

Strong rebound expected in Q4FY26 margins

Steel spreads remained elevated in March'26, closing Q4FY26 on a very strong growth of 12-40% yoy and ~25% qoq, despite rising thermal coal costs. Quarterly averages indicate a 12–16% yoy improvement in steel realizations across the chain and status quo iron ore price vs. Q3FY26, which should drive a sharp rebound in Q4FY26 EBITDA margins across flats, longs, intermediates and stainless steel. While domestic demand remains resilient and pricing power intact, the sharp rise in thermal coal and prior spike in coking coal suggest near-term cost headwinds, particularly for 1QFY27, although partial normalization is expected as supply disruptions ease. Effectively, we expect improved spreads to sustain in FY27. Some of stainless steel and MS pipe manufacturers are affected due to the Middle East war and will report a miss to our Q4FY26 expectations. However, Sambhv steel and Kirloskar Ferrous Ind. remain unaffected to these disruptions and are expected to report sharp rebound in margins. They are top picks, backed by attractive valuations.

Prices – Rs/tonne	4QFY26	4QFY25	YoY	3QFY26	QoQ	Mar'26
HRC	51,574	46,204	11.6%	45,596	13.1%	53,213
TMT	50,037	48,208	3.8%	43,308	15.5%	50,938
Iron ore fines – Chhattisgarh	4,772	5,140	-7.2%	4,750	0.5%	4,852
Iron ore lumps – Chhattisgarh	6,290	7,097	-11.4%	6,233	0.9%	6,409
Thermal coal – US\$/tonne – Spot	105	92	14.6%	89	18.3%	121
Coking coal - US\$/tonne - Spot	235	194	21.0%	200	17.7%	225
Pig iron – foundry grade price	42,450	38,042	11.6%	37,822	12.2%	43,059
Sponge iron	26,985	26,031	3.7%	24,337	10.9%	27,536
Scrap price	34,749	33,188	4.7%	30,720	13.1%	35,595
Pellet price	10,267	9,696	5.9%	9,696	5.9%	10,794
Stainless Steel CRC – series 200 proxy	1,35,250	1,33,100	1.6%	1,29,175	4.7%	1,38,000
Stainless steel CRC - Series 300	2,05,750	1,84,692	11.4%	1,94,167	6.0%	2,15,000
ERW pipes	57,133	53,942	5.9%	52,277	9.3%	57,600
GP pipes	69,433	60,455	14.9%	61,628	12.7%	73,175
Spreads						-
HRC	21,417	15,202	40.9%	17,192	24.6%	21,704
TMT	29,702	26,389	12.6%	24,459	21.4%	30,045
Pig Iron	12,674	7,381	71.7%	9,803	29.3%	11,925
Pellets	4,156	3,114	33.5%	3,614	15.0%	4,581

Source: Bigmint, MNCL Research

Rebound in spread sustains for the complete quarter: Both HRC and TMT spreads has sustained a surge in Q4FY26, after 2years of muted levels. As showed in the table above, the complete steel supply chain has witnessed price hikes except iron ore, continued till date, driven by several macro factors like elimination of imports after the safeguard duties, normalising of inventories, domestic mills regaining pricing power as supply was diverted to exports and some support from rising coking coal prices. Similar trend was witnessed in pellet, intermediates like pig iron & DRI and value-added products like ERW and GP pipes. Average prices and spreads of steel products in March'26, continue to track above three-year averages, sustaining the trend that first emerged in February. Stainless steel flat product prices have seen a hike of 5-6% in Q4FY26, on a qoq basis, due to elimination of rebate to Chinese mills and favourable nickel prices (due to supply adjustments in Indonesia).

Raw Material Trend - Coking coal the emerging headwind for Q1FY27: Iron prices (adjusted for the change in taxation and royalty calculation in January) has remain status quo on a qoq basis. Similarly, Australia coking coal prices which gets accounted with a 3-month lag remains at low levels (~US\$200/t) for Q4FY26. However, coking coal prices have surged in Jan'26 due to heavy rainfall and cyclone in Queensland, slowdown in mining and disruptions at rail and port facilities. We expect a 18% qoq hike in coking coal cost to pressure spreads in 1QFY27.

