Country	India
Sector	Steel and rolled products

Indian steel falls short of its cost of capital as overseas exporters set the selling price

India is adding capacity to meet genuine demand growth, yet none of the three companies under coverage earns its cost of capital. Return on invested capital over the ten-year forecast horizon is 10.50%, 10.16% and 6.06%, against costs of capital of 12.97%, 13.86% and 13.25%. The gap persists in all ten years at all three companies because Indian mills do not set the selling price. The best-ideas list is empty: the businesses fail the quality screen before share prices enter the decision.

Import parity caps domestic prices for rolled steel. The cap starts with the Chinese export price at shipment, adds delivery to an Indian port and applies the regulatory uplift. This report replaces a price input previously bridged from two Chinese workbooks with the current Chinese v10.8 workbook, which restores the export premium and export price series. The change reduces the ceiling by 1.02–1.16% in all ten years and cuts valuations by 15.2% for Tata Steel, 25.4% for JSW Steel and 51.4% for Jindal Steel. The first and last imply valuation sensitivities of one to thirteen and one to forty-seven. We quantify for the first time how far Indian steel valuations amplify a move in an overseas price.

Imports exert the strongest pressure on the market and set the price regime. Domestic steel sells an average of 2.56% below the ceiling, with a standard deviation of 3.65 percentage points. The marginal domestic seller is an unnamed induction furnace in the secondary sector, which accounts for 46.4% of output. A price rise by any of the three listed issuers immediately confronts a cheaper alternative at the port. With imports capping prices, state governments taking the resource rent and supply fragmented, the industry cannot earn more than its cost of capital through a full cycle. The companies' own figures show this.

All three ratings are the same because they share one price input, the import-parity ceiling. Tata Steel is nearest to a change in rating and reaches it at a ceiling 11.39% higher, followed by JSW Steel at 16.73% and Jindal Steel at 17.85%. The return-on-capital test passes sooner, at increases of 3.55%, 3.61% and 8.66%, respectively. The order of events is observable: business quality recovers before the share prices become attractive.

All three stocks are rated SELL. Table 1 compares the share prices with the valuations. Tata Steel has a ₹65.74 target against a ₹187.55 share price and total shareholder return of −62.5% versus a 15.42% hurdle. JSW Steel has a ₹216.29 target against ₹1,299.50 and a return of −82.7% versus a 14.84% hurdle. Jindal Steel has a ₹62.88 target against ₹1,103.00 and a return of −94.1% versus a 14.33% hurdle. Steel buyers have an alternative at the port, which provides a mechanism for convergence. The next checks are Q2 FY2027 results in late October 2026 and expiry of the safeguard measure on 20 April 2028. The target is calculated mechanically from valuation: intrinsic value × (1 + required return) less twelve months of dividends. The required returns are 15.42 · 14.84 · 14.33%. This gives the share price implied if the valuation gap closes. It gives no forecast of when the gap will close. The total shareholder returns of −62.5 · −82.7 · −94.1% use that convention and measure the size of the gap. The pace is slower. The safeguard measure expires on 20 April 2028, beyond twelve months, and only then does the mechanism take full effect. Q2 FY2027 results in late October 2026 test the thesis without closing the gap. If the same gap closes in equal portions over three years, annualised shareholder returns are −29.5% for Tata Steel, −45.0% for JSW Steel and −61.5% for Jindal Steel. Convergence is to the target price on a consistent basis across the three stocks. The direction is the same and the magnitude is described in the report as one third of the original. An investor with a one-year horizon should use the second set of figures.

Table 1: All three stocks trade at more than twice intrinsic value. The smallest premium belongs to the only issuer that passes three of the four quality tests. The disclosure classification reflects how much of the data had to be reconstructed. 'Partially reconstructed' means some lines come directly from disclosures. 'Reconstructed' means the Indian perimeter was reconstructed entirely, a weaker disclosure basis. Share price, intrinsic value and target are in rupees per share. Return is twelve-month total shareholder return from 07.08.2026 prices. The disclosure classification

qualifies confidence in the conclusion. Cost shows the FY2027 cost per tonne in rupees and the company's rank in coverage. Capital allocation records promises delivered out of those announced. H is each issuer's required return of 15.42%, 14.84% and 14.33%, respectively. The recommendation band B is 10 percentage points. A company must pass all four quality tests. Source: research model, calculated 18.08.2026.

Issuer	Price	Value	Target	Return	Rating	Disclosure basis	Cost rank	Horizon	Capital allocation
Tata Steel	187.55	60.86	65.74	−62.5%	SELL	Partially reconstructed	First, 52,381	Capex peaks FY2029	3 out of 12
JSW Steel	1,299.50	195.30	216.29	−82.7%	SELL	Partially reconstructed	Third, 60,786	Capex peaks FY2028	3 out of 12
Jindal Steel	1,103.00	56.75	62.88	−94.1%	SELL	Reconstructed	Second, 57,489	Peak has passed	5 out of 12

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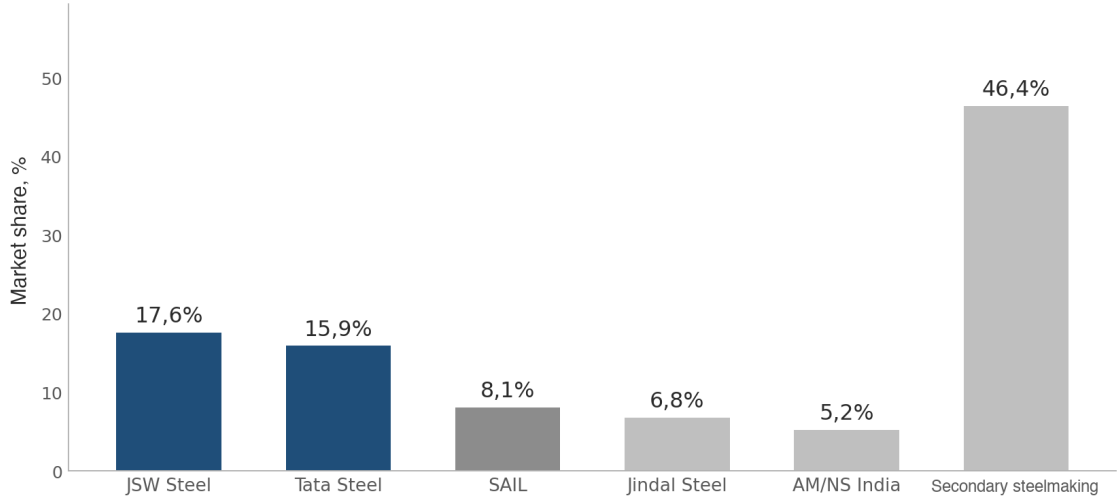
Part II. The market

1. Market boundaries: unnamed producers account for nearly half of output, with volumes growing and prices mature

The report covers carbon steel produced and sold in India. Stainless steel is outside the scope because nickel sets its price and it has a different cost curve, input mix and customer base. Flat and long products divide the carbon steel market roughly equally. Both are subject to the price cap explained in Section 3.

India produced 168.4 Mt of crude steel against 222 Mt of capacity, for 75.9% utilisation. It is the world's second-largest producer and the only large market growing consumption at double digits. Finished steel consumption was 136.3 Mt in FY2024, 152.1 Mt in FY2025 and 163.7 Mt in FY2026, and rose 8.3% in Q1 FY2027. The three covered producers make 40.3% of India's crude steel. There is no company-level disclosure for the other 59.7%.

Figure 1: Market shares. Unnamed producers make 46.4% of crude steel, with a concentration index of 962 versus a threshold of 1,500. The conclusion changes above 1,500. Closing the gap to the price ceiling adds +24.83 · +151.63 · +136.23 rupees. Source: research calculations from output shares, India's Ministry of Steel and Joint Plant Committee. Calculated 18.08.2026.



Valuation impact: closing the gap to the ceiling adds +₹24.83 · +₹151.63 · +₹136.23 per share

Figure 1 shows the market shares behind the concentration index of 962. The index sums the squares of the shares. Ten equal sellers would produce 1,000. The threshold for moderate concentration is 1,500 and for high concentration 2,500. Indian steel is 538 points below the lower threshold. The top four producers account for 48.4% of output, and the secondary and induction sector contributes 46.4%. It consists of hundreds of installations without names in the sector statistics. The marginal domestic seller is therefore the unnamed induction furnace. Its total cost per tonne is higher and its operating decision is based on variable costs. It can stay in production when prices fall and does not support higher prices when they rise.

Analytical basis: concentration. The two exhibits are producer shares and the index compared with every market measured by the research team. The measures inform two investor questions: durability of returns and the price regime.

Figure 2: Concentration across markets. The moderate-concentration threshold is 1.56 times India's index and 4.59 times China's, at 962 and 327 against 1,500. The conclusion changes above 1,500, affecting the entire price regime. Source: research reports on China, Brazil and Russia, and research calculations. Calculated 18.08.2026.

