EBITDA rose to Rs100bn (+13.4% YoY, +25.3% QoQ). Novelis EBITDA/t improved 10.0% YoY to USD544/t. We downgrade the stock to HOLD from BUY, following the sharp share price outperformance over the past quarter, while raising our TP to Rs1,134 from Rs1,050 to reflect the improved operating performance.

Fig 1 – BOBCAPS Metals universe – Q4FY26 review

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q4FY26	YoY (%)	QoQ (%)	Q4FY26	YoY (%)	QoQ (%)	Q4FY26	YoY (%)	QoQ (%)
Jindal Steel	162,179	23.0	24.5	29,391	29.4	79.9	18,616	109.2	659.8
Tata Steel	626,873	12.5	10.7	98,287	49.8	19.9	32,658	93.3	15.5
JSW Steel	497,980	12.3	10.1	86,340	35.4	32.9	34,750	124.9	30.2
SAIL	308,135	5.1	12.6	44,087	26.5	92.2	21,653	69.1	479.0
Total	**1,595,167**	**11.9**	**12.1**	**258,105**	**38.1**	**38.6**	**107,677**	**99.2**	**76.1**
Goodluck India	10,784	(1.3)	4.9	1,131	33.6	11.9	546	30.1	25.0
Hindalco	781,330	20.4	17.5	100,180	13.4	25.3	67,680	28.2	45.3

Source: Company

Fig 2 – Steel coverage volume performance

(mnt)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ %)	FY26	FY25	YoY (%)
Jindal Steel	2.6	2.1	23.0	2.3	14.9	8.7	8.0	8.9
Tata Steel	8.7	8.3	4.7	8.2	6.2	32.0	31.0	3.3
a) Tata Steel - India	6.2	5.6	10.5	6.0	2.5	22.5	20.9	7.6
JSW Steel	8.0	7.5	6.4	7.6	4.3	29.6	26.5	12.0
SAIL	5.3	5.3	(0.6)	5.2	2.9	19.9	17.9	11.2
Total	**24.6**	**23.3**	**5.7**	**23.3**	**5.7**	**90.2**	**83.3**	**8.3**

Comments

- Jindal Steel volume growth was the highest by 23%YoY – helped by ramp-up in commissioned steel capacity of 3.0mnt in Q2FY26.
- Tata Steel overall growth was 4.7%YoY. India growth was strong at 10.5%, aided by ramp-up in Kalinganagar plant.
- JSW Steel volumes broadly grew in line with the industry growth at 6.4% YoY.
- SAIL reported decline in volumes, despite the industry growth in Q4.

Source: Company

Fig 3 – Hindalco Volume performance

(Kt)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	Comments
Aluminium Upstream	339	345	(1.7)	332	2.1	▪ Aluminium upstream volumes grew 2.1% YoY to 339kt.
Aluminium Downstream	124	108	14.8	105	18.1	▪ Aluminium downstream volumes remained strong, rising 18.1% YoY to 124kt; reflecting healthy demand from value-added products.
Copper	128	122	4.9	135	(5.2)	▪ Copper volumes declined 5.2% YoY to 128kt, likely due to maintenance-related disruptions and lower throughput.

Source: Company

Fig 4 – Goodluck volume performance

(mnt)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	Comments
Sales volume	0.12	0.12	1.7	0.13	(3.3)	▪ Sales volume remained largely stable at 0.12mnt, up 1.7% QoQ but down 3.3% YoY.

Source: Company

Fig 5 – Realisation per tonne performance

(Rs/tonne)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	Comments
Jindal Steel	61,900	61,893	0.0	57,134	8.3	61,319	62,440	(1.8)	▪ Steel realisations improved across the sector in Q4FY26, driven by a recovery in domestic steel prices. SAIL and JSW Steel reported the strongest YoY realisation growth at 5.7% and 5.5%, respectively. Jindal Steel realisations remained flat. On a QoQ basis, realisations increased across all players, led by SAIL (+9.4%) and Jindal Steel (+8.3%); reflecting the improving pricing environment.
Tata Steel	61,254	60,591	1.1	58,310	5.0	61,235	62,495	(2.0)	
JSW Steel	62,482	59,200	5.5	59,187	5.6	61,437	62,977	(2.4)	
SAIL	58,139	55,002	5.7	53,148	9.4	55,594	57,266	(2.9)	
Average	**60,944**	**59,172**	**3.0**	**56,945**	**7.0**	**59,896**	**61,295**	**(2.3)**	