Ratnamani Metals & Tubes (Rating: BUY)

CMP/TP (Rs)	2200/2460
Upside	12%

Venus Pipes & Tubes (Rating: BUY)

CMP/TP (Rs)	893/1680
Upside	88%

Scoda Tubes (Rating: BUY)

CMP/TP (Rs)	122/250
Upside	105%

Kirloskar Ferrous Industries (Rating: BUY)

CMP/TP (Rs)	349/570
Upside	63%

Godawari Power & Ispat (Rating: BUY)

CMP/TP (Rs)	269/310
Upside	15%

Sambhv Steel (Rating: BUY)

CMP/TP (Rs)	91/155
Upside	70%

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Likely Winners: We expect Integrated steel producers and intermediate steel to benefit the most from elevated spreads. Pellet producers with captive mines are expected to report a surge in EBITDA margins. From our coverage, we expect strong EBITDA margin rebound for Kirloskar Ferrous Ind. (KFIL) and Godawari Power & Ispat. ERW, GP Converters will have jump in absolute EBITDA despite margin levels may not move much. On the stainless-steel front, we expect a strong uptick in realisation for all names in our coverage – Ratnamani metals, Scoda tubes and Venus pipes. Sambhv steel will be a major beneficiary due to its backward integration on MS pipes, leading to expansion of spread, with noticeable benefits of low-cost inventory and higher pricing in stainless steel business. We expect HRC spreads for steel players to moderate in Q1FY27 due to the spike in coking coal cost.

However, some of the large pipe and stainless-steel manufacturers, have been impacted due to shortage of LPG/LNG fuel and export disruptions. The stainless-steel pipe manufacturers in our coverage i.e. Ratnamani Metals, Venus pipes & Scoda tubes are expected to be impacted either directly or indirectly due to the Middle East war, resulting into a miss to our Q4FY26 expectation.

Top Pick:

Sambhv Steel tubes: Given Sambhv's Q3 margin compression was driven by realization lag versus raw material costs and partial outsourcing of coils, the current spread environment suggests a meaningful sequential EBITDA/ton recovery in Q4, with operating leverage further aided by higher internal GP capacity and improving stainless mix. Importantly, Sambhv remains unaffected by the LPG supply disruptions linked to the Middle East conflict unlike several LPG-based GP & SS competitors who have curtailed operations, enabling Sambhv to charge a premium. At CMP, stock trades at attractive valuation of 6.4x FY28 EV/EBITDA.

KFIL: Pig iron spreads should meaningfully improve in Q4FY26. The company has indicated no material financial impact from the 5 days stoppage of the Solapur casting line due to existing inventories. Casting demand remains strong backed by robust sales of tractor and CV. Alloy steel spreads should further support along with value added sales of tubes due to the ONGC order. Stocks trades at very attractive valuation of 5x FY28 EV/EBITDA.

Exhibit 5: Prices (MoM basis) - Third month of consecutive price hikes across steel value chain; coking coal eases

Prices	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
HRC – Rs/tonne	-2%	-2%	-1%	-1%	-3%	-3%	0%	9%	5%	2%
TMT – Rs/tonne	-6%	-3%	5%	-3%	-4%	1%	5%	10%	1%	2%
Iron ore fines – Chhattisgarh – Rs/tonne	-3%	-9%	8%	-5%	-5%	0%	0%	-2%	3%	1%
Iron ore lumps – Chhattisgarh – Rs/tonne	-2%	-9%	7%	-5%	-5%	1%	0%	-1%	2%	2%
Thermal coal – US\$/tonne	-6%	-14%	7%	19%	-1%	3%	4%	1%	10%	18%
Coking coal - US\$/t	-7%	-8%	6%	0%	2%	3%	7%	11%	6%	-9%
Pig iron – foundry grade price	-6%	0%	1%	-3%	1%	2%	0%	10%	2%	1%
Sponge iron	-3%	5%	0%	1%	-4%	0%	0%	7%	5%	1%
Scrap price	-2%	-1%	-1%	0%	-4%	0%	1%	8%	6%	1%
Pellet price	-7%	2%	9%	0%	-1%	-4%	-3%	3%	8%	4%
Stainless Steel CRC – series 200 proxy	-2%	2%	0%	1%	-1%	-2%	-2%	5%	2%	2%
Stainless steel CRC - Series 300	0%	1%	2%	2%	0%	-4%	-1%	5%	2%	6%
ERW pipes	-3%	-5%	-1%	-1%	-1%	0%	-4%	9%	4%	-1%
GP pipes	-1%	-3%	0%	0%	-2%	-1%	-1%	8%	5%	6%