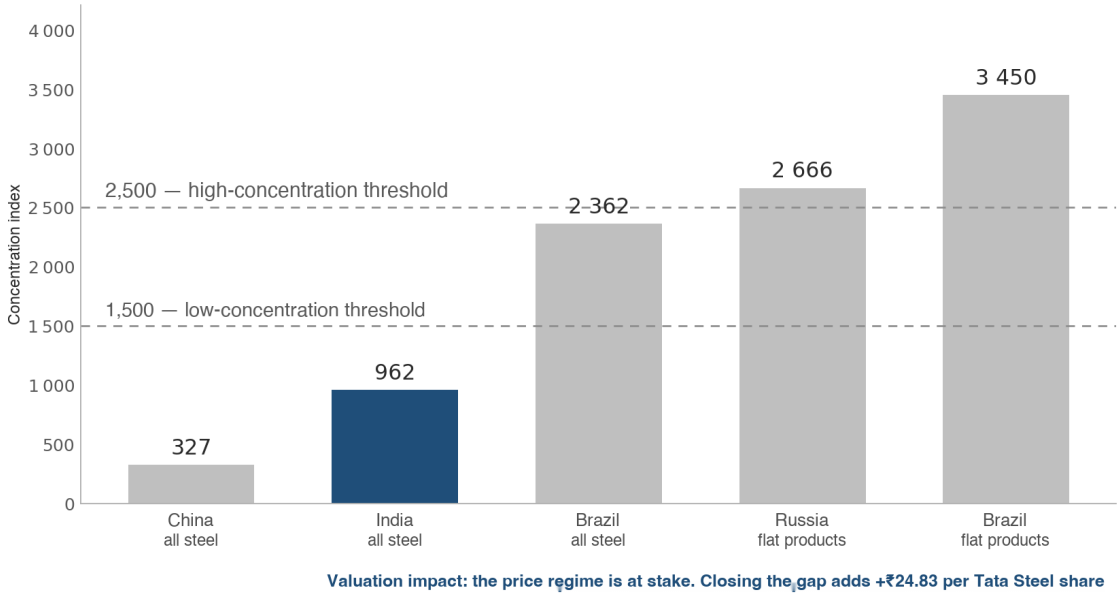
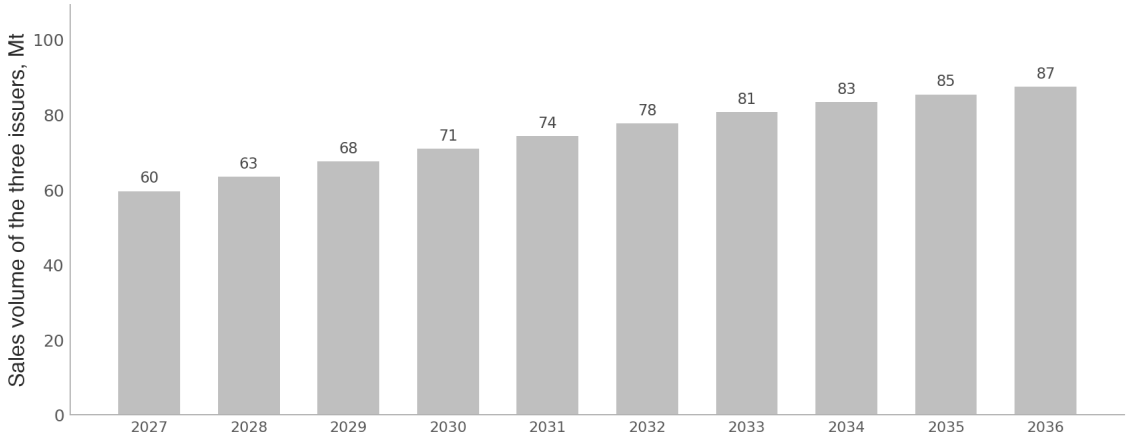


Figure 2 compares India's 962 with China's 327, Brazil's 2,362 for all steel, Russia's 2,666 for flat products and Brazil's 3,450 for flat products. This is the first of three comparisons with other covered markets. Of five measured markets, only China at 327 and India at 962 are below the low-concentration threshold. It is 4.59 times China's index and 1.56 times India's. China combines fragmented supply with full dependence on imported raw materials, leaving producers without pricing power at either end of the chain. India combines fragmented supply with captive ore at its largest producers, but imports still cap domestic prices. Fragmentation alone does not explain the loss of pricing power. The mechanism differs by country.

The gap between demand and output growth drives imports. In FY2026, finished steel consumption reached 163.7 Mt and output reached 160.9 Mt. Output as a share of consumption was 102.1% in FY2024, 96.4% in FY2025, 98.3% in FY2026 and 97.6% in Q1 FY2027. The market report describes the shortage as running into its third year. Imports fill the gap and rose 49.2% in Q1 FY2027 despite a safeguard duty of 11.5%. India is building capacity faster than demand grows, while imports are also rising at double digits. The shortage is in competitively priced steel.

Substitution cannot be measured directly in this market. The Ministry of Steel, Joint Plant Committee and Indian Bureau of Mines do not publish a measure for substitution by aluminium, composites or concrete. Private estimates are excluded because their methods are undisclosed. India consumes about 4 kg of aluminium per person versus 11 kg worldwide, around 290 kg of cement and 100–116 kg of steel. Substitute pressure receives a low score because no measurable substitution has been identified. Its magnitude remains unmeasured.

Figure 3: Industry life cycle. The ten-year changes are +46.6% in sales volume and +1.5% in EBITDA. The conclusion changes if EBITDA rises by more than 46.6% over the period. A 1 pp increase in growth is worth 4.28 · 12.96 · 8.18 rupees. Source: research model and issuer disclosures. Calculated 18.08.2026.



Zero terminal growth reflects the industry cycle. A 1 pp increase adds ₹4.28 · 12.96 · 8.18 per share

Analytical basis: the industry life cycle, addressed in Section 1 under research decision recorded at line 9 of the open-issues list. Indian steel is in a phase of rising volume and mature prices. Consumption has risen at double digits for a fourth year, while the cap from overseas exporters stops real prices rising. That combination is unusual. Unit margins compress and profits grow more slowly than volumes. Figure 3 verifies this for the three issuers. Sales move from 59.6 Mt to 87.4 Mt, or 46.6%, while EBITDA moves from ₹106,757 crore to ₹108,385 crore, or 1.5%. This phase underpins the research assumption of zero terminal growth.

What this means for value per share. Fragmented supply deprives Indian producers of pricing power, leaving the import-parity mechanism in Section 3 to set the ceiling. If concentration were as high as in Brazil, domestic steel would trade close to the ceiling. Closing the discount in Figure 1 adds ₹24.83 per share at Tata Steel, ₹151.63 at JSW Steel and ₹136.23 at Jindal Steel.

2. Value chain: the Indian government collects ₹9,834 of the ₹60,110 price ceiling

With domestic sellers unable to set the price, the next question is who receives the money an Indian buyer pays per tonne.

Analytical basis: value chain and profit pools, a common measure for two competitive forces and for value captured outside the mill.

Figure 4: Of the ₹60,110 per tonne price ceiling, ₹49,793 goes abroad and ₹9,834 to the Indian government. A government share above 20% would change the conclusion. Closing the gap to the ceiling adds +₹24.83 at Tata Steel. Source: Indian Ministry of Finance notifications 01/2025-Customs (SG) and 02/2025-Customs (SG), and the research model. Calculated 18.08.2026.



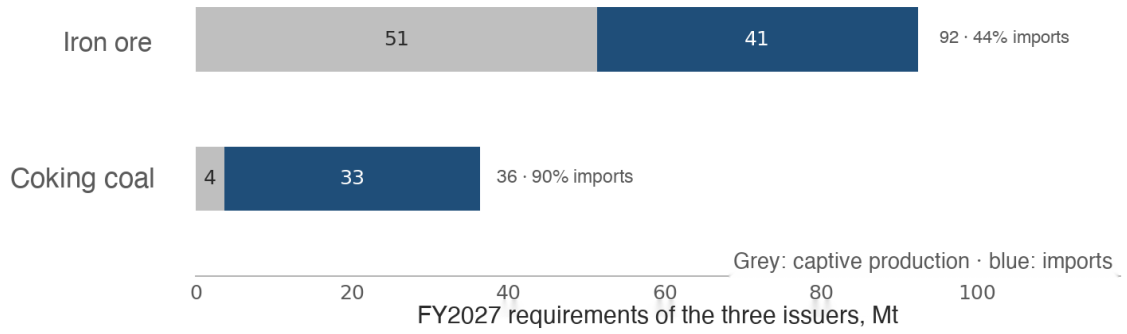
Valuation impact: closing the gap to the ceiling adds +₹24.83 · +₹151.63 · +₹136.23 per share

The price ceiling in Figure 4 has four components. The Chinese exporter and freight provider receive ₹49,793. The 7.5% basic customs duty and 0.75% social welfare surcharge account for ₹4,108, the 11.5% safeguard duty for ₹5,726, and port handling for ₹482. The reported total is ₹60,110 per tonne. The Indian government collects 16.4% and the seller outside India receives 82.8% of each tonne bought at the ceiling. The allocation follows from pricing based on customs value rather than domestic cost.

The safeguard raises the price ceiling on domestic steel by ₹5,726/t in FY2027. Its benefit is capped at that amount and follows the announced expiry schedule. After FY2029 it gives Indian mills no benefit. Keeping the duty at 11% indefinitely adds ₹79.50 per Tata Steel share, ₹486.17 at JSW Steel and ₹443.39 at Jindal Steel. This is more than the valuation at two of the three companies and seven times the valuation at the third, as reported.

