Metals & Mining Q1FY26 Results Preview

FERROUS MARGINS TO EXPAND; NON-FERROUS TO WITNESS CONTRACTION

In Q1FY26, we foresee divergence in EBITDA margin trends for Steel and Non-Ferrous companies. While Steel companies' EBITDA margins are expected to expand QoQ, Non-ferrous stocks are likely to witness QoQ margin contraction over the strong base of Q4FY25.

For the Steel companies under our coverage (Tata Steel and SAIL), we expect EBITDA to improve QoQ mainly due to lower coking coal consumption costs and higher sales price realsiations (led by improvement in HRC prices which got support from the safeguard duty), partially offset by a drop in steel sales volumes QoQ over a seasonally strong Q4FY25. Average domestic HRC prices in Q1FY26 improved by 9% QoQ (still down 4.3% YoY) despite a correction in Chinese HRC prices (down 3% QoQ); on account of the imposition of the safeguard duty of 12% on steel products in Apr'25 for 200 days. Average steel spreads in India on a consumption basis in Q1FY26 have improved to ~6%/19% YoY/QoQ.

We expect Tata Steel and SAIL's EBITDA to increase on a QoQ basis by 6% and 40%, respectively. Both the Indian and European operations of Tata Steel could see EBITDA improvement. Europe's EBITDA/t loss is likely to narrow QoQ, led by improved spreads.

Aluminium companies under our coverage (Hindalco and NALCO) are likely to post softer numbers QoQ over a strong Q4FY25. Both EBITDA and EBITDA margins are expected to contract, led by a decline in Alumina prices (down 31% QoQ from the peak of Q4FY25) and LME Aluminium prices (down 7% YoY), while sales volumes are expected to normalise QoQ vs strong Q4FY25.

For structural steel tube companies, we expect a better quarter for JTL Industries, while APL Apollo tubes could see a softer quarter QoQ. JTL reported strong volume growth YoY/QoQ at 108 kt, while APLs volumes de-grew by 7% QoQ (up 10% YoY) at 794 kt due to the early onset of monsoon and some destocking by traders on account of the rise in HRC prices.

Q1FY26 Preview

Tata Steel: We model lower consolidated sales volume QoQ on seasonality. We expect consolidated revenue to decline by 3% QoQ (flat YoY), led by lower steel sales volumes. We expect EBITDA to improve by 3%/6% YoY/QoQ, led by lower coking coal consumption cost and higher steel price realisation, partially offset by lower sales volumes. India EBITDA/t to increase by 4.5% QoQ, led by higher sales price realisation and lower coking coal consumption cost at Rs 13,023/t. EBITDA/t loss in Europe is likely to narrow YoY/QoQ to $9/t led by higher sales realisation in Europe.

SAIL: We model lower consolidated sales volume QoQ at 4.6 MT (down 15% QoQ/ up 14% YoY) on seasonality. We expect revenue to decline by 11% QoQ due to lower sales volumes, partially offset by higher sales realisation led by higher HRC prices. We expect Adj. EBITDA (excluding railway provisions) to increase by 41% QoQ due to lower coking coal costs and higher sales realisation. EBITDA/t to increase YoY/QoQ led by higher sales realisation and lower coking coal cost.

Hindalco: We anticipate slightly lower Aluminium sales QoQ (flat YoY). Novelis shipments are likely to remain slightly higher, led by the strong beverage cans segment at 970 kt. We assume copper sales volume to normalise QoQ post strong volumes in Q4FY25 We expect consolidated revenue to decline by 5% QoQ, led by lower sales realisation, partially offset by slightly higher Novelis shipments. EBITDA to decline by 11%/30% YoY/QoQ, led by lower LME Aluminium prices and lower Novelis EBITDA. EBITDA margins to contract YoY/QoQ led by lower LME Aluminium prices and lower Novelis EBITDA, while upstream Aluminium CoP is expected to remain flat. We expect Novelis EBITDA/t to decline by 15%/9% YoY/QoQ to $450/t. We factor in $40 Mn impact of tariffs.