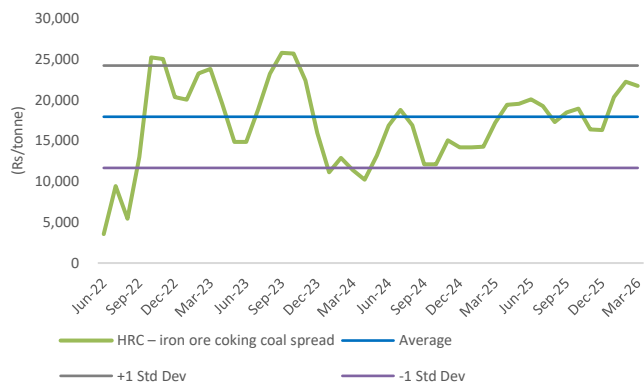
Source: Bigmint, MNCL Research

Exhibit 5: Prices (YoY basis) – Lifts spread to 3year highs

Prices	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
HRC – Rs/tonne	-6%	-5%	-2%	2%	0%	-2%	0%	9%	14%	12%
TMT – Rs/tonne	-12%	-6%	1%	-5%	-12%	-9%	-4%	5%	3%	3%
Iron ore fines – Chhattisgarh – Rs/tonne	5%	5%	14%	8%	-9%	-12%	-12%	-8%	-5%	-8%
Iron ore lumps – Chhattisgarh – Rs/tonne	0%	-9%	7%	2%	-12%	-16%	-16%	-13%	-11%	-10%
Thermal coal – US\$/tonne	-30%	-37%	-33%	-17%	-18%	-14%	-8%	-1%	11%	35%
Coking coal - US\$/t	-29%	-31%	-10%	-10%	-13%	-10%	5%	21%	23%	19%
Pig iron – foundry grade price	-17%	-14%	-10%	-11%	-12%	-7%	-1%	11%	14%	10%
Sponge iron	0%	-4%	-2%	-4%	-15%	-8%	-5%	2%	6%	3%
Scrap price	-12%	-8%	-7%	-6%	-12%	-10%	-6%	1%	8%	5%
Pellet price	-5%	0%	12%	16%	-1%	-5%	4%	2%	6%	10%
Stainless Steel CRC – series 200 proxy	-4%	-3%	-4%	-2%	-2%	-4%	-6%	0%	2%	3%
Stainless steel CRC - Series 300	1%	3%	4%	4%	4%	2%	2%	7%	11%	16%
ERW pipes	-4%	-6%	-2%	5%	4%	2%	-1%	8%	8%	2%
GP pipes	0%	-1%	2%	6%	7%	3%	3%	12%	16%	17%

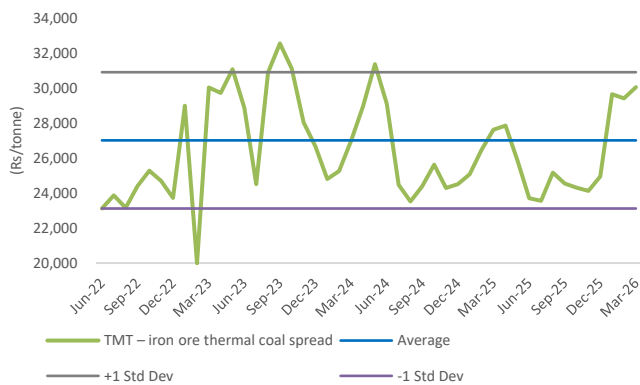
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Exhibit 3: HRC Spread