The upstream link explains differences among the three issuers. State governments capture Indian ore rents. Since the 2015 reform, licences have been auctioned. Winning bids exceeded 80% of mined value at 100 of 130 mines. The weighted average premium at iron ore sites was 94%, the royalty was 15%, and the total government take was 103.7%, leaving negative net returns for the miners at these sites. Captive ore confers a cost advantage when the licence predates reform. FY2027 costs per tonne are ₹52,381 at Tata Steel, ₹57,489 at Jindal Steel and ₹60,786 at JSW Steel. The ₹8,405 gap between the extremes follows from access to legacy ore assets.

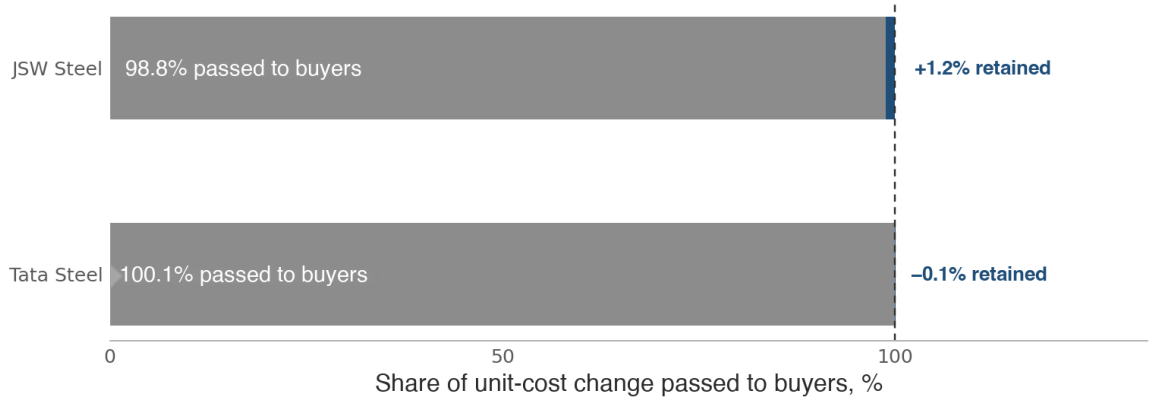
Figure 5: Captive supply covers 55.5% of ore needs and 10.0% of coal. The conclusion changes below 40% ore self-sufficiency. The ₹8,405/t gap is worth ₹15.83 per share before tax. Source: FY2026 and Q1 FY2027 disclosures, with research calculations using specific consumption of 1.55 and 0.61 tonnes per tonne. Calculated 18.08.2026.



Valuation impact: a ₹8,405/t cost difference is worth ₹15.83 per Tata Steel share before tax

Captive ore supplies 55.5% of the three issuers' requirements and captive coking coal supplies 10.0% (Figure 5). Both are reconstructions using disclosed self-sufficiency ratios and inputs of 1.55 and 0.61 tonnes per tonne of crude steel. The advantage comes from ore. All three buy the coal portion of the basket on the same global terms. The ₹8,405/t gap is explained by captive ore rather than conversion efficiency. Its value depends on when the licence was granted and cannot be replicated by buying ore.

Figure 6: Issuer cost pass-through of 1.001 and 0.988 leaves the entire effect of raw material price moves with customers. The conclusion changes below 0.80. A ±5% change in unit cost produces a ₹76.69 range in Tata Steel's valuation. Source: four disclosed years of operating data and research calculations. Calculated 18.08.2026.



Valuation sensitivity: ±5% in unit costs gives full ranges of ₹76.69 · 513.49 per share

Figure 6 tests how much of a cost change producers can pass through. Below 0.80, margins would be less exposed to changes in the price ceiling. Across five observations, pass-through from unit costs to prices is 1.001 for Tata Steel, with a standard error of 0.215, and 0.988 for JSW Steel, with a standard error of 0.288. Jindal Steel's series is too short and the limitations section quantifies the gap. The values are close to one. This is the second of three comparisons across covered markets. The equivalent range for China is 0.816–0.9944 and the Brazilian estimates are 2.182, 0.970 and 0.964. Indian mills pass raw materials cost increases through one for one, protecting unit margins from input prices while leaving them fully exposed to the ceiling. The earlier Indian results of 1.175 and 1.438 suggested over-recovery, but the fifth observation reversed that result from a shorter sample.

The Turkish analysis raised a limitation that also applies to unit cost measurement at Tata Steel, JSW Steel and Jindal Steel. Pass-through estimated from residual costs is partly tautological. If cost is defined as price less

margin, the coefficient is algebraically tied to its inputs and is no longer a direct measurement. Costs per tonne in India were reconstructed using two Q1 FY2027 disclosures, limiting the circularity. The coefficient has not been tested outside its estimation sample. Section 11 quantifies this limitation.

What this means for value per share. At one-for-one pass-through, costs do not follow the ceiling, so the entire price change falls through to margin. A uniform 5% price shift moves equity value by ₹48.49 at Tata Steel, ₹296.15 at JSW Steel and ₹266.06 at Jindal Steel. That represents 79.7%, 151.6% and 469.2% of intrinsic value from a 5% change in one input. On a uniform 5% upward move, valuation leverage is 15.9 · 30.3 · 93.8. This is a property of the model: the thinner the unit margin, the greater the leverage.

3. Who sets the price: an overseas exporter sets the ceiling, which has fallen in this report

The previous chapters found that domestic sellers lack pricing power and that most of the value of a tonne goes abroad. This chapter traces the mechanism that sets the price, its forecast path and the replacement of its underlying input.

The global benchmark enters the model on an explicit schedule. In China, domestic prices reflect the costs and margin of the marginal producer, and export prices follow domestic prices. In India the domestic price follows the global price delivered to port. Indian investors therefore need to watch Chinese domestic steel prices and the Indian duty schedule. Indian demand drives volumes and is already reflected in valuations. Demand continues to grow without lifting prices.

The import parity calculation follows the official notifications. Customs value is the delivered price. The basic customs duty is 7.5% of customs value. The safeguard duty uses the same base, so there is no duty-on-duty cascade. The social welfare surcharge is 10% of the basic duty, or 0.75% of customs value, and the safeguard is outside its base. Processors can credit the 18% goods and services tax, so it is excluded from cost. The resulting multipliers are 1.1975 for Chinese material and 1.1150 for Korean and Japanese material.

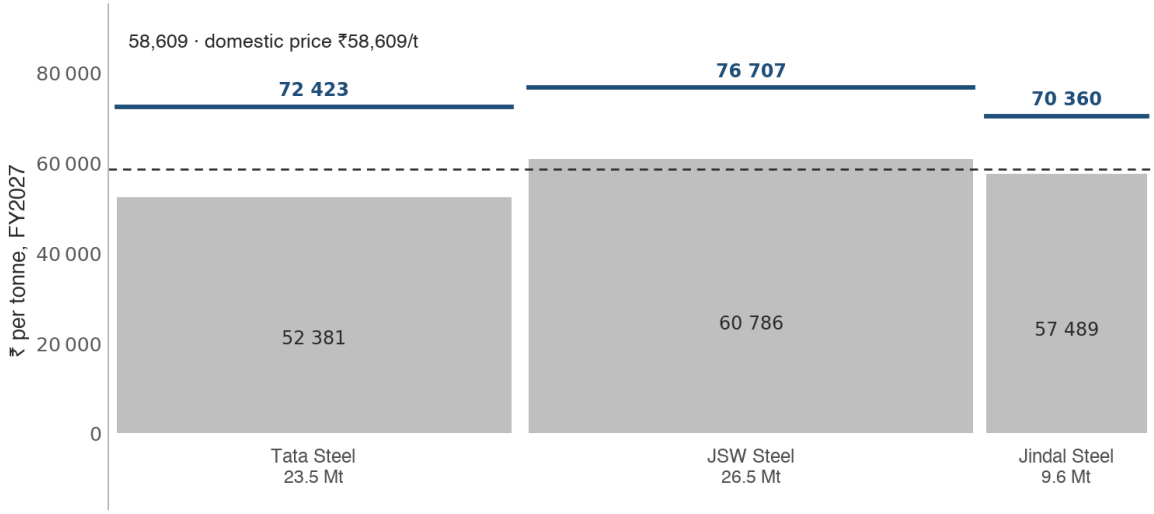
Table 2: The 7.5% basic customs duty and 0.75% social welfare surcharge use the same customs value base without cascading. This removes a full percentage point from the multiplier. Source: Indian Ministry of Finance notifications 01/2025-Customs (SG) of 21.04.2025 and 02/2025-Customs (SG) of 30.12.2025, Section 110 of the Finance Act 2018, and Section 3(8) of the Customs Tariff Act. Calculated 18.08.2026.