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NALCO: We assume a decline in alumina sales volume in Q1FY26, down 14% QoQ over a strong Q4FY25. We assume metal sales at a full utilisation level of 117 kt. We expect revenue to decline by 25% QoQ, led by a correction in Alumina and LME Aluminium prices. We expect EBITDA to decline by 46% QoQ, led by lower sales realisation. Margins to contract QoQ led by lower operating leverage.

Coal India: CIL Coal off-take de-grew by 4%/5% YoY/QoQ. We expect revenue to decline by 2%/6% YoY/QoQ, led by lower coal off-take. We model 69% e-auction premium (flat QoQ and vs. 58% in Q1FY25) and 11% e-auction volumes (vs. 11%/12% in Q4FY25/Q1FY25). We expect Adj EBITDA (excl OBR) to de-grow YoY/QoQ by 7%/4% driven by lower coal offtake leading to lower operating leverage.

APL Apollo Tubes: Sales volume grew by 10% YoY, but declined by 7% QoQ due to the onset of early monsoon and as the rise in HRC prices led to slight destocking at traders' end. We expect revenue to rise by 11% YoY, led by higher sales volume, and on a QoQ basis, revenue to remain flat as the impact from the lower sales volume is offset by higher steel price realisation. We expect EBITDA to increase by 20% YoY on account of higher sales volume and VAP share. On a QoQ basis, EBITDA is likely to decline by 13% driven by lower sales volumes. EBITDA/t to increase by 8% YoY, led by higher VAP share (heavy section tubes) in sales mix. On a QoQ basis, EBITDA/t is expected to decline by 7% due to lower sales volumes.

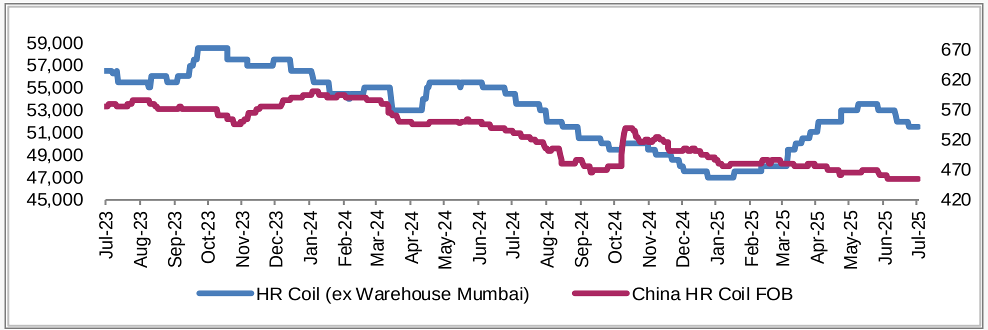
JTL Industries: Consolidated Sales volume grew by 27%/32% YoY/QoQ (Nabha steel is now consolidated in the numbers). We expect consolidated revenue to rise by 11%/22% YoY/QoQ, led by higher sales volume. We expect EBITDA to improve by 9%/143% YoY/QoQ, driven by higher sales volumes. EBITDA/t to recover to Rs 4,000/t up 83% QoQ, fueled by higher volumes in Q1FY26. On a YoY basis, EBITDA/t is expected to decline by 14% led by lower realisations.

Steel Sector Outlook: China's steel exports remained high in Jan'25-May'25 at 48.5 MT, up 9% YoY, as domestic demand continued to remain sluggish. Going forward, China's steel export trajectory will be the key monitorable amidst protectionist measures taken by the US, India, Vietnam, and South Korea, who have all announced tariffs/protection on steel imports from China. China's Jan'25-May'25 crude steel production stood at 432 MT, down 1.7% YoY. Despite the drop in production, exports remained high over the same period. In order to protect the dumping from China, the government imposed a 12% safeguard duty on select steel imports to India in Apr'25 for 200 days. This has led to lower steel imports in India (overall steel imports down by 20% YoY in Jan'25-May'25 at 3.7 MT) and supported domestic HRC prices, with the Q1FY26 average HRC prices rising by 9% QoQ (down 4% YoY) at Rs 52,594/t, despite Chinese HRC prices decliing by 3% QoQ over the same period. Raw material prices, i.e. Iron ore and coking coal, broadly reflected the weakness in steel prices. Iron ore (62% CFR China) prices averaged at $95/t, down 16%/6% YoY/QoQ. Premium Coking Coal prices (FOB Aus) have also declined by 29%/9% YoY/QoQ in Q1FY26 to $184/t, amidst weak Chinese production and demand. Going ahead, steel production cuts in China will be the key monitorable, along with stimulus measures, which will provide support to the Chinese HRC prices.