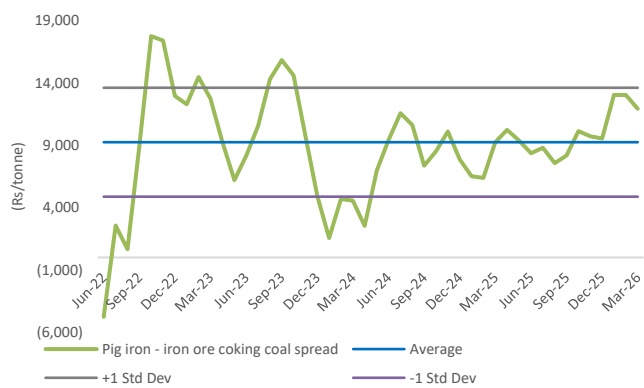
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Exhibit 4: TMT Spread



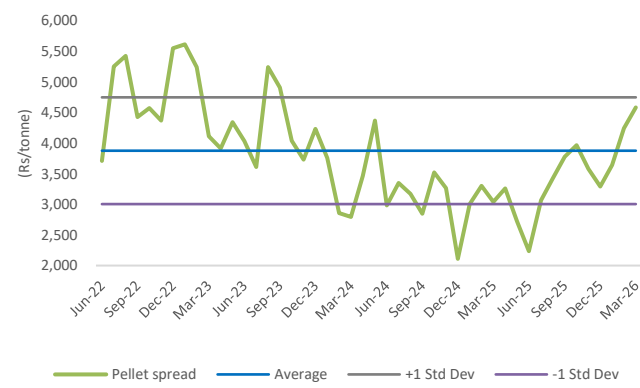
Source: BigMint, MNCL Research

Exhibit 5: Pig Iron Spread



Source: BigMint, MNCL Research

Exhibit 6: Pellet Spread



Source: BigMint, MNCL Research

Financial Estimates

Company	Market Cap (Rs mn)	CMP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)		
			FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
Ratnamani Metals & Tubes	1,54,202	2,200	76.9	82.1	86.7	34.9	26.8	25.4	22.5	17.2	14.9
Venus Pipes & Tubes	18,245	893	45.5	50.3	67.7	40.7	17.8	13.2	23.6	10.5	8.5
Scoda Tubes	7,309	122	7.2	7.7	10.4	-	15.7	11.8	-	9.3	7.2
Kirloskar Ferrous Industries	57,452	349	17.9	22.1	34.5	35.6	15.8	10.1	15.4	8.2	6.0
Godawari Power & Ispat	1,70,346	269	13.2	12.8	20.0	14.6	21.1	13.4	9.6	13.3	8.5
Sambhv Steel Tubes Ltd	26,815	91	2.4	4.3	4.8	NM	21.2	18.9	NM	11.7	11.1

Source: Company, MNCL Research Estimates

Company	Revenue (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)			ROE (%)		
	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
Ratnamani Metals & Tubes	51,865	49,094	54,956	8,235	8,594	9,820	5,392	5,751	6,077	15.9%	14.8%	13.9%
Venus Pipes & Tubes	9,585	11,817	14,418	1,676	1,941	2,408	929	1,027	1,382	17.5%	16.3%	18.1%
Scoda Tubes	4,849	5,593	6,949	781	852	1,094	317	464	622	21.1%	11.7%	13.7%
Kirloskar Ferrous Industries	65,642	69,197	81,993	7,562	8,571	11,648	2,940	3,643	5,676	8.6%	9.8%	13.6%
Godawari Power & Ispat	53,757	57,069	71,730	11,937	12,592	19,863	8,110	8,083	12,695	16.4%	13.9%	17.2%
Sambhv Steel Tubes Ltd	1,511	2,358	2,901	154	256	309	57	127	142	12.3%	16.6%	12.9%