Component	Rate	Base	Status
Customs value	Delivered price	Contract	Confirmed
Basic customs duty	7.5%	Customs value	Confirmed
Safeguard duty	11.5% in FY2027	Customs value before duties	Confirmed
Social welfare surcharge	10% of basic duty = 0.75%	Basic customs duty. The safeguard is excluded.	Confirmed
18% goods and services tax	—	Credited by the processor	Confirmed
Port costs beyond handling	Not published	—	Not found
Port handling	$5 per tonne	Fixed amount applied after duties	User decision

Table 2 has three implications. First, the safeguard applies to South Korea and Japan as it does to China. The exemption is based only on the list of developing countries in Notification 19/2016-Cus (NT), which includes neither South Korea nor Japan. South Korea asked for an exemption and did not receive one. The difference between Chinese and Korean or Japanese material is the basic duty and associated surcharge, or 8.25 percentage points of customs value. The countries remain subject to the safeguard. This matters because South Korea and Japan supply 45.4% of India’s imports, versus 32% for China. Second, the exemption price switches the safeguard off. At $675/t customs value or above, it does not apply and the Chinese multiplier falls to 1.0825. The FY2027

delivered price is $516.20 and the threshold is 30.8% away. The exemption is unavailable at that price. Third, the official notification confirms the duty-free gap. The preliminary duty expired on 7 November 2025 and the definitive notice appeared on 30 December. It explicitly exempts the intervening period. No safeguard duty was paid for fifty-two days.

Figure 7: Coverage cost curve. Tata Steel is ₹8,405/t cheaper than JSW Steel at a domestic price of ₹58,609. The threshold is unit cost exceeding revenue per tonne. The respective cushions are 27.7 · 20.8 · 18.3% of revenue. A ±5% unit-cost change gives full valuation ranges of ₹76.69 · 513.49 · 475.92, or ₹38.34 · 256.75 · 237.96 each way. Source: research model. Calculated 18.08.2026.



Valuation sensitivity: ±5% in unit costs gives full ranges of ₹76.69 · 513.49 · 475.92 per share

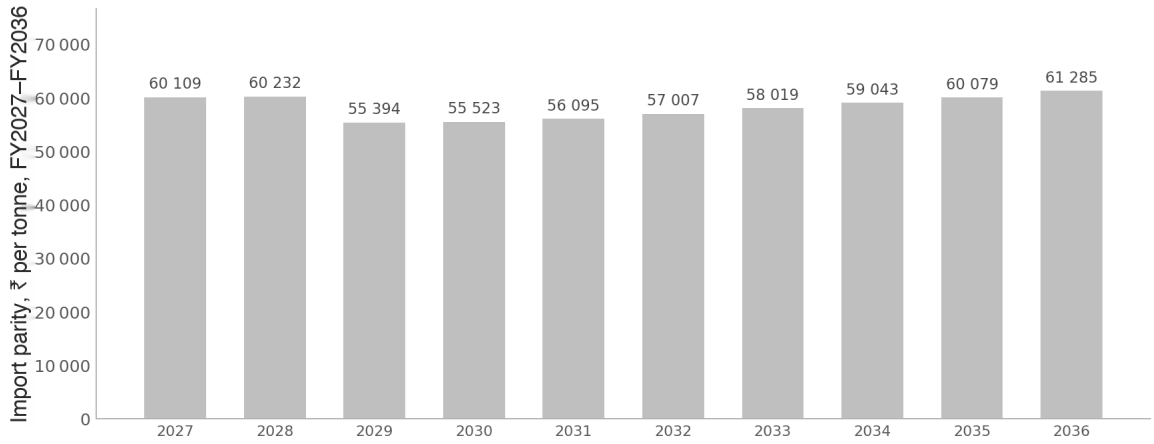
Analytical basis: the cost curve, each issuer's position and its break-even price. Figure 7 shows where the ceiling starts to hurt. Tata Steel's cost is ₹52,381/t and JSW Steel's ₹60,786/t at a domestic price of ₹58,609. The cost curve ranks the three at ₹52,381, ₹57,489 and ₹60,786 per tonne. Each covers its costs because it realises a product-mix and delivery premium of 1.236, 1.201 and 1.309 times the domestic steel price. The marginal domestic producer is an unnamed secondary-sector induction furnace, as discussed in Section 1. Domestic prices stay around 2.5% below import parity because excess capacity among marginal producers prevents them reaching the ceiling.

The curve identifies each company's break-even price and which disclosure would show a shutdown first. FY2027 full costs are ₹52,381, ₹57,489 and ₹60,786 per tonne. At the current price input, revenues per tonne are ₹72,423, ₹70,360 and ₹76,707. This leaves cushions of ₹20,042, ₹12,871 and ₹15,921, or 27.7%, 18.3% and 20.8% of revenue in cost-curve order. By issuer the values are 27.7% at Tata Steel, 20.8% at JSW Steel and 18.3% at Jindal Steel. A move within one measured standard deviation of the gap does not stop any of the three. Secondary mills shut first, allowing prices to converge to parity without a large producer going bankrupt.

Replacing the price input is the principal numerical change in this report. Before 18 August 2026, the Indian ceiling depended on a reconstruction. The 12 August Chinese workbook had removed both the export price and export premium. The bridge took that workbook's domestic price and added the 9 August workbook's export premium of $35 → $22/t. The Chinese work on 17 August resolved the gap with dated observations. The export price exceeds the domestic price excluding VAT by the non-refundable input tax and port costs. Mysteel's Tianjin data for 17 July 2026 put the export price at $486/t FOB and the domestic ex-VAT price at $456.35, giving a +$29.65 premium. On 22 May the premium was +$51.65 at an export price of $508. Both lines were restored to the workbook.

The effect on India is uniform. The inherited export premium exceeds the measured premium by exactly $5.35/t in each forecast year, from $35 versus $29.65 in 2026 to $22 versus $16.65 from 2031. The constant shift leaves the shape of the forecast unchanged when converting calendar years into Indian fiscal years. India uses three quarters of the previous calendar year and one quarter of the current year. The export price entering India's model falls from $488.55 to $483.20 in FY2027 and from $425.49 to $420.14 in FY2036.

Figure 8: The replacement price input reduces the import ceiling by 1.02–1.16% and cuts Tata Steel's valuation by 15.2%. The rating changes at a ceiling 11.39% higher. The input change is worth –₹10.89 · –₹66.59 · –₹59.84. Source: China Steel workbook v10.8, 2026-08-17, worksheet 09_Price, and the research model. Calculated 18.08.2026.



Valuation impact: the replacement input changes value by –₹10.89 · –₹66.59 · –₹59.84 per share

Figure 8 shows the new ceiling and the valuation effect. Import parity falls 1.02% in FY2027 and 1.16% in FY2036. The percentage grows because a weak rupee makes a fixed $5.35 increasingly material in rupee terms. Intrinsic value at Tata Steel falls from ₹71.75 to ₹60.86, JSW Steel from ₹261.89 to ₹195.30 and Jindal Steel from ₹116.59 to ₹56.75, or 15.2%, 25.4% and 51.3%, respectively. Measured on the actual 1.02–1.16% ceiling move, leverage is 13.9 at the best name in coverage and 46.9 at the weakest. For a uniform 5% shock it is 15.9 · 30.3 · 93.8. The response itself is approximately linear and symmetric. A 5% move up or down changes value by ₹48.49 and ₹48.50 at Tata Steel, ₹296.16 and ₹296.15 at JSW Steel, and ₹266.07 and ₹266.07 at Jindal Steel, essentially to the paisa. The ratios differ because the first uses the former valuation as the denominator and the second uses the current valuation. A one percent change in the ceiling costs the issuers from one seventh to one half of their value. Indian steel equities are therefore exposed primarily to the Chinese export price rather than to Indian demand.

All three issuers sell steel against the same domestic benchmark, so whether the ceiling binds matters to all three revenue lines. We estimate the link from eleven observations between May 2025 and July 2026. The average gap between import parity and the domestic price is +2.56%, with a standard deviation of 3.65 percentage points. Domestic steel trades on average 2.5% below the cap, and the standard deviation is larger than the gap. The estimated slope in levels is 0.810 with a standard error of 0.104. In changes it is 0.529 with a standard error of 0.209 and explained variation of 0.444. Both slopes use the same series. The 0.281 difference, against a combined standard error of 0.233, is not statistically distinguishable on the team's estimates. The stated confidence interval for the slope in changes with eight degrees of freedom is 0.047 to 1.011. The report treats it as consistent with both zero and full pass-through.

Table 3: Domestic prices average 2.56% below import parity, with a standard deviation of 3.65 percentage points. November 2025, when the safeguard was absent, was the only observation above parity. Eleven observations, May 2025 to July 2026. Source: research observations from trade and mill quotes and Indian Ministry of Finance notifications. Calculated 18.08.2026.