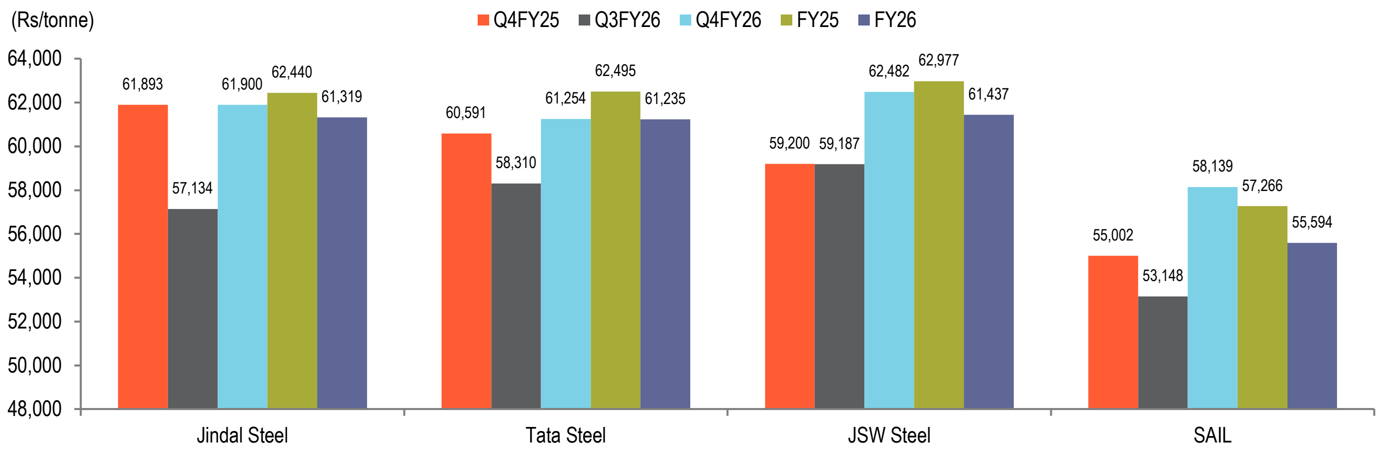
Source: Company

Fig 6 – EBITDA per tonne performance

(Rs/tonne)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ %)	FY26	FY25	YoY (%)	Comments
Jindal Steel	11,218	10,813	3.7	7,165	56.6	11,128	11,912	(6.6)	▪ Profitability of the Steel sector improved sharply in Q4FY26, aided by higher steel realisations and lower costs. JSW Steel reported the strongest EBITDA/t growth at 43.1% YoY, followed by SAIL (+27.3%) and Tata Steel (+22.8%). On a QoQ basis, EBITDA/t expanded across all players, with SAIL (+86.3%) and Jindal Steel (+56.6%) witnessing the sharpest improvement; reflecting strong operating leverage and margin recovery.
Tata Steel	15,303	12,463	22.8	12,800	19.6	14,413	13,307	8.3	
JSW Steel	12,187	8,515	43.1	8,503	43.3	10,718	8,659	23.8	
SAIL	8,313	6,530	27.3	4,463	86.3	6,018	5,940	1.3	
Average	11,755	9,580	22.7	8,233	42.8	10,569	9,955	6.2	