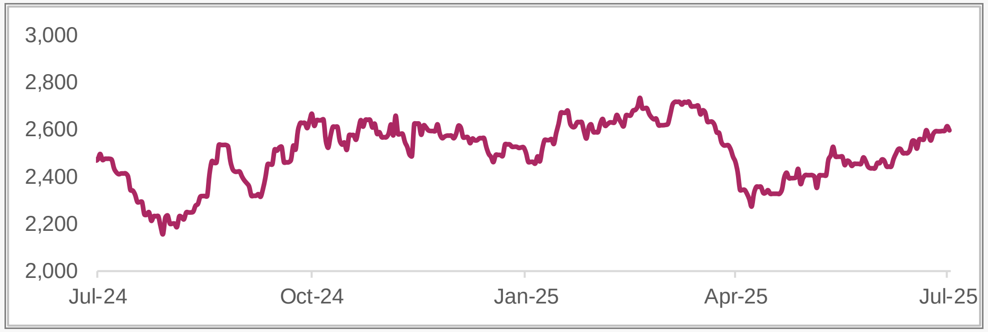
Aluminium sector outlook: Average LME Aluminium prices declined by 3%/7% YoY/QoQ to $2,444/t in Q1FY26. Average Alumina prices also corrected to $359/t down 16%/31% YoY/QoQ, as supply issues of Bauxite from Guinea were resolved. Spot Aluminium prices have increased again to $2,600/t supported by drawdown of LME inventories and pick-up in Industrial activity in China in Jun'25 (Manufacturing PMI in China increased to 50.4 points in Jun'25 from 48.3 points in May'25). The smelter capacity cap of 45 MTPA in China is supporting aluminium prices.

Top picks: APL Apollo Tubes, Hindalco, NALCO and Tata Steel are our Top Picks.

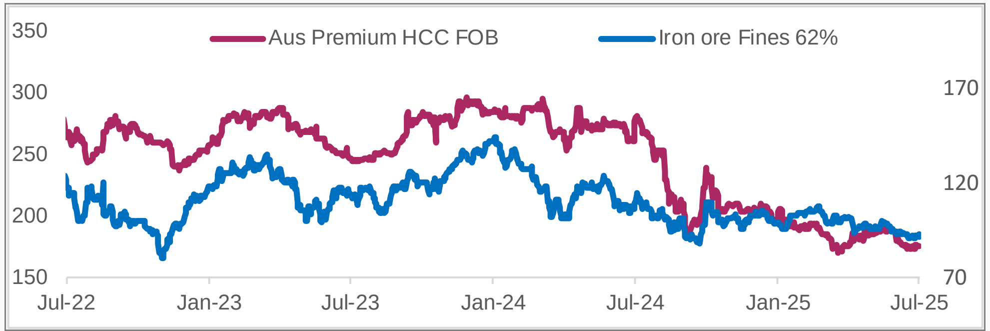
Indian HRC prices find support post 12% safeguard duty announcement



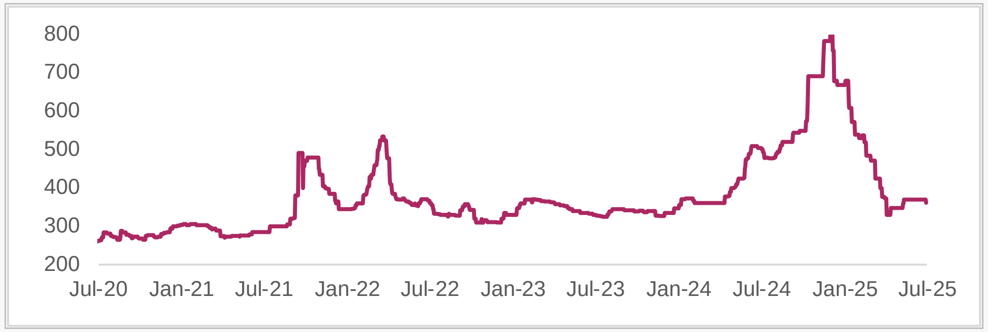
LME Aluminium prices ($/t) recovered, supported by lower LME Aluminium inventory