Date	FOB price, $	Freight	Exchange rate	Safeguard rate	Delivered price, $	Import parity, ₹/t	Domestic price, ₹/t	Gap
16.05.2025	460	30	85.25	12.0%	490	50,658	51,630	−1.88%
27.06.2025	450	30	85.88	12.0%	480	49,999	50,384	−0.76%
25.07.2025	475	30	86.17	12.0%	505	52,759	48,750	+8.22%
24.10.2025	440	30	88.37	12.0%	470	50,386	50,000	+0.77%
14.11.2025	440	30	88.84	0.0%	470	45,644	47,000	−2.89%
12.12.2025	445	30	90.53	0.0%	475	47,002	45,900	+2.40%
16.01.2026	460	30	90.90	12.0%	490	54,015	50,000	+8.03%
13.03.2026	478	30	92.82	12.0%	508	57,165	54,600	+4.70%
17.04.2026	488	33	93.48	11.5%	521	58,789	57,550	+2.15%
26.06.2026	495	33	94.96	11.5%	528	60,516	58,300	+3.80%
24.07.2026	485	33	95.86	11.5%	518	59,942	57,850	+3.62%

Table 3 shows the mechanism. The only observation with the domestic price above parity was on 14 November 2025, during the period when no safeguard was levied. Without the eleven and a half percent duty, the import ceiling fell below the price buyers were already paying. The 12 December observation gives a +2.40% gap in the calculation and would give +13.6% if the duty had applied on that date. The official notification explicitly exempted that period. The gap responded as expected when the duty was inactive, supporting the price-ceiling mechanism.

The forecast assumes full pass-through from the ceiling into domestic prices with a constant gap. This assumption works against the report's investment conclusion. Using the estimated slope of 0.529 on deviations from the base-year path lifts valuation by ₹6.35 per share at Tata Steel, ₹40.98 at JSW Steel and ₹37.79 at Jindal Steel. At a slope one standard deviation lower, 0.320, the gains are ₹9.16 · 59.17 · 54.56. These impacts are smaller than the ₹15.24 · 93.09 · 83.63 reported on 14 August because the new price input lowers the valuation base. Neither case changes the rating.

The test of whether the ceiling binds is observable and common to all three issuers. It uses physical output and consumption rather than trade balances, which can move on a single shipment for these companies. The ceiling binds as long as output falls short of consumption. Joint Plant Committee data show production as a share of consumption at 101.4% in FY2021, 107.4% in FY2022, 102.8% in FY2023, 102.1% in FY2024, 96.4% in FY2025, 98.3% in FY2026 and 97.6% in Q1 FY2027, a decline of 1.89% a year. At that rate, output does not catch consumption in any year through FY2036. On that series the ceiling binds throughout the forecast.

What this means for value per share. The ceiling is the largest common model input. A move equal to one standard deviation of the gap, 3.65 percentage points, is worth ₹33.33 per share at Tata Steel, ₹203.55 at JSW Steel and ₹182.87 at Jindal Steel. Replacing the price input moved valuations by −₹10.89 · −₹66.59 · −₹59.84. Extending the safeguard indefinitely would add ₹79.50, ₹486.17 and ₹443.39, respectively.

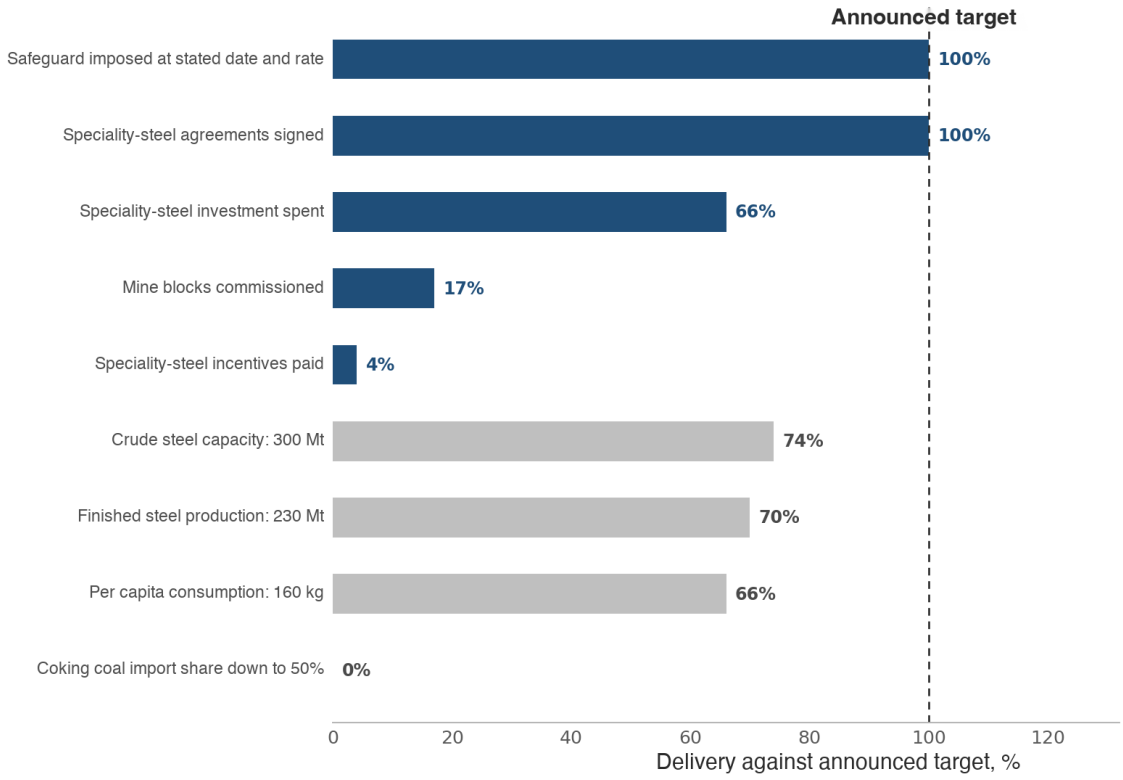
4. Who extracts value: commitments to sign reach 100% execution, commitments to build 4–17%

Having established who sets the price, we now ask who takes a share of what the buyer pays per tonne before it reaches shareholders, and how much confidence to place in stated commitments.

PEST analysis covers the record of policy delivery, tariffs, quotas and sanctions, with accounting and local disclosure under the legal environment.

Policy and regulation have the largest valuation effect. Rules determine three of the four components of the price ceiling: the basic customs duty, the safeguard and the social welfare surcharge. The Chinese export price is the sole market-determined component. The exchange rate is the next-largest input after export prices. Rupee depreciation of 2.8% per year keeps the ceiling stable in rupees as it falls in dollars. The rate moves from 96.4606 in FY2027 to 123.677 in FY2036, a 28.2% change over the forecast. Parity is linear in the exchange rate and the model assumes full pass-through, so one percent in FX has the same impact as one percent in price: ₹9.70 per share at Tata Steel, ₹59.23 at JSW Steel and ₹53.21 at Jindal Steel. Over the fourteen months in Table 3 the FX rate moved from 85.25 to 95.86, or 12.4%. One observed annual FX move therefore exceeds the 11.39% rating-change threshold for the name nearest it. The EU Carbon Border Adjustment Mechanism is the one material technological factor. It remains a limitation outside the valuation because Europe accounts for less than five percent of shipments. The social environment has no modelled valuation effect.

Figure 9: Delivery on announced objectives. Commitments to sign reach 100% execution, commitments to build 4–17%. The conclusion changes above 260 Mt of capacity at 80% utilisation. Modelled valuation effect: zero. Sources: the National Steel Policies of 2005 and 2017, India's Press Information Bureau and Ministry of Steel parliamentary answers dated 04.08.2026 and 08.08.2026. Calculated 18.08.2026.



Structural targets are outside the valuation. Modelled impact: zero. The asymmetry is disclosed

The record of delivering announced targets measures how much confidence to place in the assumptions. This section covers it, with cross-references in Sections 1, 3 and 5. Figure 9 separates two kinds of target. A specific commitment names a responsible party and deadline, as with imposing a safeguard at a stated rate and date or

signing speciality-steel incentive agreements. Those commitments score 100%. The safeguard was introduced on schedule at the announced rate, and 57 agreements were signed with 27 companies. The score measures the act of signing. Commitments within the regulator's unilateral control say little about subsequent economic outcomes. Structural commitments lack a named party responsible. The targets were to reach 300 Mt of capacity, per capita consumption of 160 kg and import dependence of one half for coking coal. Delivery stands at 74%, 66% and zero, respectively. Dependence on imported coal moved in the other direction to around 90% versus the 50% target.

The gap between signing and delivery is clearest in the speciality-steel incentive scheme. All agreements with named counterparties were signed. The investment target reached 66% and actual incentives paid reached 3.7%, or ₹235.7 crore of a ₹6,322 crore budget over five years. The 2015 mining reform auctioned 585 sites and 101 started operating, or 17%. In October 2025, the government acknowledged that the premiums were unworkable by allowing mine operators who start within five years to pay only half the auction premium. The 2005 National Steel Policy shows the same pattern over a completed horizon. Production and consumption exceeded their targets, while exports reached 30% and per capita consumption 45% of the announced objectives.

The valuation includes only specific commitments: the safeguard schedule and the exemption threshold of $675/t. Structural targets remain observations outside the model, including capacity of 300 Mt by FY2031, reduced coking coal imports and higher per capita consumption. This creates an asymmetric risk of understating valuation if the structural targets are delivered. The review threshold is more than 260 Mt of actual capacity and at least 80% utilisation for two consecutive years.

Local disclosure and market conventions enter the report where they affect intrinsic value or the interpretation of a disclosed measure.

Table 4: Six of seven local factors work against shareholders. Delivered steel at $516.20 cannot reach the $675/t exemption threshold. The one factor within management's control also works against shareholders. Sources: Indian Ministry of Finance notifications, Supreme Court decision 2026 INSC 679 of 14.07.2026 and issuer disclosures. Calculated 18.08.2026.