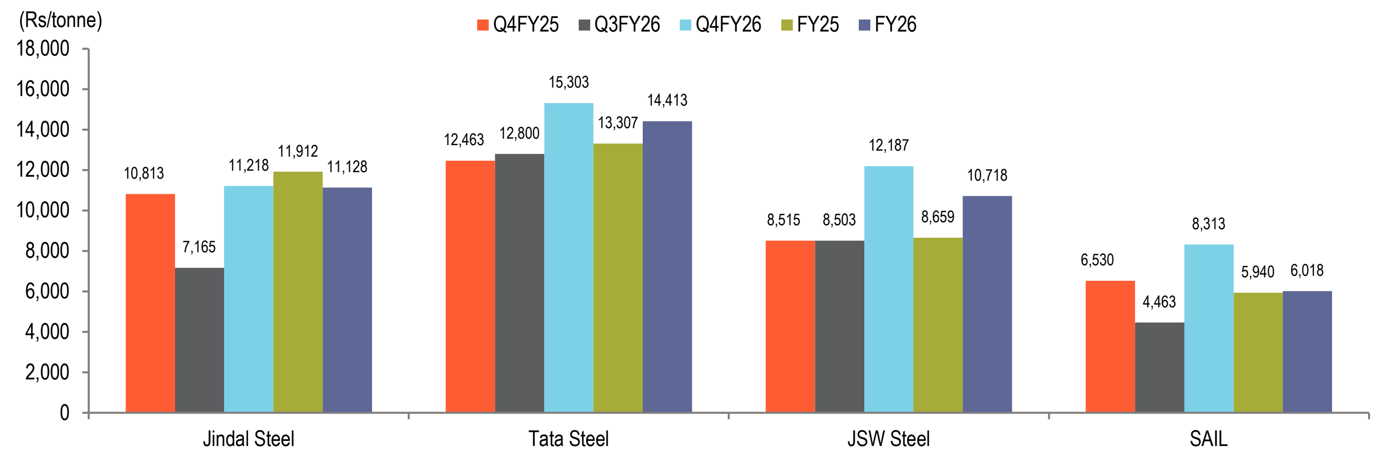
Source: Company

Fig 7 – Realisation per tonne trend



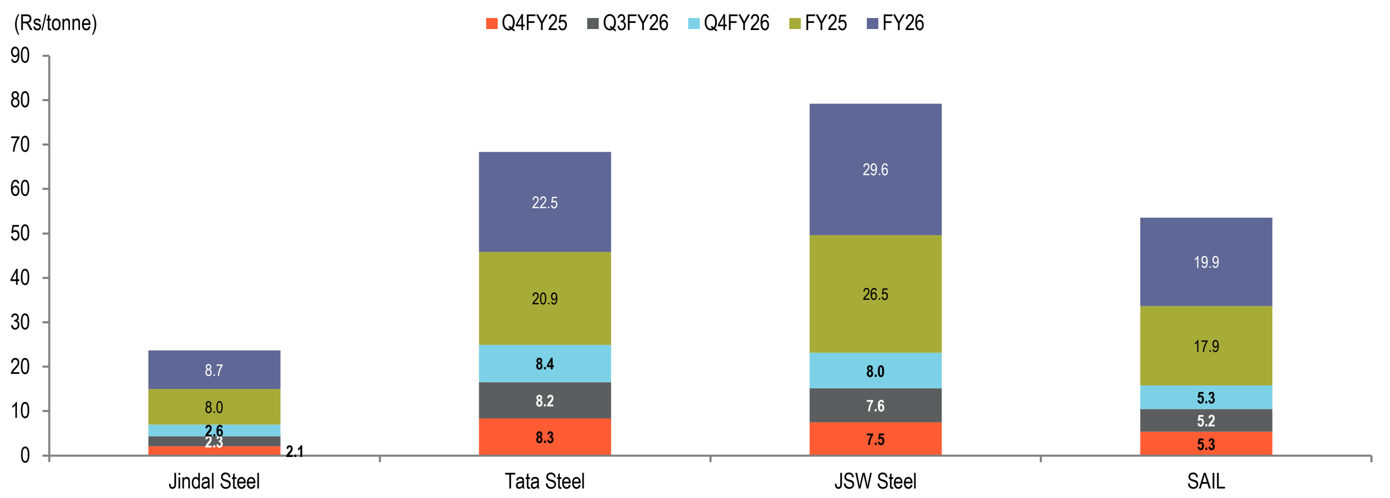
Source: Company

Fig 8 – EBITDA per tonne trend



Source: Company

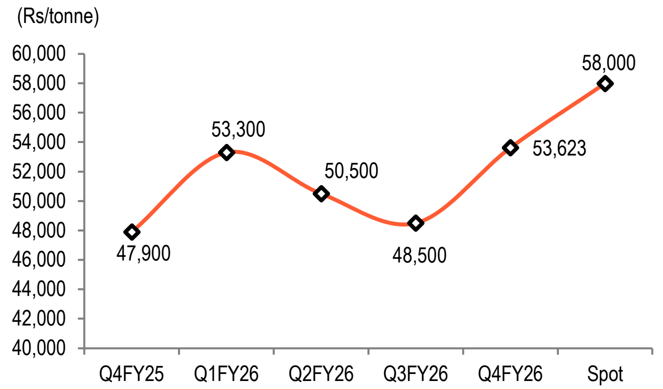
Fig 9 – Volume performance trend



Source: Company

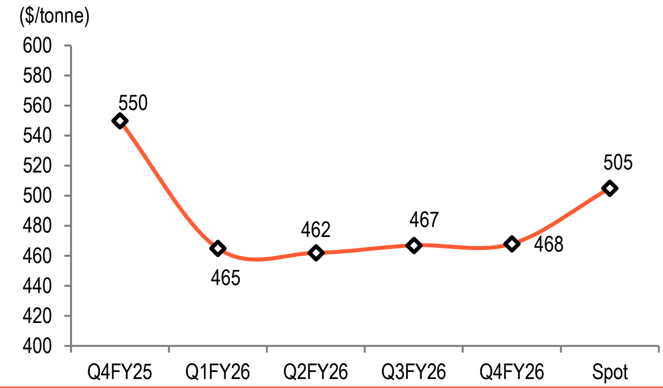
Industry charts

Fig 10 – Domestic HRC steel price



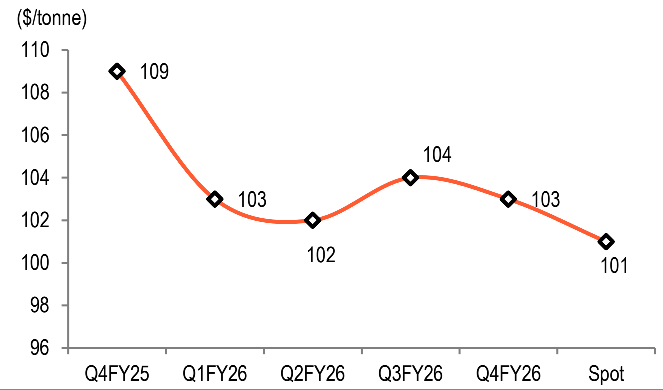
Source: , Bloomberg

Fig 11 – China HRC price



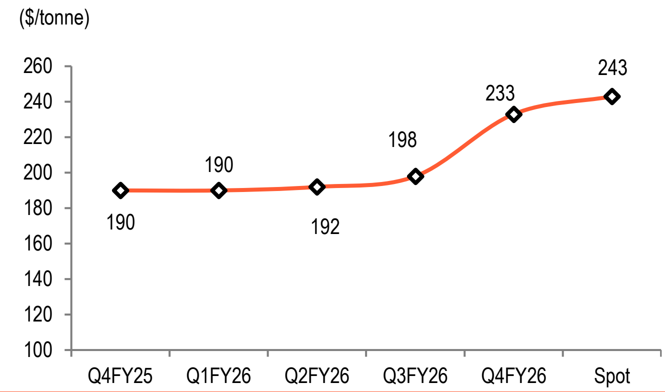
Source: , Bloomberg

Fig 12 – Iron ore price



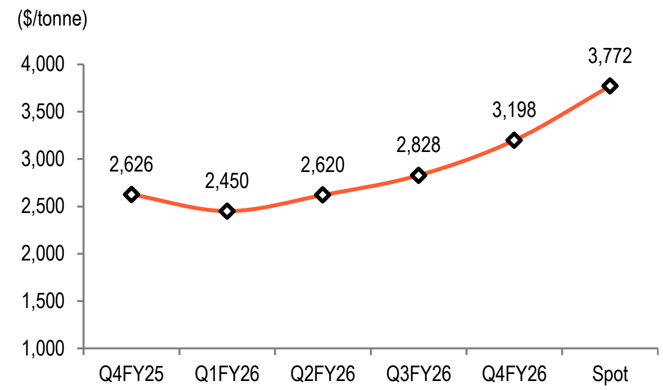
Source: Bloomberg

Fig 13 – Coking coal price



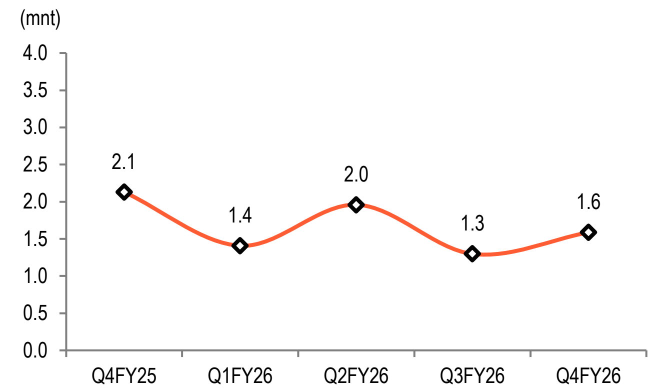
Source: Bloomberg

Fig 14 – Aluminium pricing trend



Source: Bloomberg

Fig 15 – Finished steel imports



Source: Company (JSW Steel)

Fig 16 – Valuation summary

Company	Rating	CMP (Rs)	Target (Rs)	Upside (%)	EV/EBITDA (x)			P/B (x)		
					FY26A	FY27E	FY28E	FY26A	FY27E	FY28E
Goodluck India	BUY	1,350	1,706	26.4	13.6	12.6	8.6	3.0	2.7	2.3
Hindalco Industries	HOLD	1,127	1,134	0.6	9.0	7.9	6.9	1.9	1.6	1.4
Jindal Steel	HOLD	1,203	1,297	7.8	14.3	8.9	6.8	2.4	2.1	1.8
JSW Steel	HOLD	1,297	1,348	3.9	2.2	1.4	1.0	3.2	2.8	2.4
SAIL	SELL	198	178	(10.0)	9.1	7.7	8.0	1.4	1.3	1.2
Tata Steel	HOLD	210	223	6.0	9.9	7.6	6.5	2.6	2.3	2.0

Source: BOBCAPS Research, Company

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