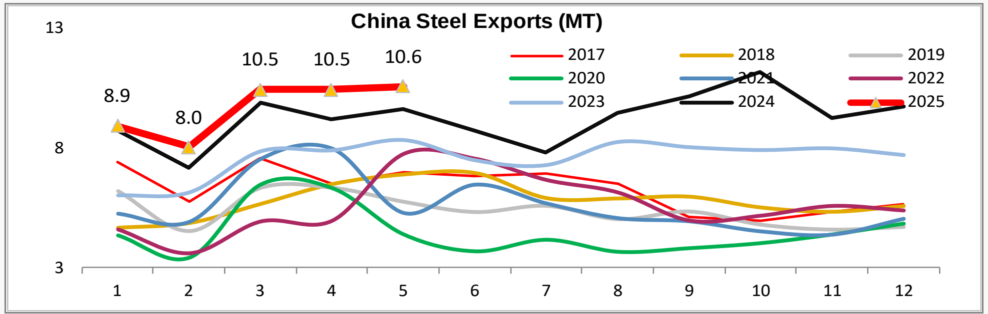
Soft coking coal and iron ore prices cushion steel spot spreads



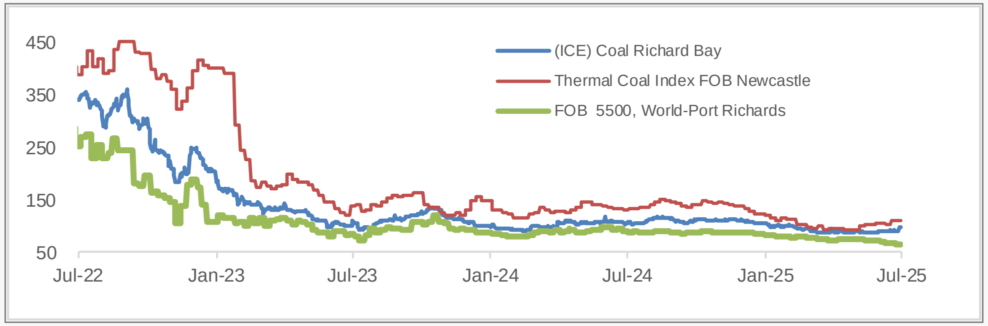
Alumina prices ($/t) have corrected from the recent peak. The market is well supplied.



China Steel Exports have stood elevated in 5MCY25, putting pressure on ex-China prices.