Item	Measure	Valuation impact	Who controls it
Safeguard exemption price	$675/t versus FY2027 delivered price of $516.20/t	The exemption is 30.8% away. The measure raises the price ceiling.	Ministry of Finance
List price versus trade price, April 2026	List ₹58,050–61,000 versus trade ₹55,500–59,600 per tonne	The model uses the trade midpoint of 57,550. At the list midpoint of 59,525, the gap would fall from +3.03% to −0.4%. The choice weighs against the research conclusion.	Mills and trading houses
Auctioning iron ore licences	Measured in Section 2	Licences granted after the reform give no cost advantage	State governments
Royalties on royalties	Supreme Court ruling of 14.07.2026 in Kirloskar Ferrous	The court upheld inclusion of royalties and district and exploration fund payments in the royalty base. The government take remains.	Supreme Court of India
Barbil–Angul slurry pipeline	Expected savings cut from ₹750–1,000/t to ₹700/t before commissioning	The premium for Jindal Steel's projects depends on an asset that has yet to operate.	Jindal Steel and permitting authorities
Free trade agreements	FY2027 preference of ₹4,108/t versus ₹5,726/t safeguard	The safeguard paid on FTA material exceeds the tariff preference.	Ministries of Commerce and Finance
Safeguard offset against anti-dumping duty	Notification 40/2025-Customs (ADD) dated 30.12.2025	Vietnamese material pays the anti-dumping duty less the safeguard. The duties do not stack above the ceiling.	Ministry of Finance

Six of the seven items in Table 4 work against shareholders. Several deductions fall outside the price ceiling but take value from the same tonne. The disclosed corporate income tax is 25.17%, against 25% used in the model. The iron ore royalty is 15% of average sale price, or 37.5% for new or renewed government blocks. Dividend withholding for non-residents is 21.84%, long-term capital gains tax is 12.5% and securities transaction tax is 0.1% of turnover. The 18% goods and services tax is neutral here. Processors credit import GST, so it does not enter unit costs and all prices quoted in the report exclude it.

India levies no export duty on rolled steel. The fifteen percent duty imposed on 22 May 2022 was repealed on 19 November of that year and had not been restored at the report date. India also has no export restriction comparable to China's licensing regime. Producers can sell abroad freely. In FY2026 India became a net exporter for the first time in two years, with exports of 6.60 Mt against imports of 6.52 Mt. The domestic price has no corresponding floor. As the ceiling falls, neither an export duty on a competitor nor a restriction on Indian exports protects domestic prices, so they follow port prices down without delay.

What this means for value per share. The safeguard schedule is the only specific policy commitment in the valuation and is worth ₹79.50 per Tata Steel share, ₹486.17 at JSW Steel and ₹443.39 at Jindal Steel. Each one percent move in the rupee is worth ₹9.70 · 59.23 · 53.21. The model uses a yearly FX path rather than a constant. A one-percentage-point change in the safeguard rate from the schedule is worth ₹5.27 · 32.14 · 28.66. Other announced targets are omitted, which makes the valuations conservative without implying precision.

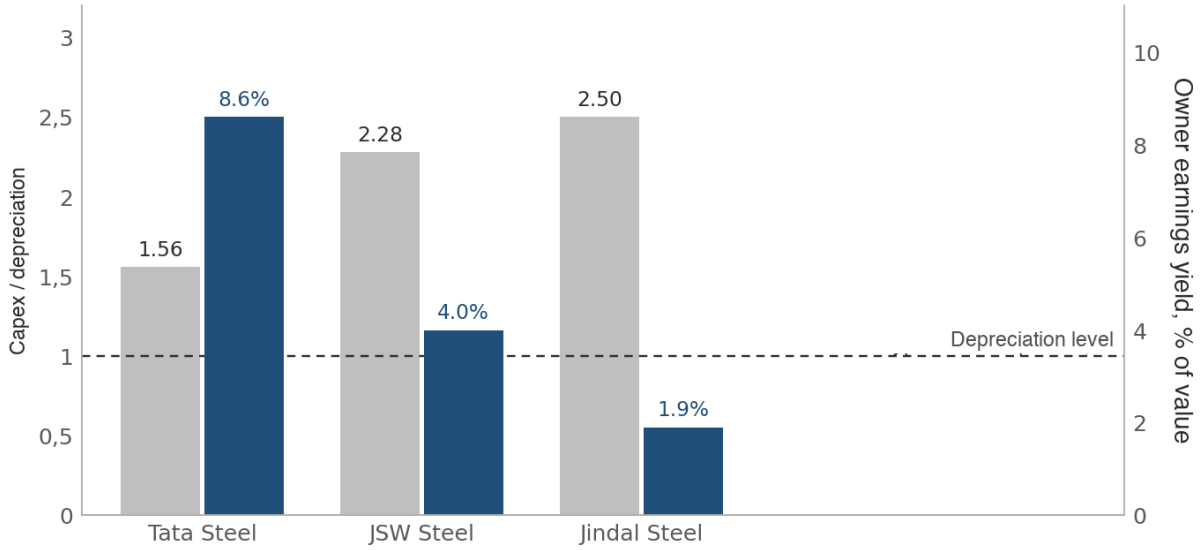
5. Where capital goes: ₹207,077 crore approved for returns below the cost of capital

The previous sections showed that the selling price is capped and that structural targets are falling short. This section examines who funds the capacity build-out and what it earns.

Analytical basis: the capital cycle, from returns through investment, capacity, supply, utilisation and margins back to returns. Each link is measured.

The three issuers announced 40.9 Mt of additional capacity: 4.8 Mt at Tata Steel, 30.1 Mt at JSW Steel as it moves from 31.9 Mt to 62 Mt, and 6.0 Mt at Jindal Steel. Approved funding covers 29.2 Mt. The entire 11.7 Mt gap is at JSW Steel, where ₹81,905 crore of approved steelmaking investment reaches 50.3 Mt by FY2030 against a target of 62 Mt. Disbursements differ sharply. Tata Steel had spent none of its ₹33,873 crore. JSW Steel spent ₹29,273 crore of ₹126,161 crore, or 23%, leaving ₹96,888 crore. Jindal Steel spent ₹37,457 crore of ₹47,043 crore, or 80%, leaving ₹9,586 crore.

Figure 10: Capital cycle. Capex is 1.56–2.50 times depreciation, while free cash flow yields 1.9–8.6% on market prices. The threshold is capex at 1.00 times depreciation. Values without expansion are ₹98.71 · 404.81 · 240.91. The decision to build costs ₹37.85 · 209.51 · 184.16 per share. Source: research model and issuer disclosures. Calculated 18.08.2026.



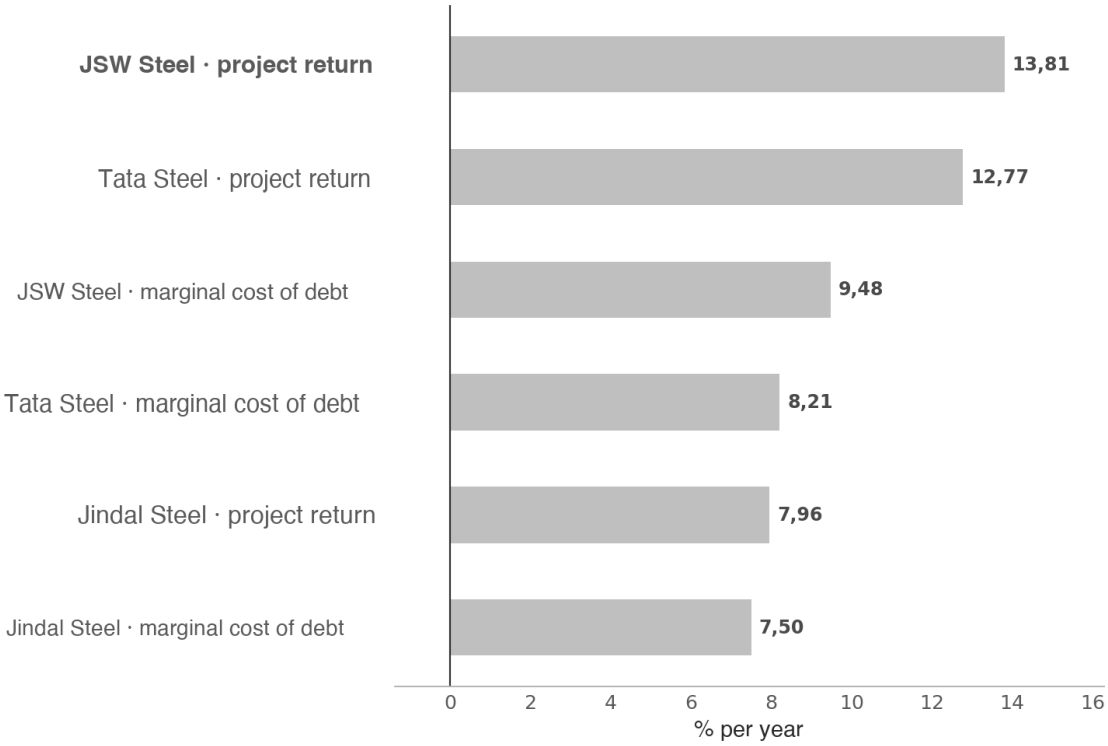
Valuation impact: the build decision costs ₹37.85 · 209.51 · 184.16 per share

Figure 10 shows capex above the 1.00 times depreciation threshold for expansion at every issuer: 1.56, 2.28 and 2.50 times. Free cash flow to the firm per share yields 1.9% of the share price at Jindal Steel, 4.0% at JSW Steel and 8.6% at Tata Steel. The pace of investment is consistent with rising selling prices, while Section 3's ceiling keeps forecast prices flat. The capital cycle turns when approved funding runs out. Expenditure against approvals is the observable indicator, which is why the sector catalyst is the next results release.