Source: Company, MNCL Research estimates

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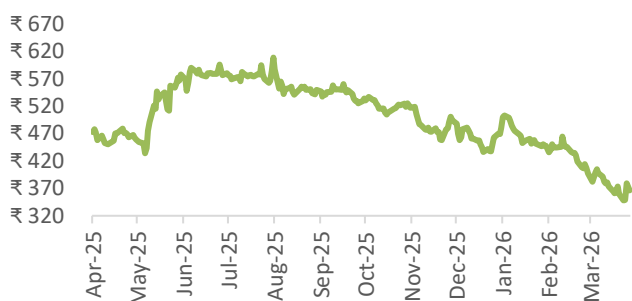
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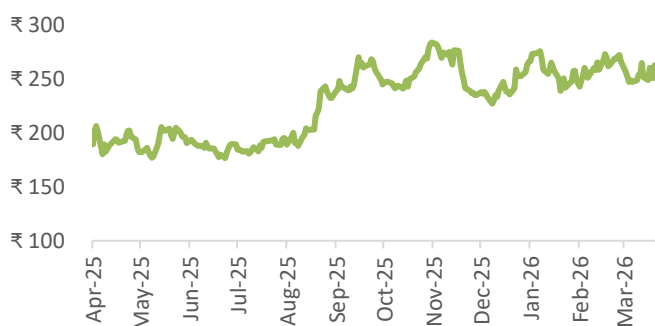
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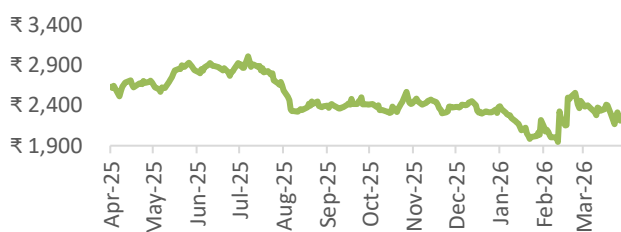
KFIL share price chart



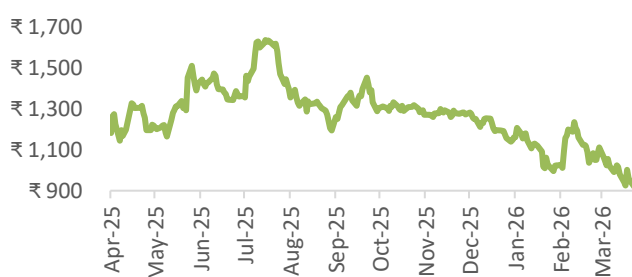
GPIL share price chart



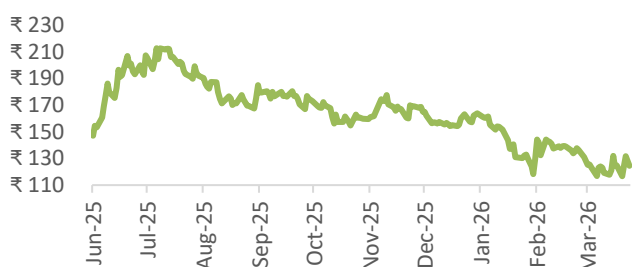
Ratnamani Metals share price chart



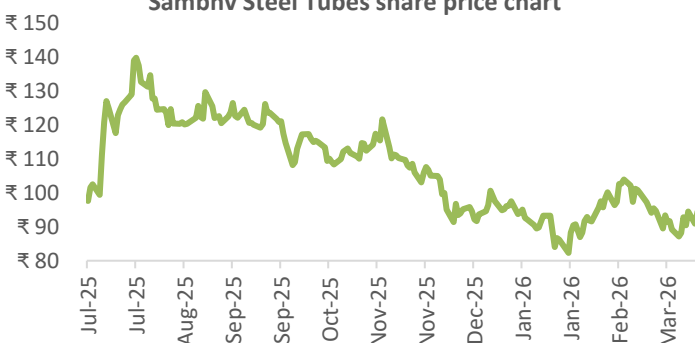
Venus pipes share price chart



Scoda tubes share price



Sambhv Steel Tubes share price chart



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