Thermal coal prices are range-bound



Source: Bloomberg, LSEG Workspace

Quarterly Preview – Q1FY26

Metals & Mining

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result expectations
Hindalco Industries						→ We assume slightly lower Aluminium sales QoQ and nearly flat YoY. Novelis shipments are likely to remain slightly higher, led by the strong beverage cans segment. We assume copper sales volume to normalise QoQ post strong volumes in Q4. → Average LME Aluminium prices declined by 3%/7% YoY/QoQ. Average Alumina prices corrected from the peak. Consolidated Revenue to decline QoQ, led by lower sales realisation, partially offset by slightly higher Novelis shipments. → EBITDA to decline YoY/QoQ led by lower LME Aluminium prices and lower Novelis EBITDA. EBITDA margins to contract YoY/QoQ led by lower LME Aluminium prices and lower Novelis EBITDA, upstream Aluminium CoP is expected to remain flat. We expect Novelis EBITDA/t to decline YoY/QoQ. We factor in $40 Mn impact of tariffs.
Aluminium sales (kt)	330	345	-4.4%	328	0.5%	
Novelis Shipments (kt)	970	957	1.4%	951	2.0%	
Copper sales (Kt)	120	135	-11.1%	119	0.8%	
LME Aluminium ($/t)	2,444	2,624	-6.9%	2,525	-3.2%	
Alumina ($/t)	359	522	-31.2%	430	-16.4%	
Revenues	61,967	64,890	-4.5%	57,013	8.7%	
EBITDA	6,762	9,609	-29.6%	7,585	-10.9%	
EBITDA margin (%)	10.9	14.8	(390)	13.3	(239)	
Novelis EBITDA/t ($/t)	450	494	-9.0%	526	-14.5%	
PAT	2,974	5,283	-43.7%	3,074	-3.2%	
EPS (Rs)	13.4	23.8	-43.7%	13.8	-3.2%	
Nalco						→ We assume a decline in alumina sales volume in Q1FY26 QoQ over a strong Q4FY25 and metal sales at a full utilisation level of 117 kt. → Average LME Aluminium prices declined by 3%/7% YoY/QoQ. Average Alumina prices corrected from the peak. → Revenue to decline QoQ, led by correction in Alumina and LME Aluminium prices and lower Alumina sales volumes → EBITDA to decline QoQ, led by lower sales realisation. Margins to contract QoQ led by lower operating leverage.
Alumina sales (kt)	299	347	-13.7%	100	199.7%	
Aluminium sales (kt)	117	126	-7.3%	107	9.7%	
LME Aluminium ($/t)	2,444	2,624	-6.9%	2,525	-3.2%	
Alumina ($/t)	359	522	-31.2%	430	-16.4%	
Revenues	3,944	5,268	-25.1%	2,856	38.1%	
EBITDA	1,501	2,754	-45.5%	934	60.6%	
EBITDA margin (%)	38.0	52.3	(1,423)	32.7	534	
PAT	1,034	2,067	-50.0%	588	75.7%	
EPS (Rs)	5.6	11.3	-50.0%	3.2	75.7%	

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result expectations
SAIL						
HRC Ex-Mumbai (Rs/t)	52,594	48,320	8.8%	54,972	-4.3%	➔ Steel HRC prices (traders market ex-Mumbai) have increased by 9% QoQ but are still down 4.3% YoY.
Sales Volume (MT)	4.6	5.4	-14.9%	4.0	13.6%	➔ We model lower consolidated sales volume QoQ on seasonality.
Revenues	26,118	29,316	-10.9%	23,998	8.8%	➔ We expect revenue to decline QoQ due to lower sales volumes, partially offset by higher sales realisation led by higher HRC prices.
Adj EBITDA (Inc. Rail benefits)	3,932	3,484	12.9%	2,220	77.1%	➔ We expect Adj. EBITDA (excluding railway provisions) to increase QoQ due to lower coking coal consumption costs and higher sales realisation.
Adj EBITDA (Excl. Rail benefits)	3,932	2,797	40.6%	2,220	77.1%	➔ EBITDA/t to increase YoY/QoQ led by higher sales realisation and lower coking coal cost.
EBITDA margin (%)	15.1	11.9	317	9.3	580	
EBITDA/t	8,626	5,220	65.2%	5,533	55.9%	
PAT	1,462	1,251	16.9%	82	1687.6%	
Tata Steel						
Consolidated sales volume (MT)	8.1	8.5	-5.5%	7.4	9.0%	➔ We model lower consolidated sales volume QoQ on seasonality. Steel HRC prices (traders market ex-Mumbai) have increased by 9% QoQ but are still down 4.3% YoY.
HRC Ex-Mumbai (Rs/t)	52,594	48,320	8.8%	54,972	-4.3%	➔ Consolidated revenue to decline QoQ, led by lower steel sales volumes, partially offset by higher realisation.
Revenues	54,740	56,218	-2.6%	54,771	-0.1%	➔ EBITDA to improve YoY/QoQ led by lower coking coal consumption cost and higher steel price realisation, partially offset by lower sales volumes.
EBITDA	6,924	6,559	5.6%	6,694	3.4%	➔ India EBITDA/t to increase QoQ, led by higher sales price realisation and lower coking coal consumption cost.
EBITDA margin (%)	12.6	11.7	98	12.2	43	➔ EBITDA/t loss in Europe is likely to narrow YoY/QoQ, led by higher sales realisation in Europe.
India EBITDA/t (Rs/t)	13,023	12,463	4.5%	13,723	-5.1%	
Europe EBITDA/t ($/t)	(9)	(36)		(28)		
PAT	1,757	1,689	4.0%	1,318	33.4%	
EPS (Rs)	1.4	1.4	4.0%	1.1	33.4%	