Over five years, India brings on 78 Mt of capacity, more than the entire capacity of Russia or Brazil, from a starting utilisation rate of 75.9%. Idle capacity rises from 53.6 Mt to 58.3 Mt, or 8.8%, while the utilisation rate improves by 4.7 percentage points. More spare capacity in absolute terms despite a higher utilisation rate shows the scale of the build-out.

The Chinese comparison shows how the capital cycles differ. Chinese capacity replacement requires one and a half tonnes to close for each tonne added, so capacity is renewed without expanding. In India, the entire 78 Mt enters over five years on top of 222 Mt already installed, with no capacity required to close. Chinese producers invest to retain the ability to operate. Indian mills invest for market share, which does not generate additional profit under the price cap.

Figure 11: Returns on approved investment fall short of the cost of capital at all three issuers, at 12.77 · 13.81 · 7.96%. The hurdles are costs of capital of 12.97 · 13.86 · 13.25%. Valuation impact: ₹37.85 · 209.51 · 184.16 per share. Sources: research model and issuer project disclosures. Calculated 18.08.2026.



Valuation impact: the build decision costs ₹37.85 · 209.51 · 184.16 per share

Analytical basis: cost of capital and financing conditions, measured through the cost of new borrowing, the risk-free spread and access to the primary market. These measures replace the earlier qualitative description of market conditions. Figure 11 shows the evidence. Marginal pretax costs of debt, inferred from disclosed discount rates and market capital weights, are 8.21% for Tata Steel, 9.48% for JSW Steel and 7.50% for Jindal Steel. The issuers do not disclose IRRs for approved projects. In the 14 August 2026 report we inferred them from capacity, capex and unit margins: 12.77% at Neelachal, 13.81% for JSW Steel's programme and 7.96% for Angul and Raigarh. These three estimates have not been recalculated for this report. Project margins depend on the same import-parity ceiling as the rest of the valuation, so the returns are sensitive to the new price input despite remaining at their previous values. The comparison base also changes. On 14.08 the same returns were compared with required returns of 15.42 · 14.84 · 14.33%, giving gaps of 265 · 103 · 637 bp. We now compare them with costs of capital of 12.97 · 13.86 · 13.25%, narrowing the gaps to 20 · 5 · 529 bp. Gaps of twenty and five basis points reverse with a ceiling move of less than one percent, so the comparison is supporting evidence only. The observable anchor for this section is ₹207,077 crore of approved investment, ₹66,730 crore spent, and capex above depreciation at all three companies. The costs of capital are 12.97%, 13.86% and 13.25%, and the three programme returns fall below the stated benchmark by 20, 5 and 529 bp. Jindal Steel alone discloses its own project hurdle of 18–20% before tax, and its programme has the greatest shortfall.

The same section measures return on invested capital because it is being compared with the cost of capital. Invested capital was reconstructed using equity from disclosed price-to-book ratios plus net debt. It totals ₹187,694 crore at Tata Steel, ₹146,092 crore at JSW Steel and ₹66,785 crore at Jindal Steel. After-tax profit on that base gives ten-year average returns of 10.50%, 10.16% and 6.06%, against costs of capital of 12.97%, 13.86% and 13.25%. Shortfalls are 2.47, 3.70 and 7.19 percentage points. This is the first of four quality tests and the only one failed by every issuer. The finding applies to the sector: on the stated price path Indian steel does not earn its cost of capital.

Financing conditions are measured against funding still required. The approved but unspent ₹140,347 crore remains to be funded, with net debt already ₹146,257 crore. The combined ₹286,604 crore must be financed and serviced from cash flow of ₹31,951 crore in FY2027 at the modelled price ceiling. Tata Steel contributes ₹19,028 crore, JSW Steel ₹11,270 crore and Jindal Steel ₹1,653 crore. The obligations represent 9.0 years of cash flow. None of the issuers discloses a payback horizon for the programmes. The replacement-cost floor is below the share price at all three. The market pays ₹11,436 crore per million tonnes of operating capacity at JSW Steel, compared with ₹4,451 crore to build the same capacity, or 2.57 times as much.

None of the issuers discloses expected returns on individual investments. No project at any of the three was stopped, cut back or sold over five years. Whether management cancels projects when returns fall short is the observable part of the capital cycle.

What this means for value per share. FY2027 growth capex, the difference between total and maintenance capex, takes ₹10,600 crore from Tata Steel's cash flow, ₹15,050 crore at JSW Steel and ₹5,620 crore at Jindal Steel. Holding capex to maintenance would add ₹37.85, ₹209.51 and ₹184.16 per share, taking the values to ₹98.71, ₹404.81 and ₹240.91, respectively. All stay below their share prices. The effects are smaller than the ₹71.80 · 421.55 · 232.51 reported on 14 August because the explicit forecast changes while terminal assumptions remain fixed. The terminal calculation already uses maintenance capex, so cutting growth capex a second time would double count the benefit. The point was referred to the model owner. A one-percentage-point move in India's equity risk premium at a beta of one is worth ₹8.79 · 32.07 · 17.92 per share.

Market summary: four of the five forces work against shareholders

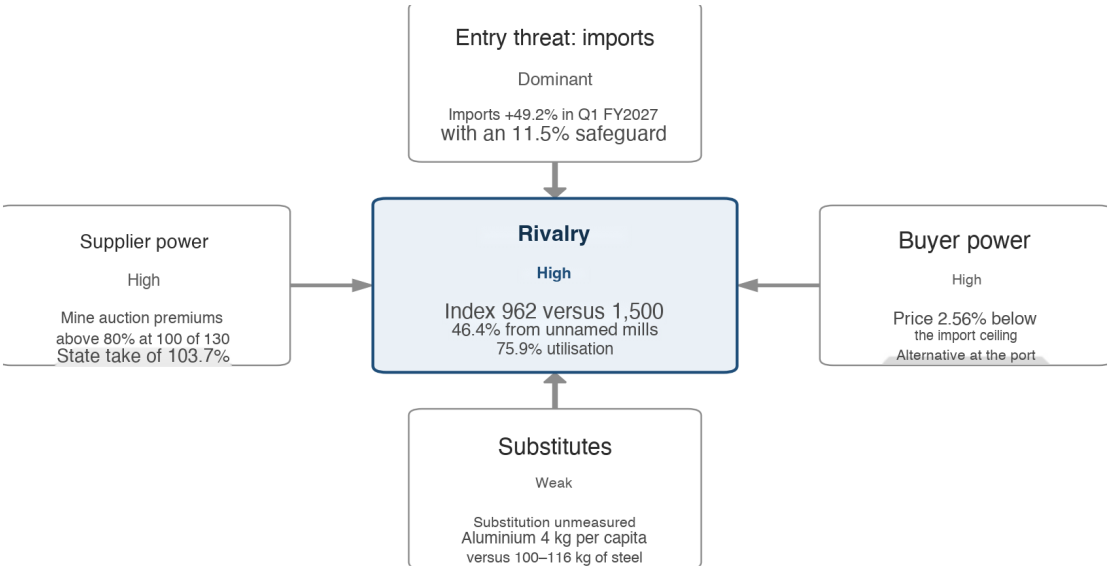
Porter's Five Forces: the strongest force is the threat of entry through imports. Table 5 gives the measures behind the scores: imports up +49.2%, concentration index of 962 and a 2.56% gap to the ceiling. Figure 12 shows how the forces act on rivalry. The test asks what happens if a producer raises its price 10% tomorrow. Exit barriers belong within rivalry. They matter where a mill provides a town's tax base and employment.

Table 5: Four of five forces are rated high or above, and all four work against shareholders in steel conversion. The scores use a four-point judgement scale alongside the evidence. Imports are the strongest threat: port prices immediately undermine a producer's 10% price increase. Source: research calculations. Calculated 18.08.2026.

Force	Measure	Value	Section
Entry threat: imports	Imports rose 49.2% in Q1 FY2027 despite an 11.5% safeguard. Capacity rises by 78 Mt over five years on top of 222 Mt. China provides 32% of imports, South Korea 29.1% and Japan 16.3%.	Dominant	Sections 3 and 5
Industry rivalry	Concentration index 962 versus a 1,500 threshold. Unnamed producers make 46.4% of steel. Utilisation is 75.9%.	High	Section 1
Buyer power	Domestic prices are 2.56% below the import ceiling, with a standard deviation of 3.65 pp. Buyers have an observed alternative at the port.	High	Section 3
Supplier power	Winning bids exceed 80% of mined value at 100 of 130 mines. Royalty 15%. Government take 103.7% of mined value.	High	Section 2
Substitutes	No published quantitative measure of substitution in India. Per capita consumption is 4 kg of aluminium and 100–116 kg of steel.	Weak	Section 1

Four of the five forces in Table 5 are high or above: imports up 49.2%, rivalry with a concentration index of 962, buyer power with a 2.56% gap to the ceiling, and supplier power with mine-auction premiums above 80%.