APL Apollo Tubes

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
HRC Ex-Mumbai (Rs/t)	52,594	48,320	8.8%	54,972	-4.3%
Sales Volume (kt)	794	850	-6.6%	721	10.2%
Revenues	5,502	5,509	-0.1%	4,974	10.6%
Realisation (Rs/t)	69,258	64,773	6.9%	68,986	0.4%
EBITDA	360	414	-12.9%	302	19.5%
EBITDA margin (%)	6.6	7.5	(96)	6.1	49
EBITDA/t (Rs/t)	4,536	4,864	-6.7%	4,183	8.4%
PAT	229	293	-22.0%	193	18.3%
EPS (Rs) Diluted	8.23	10.56	-22.0%	6.96	18.3%

Result expectations

- ➔ Steel HRC prices (traders market ex-Mumbai) have increased by 9% QoQ but are still down 4.3% YoY. Sales volume grew by 10% YoY, but declined by 7% QoQ due to the onset of early monsoon, and a rise in HRC prices led to slight destocking at the traders' end.
- ➔ Revenue to rise YoY led by higher sales volume, on a QoQ basis, revenue to remain flat as the impact from the lower sales volume is offset by higher steel price realisation.
- ➔ EBITDA to increase YoY on account of higher sales volume and VAP share. On a QoQ basis, EBITDA is likely to decline, led by lower operating leverage from lower sales volumes.
- ➔ EBITDA/t to increase YoY led by higher VAP share (heavy section tubes) in sales mix. On a QoQ basis, EBITDA/t is expected to decline due to lower sales volumes.

JTL Industries Ltd

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
HRC Ex-Mumbai (Rs/t)	52,594	48,320	8.8%	54,972	-4.3%
Sales Volume (kt)	108.41	81.89	32.4%	85.67	26.5%
Sales Volume from Nabha Steel (kt)	6.82	8.59	-20.5%	10.73	-36.4%
Revenues	572	469	21.9%	515	11.1%
Realisation (Rs/t)	52,800	52,868	-0.1%	53,896	-2.0%
EBITDA	43	18	143.3%	40	9.3%
EBITDA margin (%)	7.6%	3.8%	4	7.7%	(0)
EBITDA/t (Rs/t)	4,000	2,176	83.8%	4,632	-13.6%
PAT	42	17	149.7%	31	36.9%

Result expectations

- ➔ Steel HRC prices (traders market ex-Mumbai) have increased by 9% QoQ but are still down 4.3% YoY.
- ➔ Consolidated Sales volume grew by 27%/32% YoY/QoQ. In Q1FY26, Nabha Steel is now consolidated in the numbers. Nabha Steel is now a subsidiary of JTL. Its contribution fell by 36%/21% YoY/QoQ
- ➔ Revenue to rise YoY/QoQ led by higher sales volume.
- ➔ EBITDA to improve YoY/QoQ led by higher sales volumes.
- ➔ EBITDA/t to recover QoQ led by higher volumes in Q1FY26. On a YoY basis, EBITDA/t is expected to decline, led by lower realisations.

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result expectations
Coal India						
Off-take (MT)	190	201	-5.3%	199	-4.2%	➔ CIL Coal off-take de-grew by 4%/5% YoY/QoQ ➔ Revenue to decline YoY/QoQ led by lower coal offtake. We model 69% e-auction premium (flat QoQ and 58% in Q1FY25) and 11% e-auction volumes (vs. 11%/12% in Q4FY25/Q1FY25). ➔ We expect Adj EBITDA (excl OBR) to de-grow YoY/QoQ, led by lower coal offtake, leading to lower operating leverage.
Revenues	35,722	37,825	-5.6%	36,465	-2.0%	
Adj EBITDA (exl OBR)	10,751	11,229	-4.3%	11,542	-6.9%	
EBITDA	13,482	11,790	14.4%	14,339	-6.0%	
Adj EBITDA margin (%)	30.1	29.7	41	31.7	(156)	
PAT	9,579	9,604	-0.3%	10,959	-12.6%	
EPS (Rs)	15.5	15.6	-0.3%	17.8	-12.6%	

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