Figure 12: Imports are the dominant force, rising +49.2% despite a safeguard duty of 11.5%. The conclusion changes if production exceeds 100% of consumption for two years running. The entire level of revenue is exposed. Source: research calculations. Calculated 18.08.2026.



Four-point scale with supporting measures. Source: research calculations. Calculated 18.08.2026
The entire revenue base is exposed. A 5% price shift is worth ₹48.50 · 296.15 · 266.06 per share

The Five Forces explain why the industry cannot earn its cost of capital over a full cycle: imports cap selling prices, state governments take the ore rent and supply is fragmented. This report calculates the result for the first time in our Indian coverage. Ten-year ROIC is 10.50%, 10.16% and 6.06%. The conclusion is based on model output and has no out-of-sample test. The same workbook imposes the import ceiling that the conclusion relies on, which makes the result conditional on its premise. The limitations register records that issue alongside costs of capital of 12.97%, 13.86% and 13.25%. The report uses zero terminal growth because growth below the cost of capital creates no value.

What this means for value per share. The dominant force determines all three revenue levels. A 5% uniform price shock is worth ₹48.49 · 296.15 · 266.07 per share. Returns below the cost of capital drive the terminal assumption. A one-percentage-point terminal growth rate would add ₹4.28 per share at Tata Steel, ₹12.96 at JSW Steel and ₹8.18 at Jindal Steel. The decision to omit it follows from the industry life-cycle analysis in Section 1.

Part III. Issuers

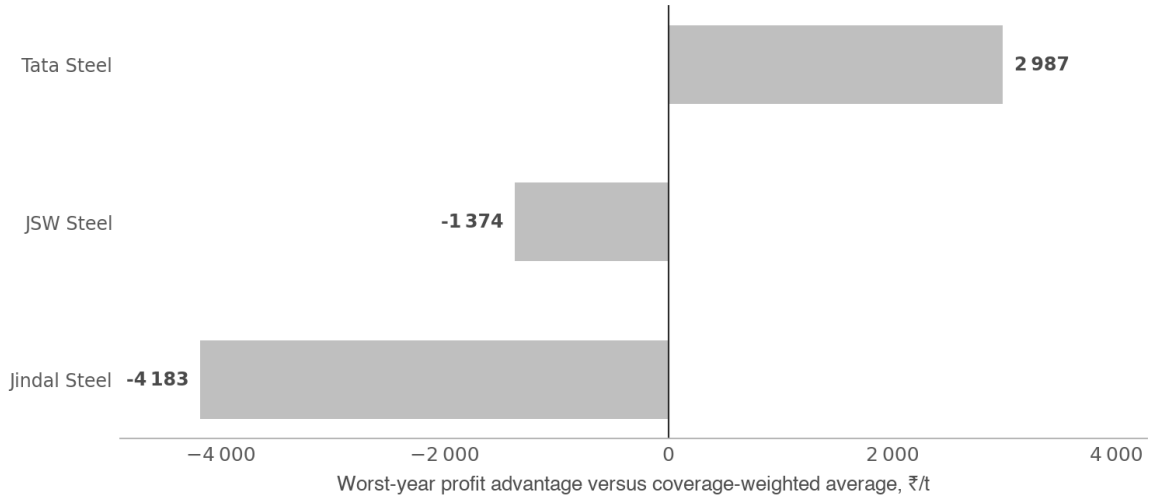
6. Products, customers and suppliers: iron ore determines the difference in costs

Table 6: Captive ore is the one column that distinguishes the three businesses and explains the cost gap. The shares of business value reaching equity holders are recalculated on the current price input and are lower. Enterprise value fell while net debt and minority interests stayed fixed. Sources: FY2023–FY2026 and Q1 FY2027 issuer disclosures and the research model. Calculated 18.08.2026.

Issuer	Products and volumes	Customers	Suppliers	Control and share of value reaching equity holders
Tata Steel	23.5 Mt in FY2027, flat and long products, 1.236 realisation premium	Indian construction, automotive and engineering. European conversion excluded from the Indian perimeter.	Six captive mines produce 44 Mt, covering almost all ore needs. Coal imports account for 78%.	Tata Sons group. Common shareholders receive 47.8% of enterprise value.
JSW Steel	26.5 Mt in FY2027, coated and uncoated flat steel, 1.309 realisation premium	Construction and automotive. Highest coated share in coverage.	Captive ore covers about a third, 10.71 Mt from 13 of 25 sites. The balance is bought in.	Jindal family. Shareholders receive 50.4% of enterprise value.
Jindal Steel	9.6 Mt in FY2027, long products and rails, 1.201 realisation premium	Infrastructure and railways, the most concentrated customer base in coverage.	Captive ore share of 28% versus a 40% target. No captive coking coal.	Jindal family. Shareholders receive 31.2% of enterprise value.

Analytical basis: issuer competitive position, measured by the share of a cost move the company retains and its impact per share.

Figure 13: Tata Steel alone has a competitive cushion in its worst year, at +₹2,987/t, versus –₹1,374 and –₹4,183. The latter two close the gap if costs fall by ₹2,561/t and ₹4,987/t, respectively. A ₹8,405/t difference is worth ₹15.83 per share. Source: research model. Calculated 18.08.2026.



Valuation impact: a ₹8,405/t cost gap is worth ₹15.83 per Tata Steel share before tax

Captive raw materials give the issuers the only durable operating advantage. Competitors can replicate the rest within one investment cycle. Figure 13 measures the moat for the third quality test. Profit per tonne must exceed the coverage-weighted average even in the company's weakest year. Tata Steel alone passes, with a ₹2,987/t cushion in FY2027. JSW Steel's weakest year is FY2036 at −₹1,374/t. Jindal Steel's is FY2027 at −₹4,183/t. To close those gaps they need costs to fall by ₹2,561/t and ₹4,987/t, or 3.74% and 8.67% of the respective years' costs. Neither has announced a reduction of that size.

Table 6 shows captive ore coverage as nearly complete, around one third and 28%, with unit costs of ₹52,381, ₹60,786 and ₹57,489, respectively. Jindal Steel is the exception to the ranking: it has less captive ore than JSW Steel and lower costs because rails and heavy sections require less conversion per tonne than coated steel. All three sell into the same Indian market under the price cap in Section 3, and the controlling shareholders of two are from the same family.

The companies' disclosures substantiate captive supply. Tata Steel has six mines and 44 Mt of production. JSW Steel reports thirteen of twenty-five blocks and 10.71 Mt. Jindal Steel covers 28% of its needs against an announced target of 40%, and has no captive coking coal. This is the only line of disclosure with a qualitative difference among the three businesses and accounts for the cost gap.

Customer concentration differs more than supplier concentration and affects who bears price changes first. Tata Steel has the most diverse exposure across construction, automotive and engineering, with no sector taking a majority. JSW Steel sells more coated production and increasingly serves automotive buyers that require contracts for a year without repricing during the term. Jindal Steel's buyers are most concentrated in infrastructure and railways, which buy through tenders at fixed prices. The report's conclusion is that fixed-price exposure produces the fastest loss when the ceiling falls and the slowest recovery for the same reason.

The source of supply is the same, while each issuer's exposure differs. States auction iron ore and winning bids exceed 80% of mined value at 100 of 130 mines. Coking coal arrives by sea. Tata Steel imports 78% of requirements, or 12–13 Mt annually, with 25% captive coverage. Premium coal prices rose 7.0% in a year and ocean freight 28–30%. None of the three sets prices for inputs supplied by states and seaborne markets or for steel at the ceiling set out in Section 3.

What this means for value per share. The ₹8,405/t gap between the first- and third-ranked issuers at Tata Steel's 23.5 Mt volume gives ₹19,752 crore a year, or ₹15.83 per share before tax. That is one quarter of Tata Steel's value and represents 42% of its profit per tonne. Access to ore accounts for much of the margin. A 5% move in unit costs in either direction implies full per-share ranges of ₹76.69 at Tata Steel, ₹513.49 at JSW Steel and ₹475.92 at Jindal Steel.

7. Owner earnings: a negative amount reaches non-resident investors

The previous section described the businesses. Tradability and the proportion of value reaching shareholders are assessed separately. The companies under coverage are large listings on India's main exchanges. Average daily turnover in the three months to 7 August 2026 is sufficient to trade an institutional position in a few days. Non-resident ownership is subject to the general sector limit, and dividend repatriation follows the usual process with 21.84% withholding. Tradability does not present a material constraint for any of the three. The valuation has no input for it.

To measure how much of what the industry earns reaches shareholders, we use common equity as a share of enterprise value, after debt, minority interests and associates. This is narrower than the full question. Dividend policy, internal transfer prices and related-party transfers are discussed separately. India withholds more on non-resident dividends than any of the other four covered countries. The rupee also depreciates faster than the other four currencies under coverage.

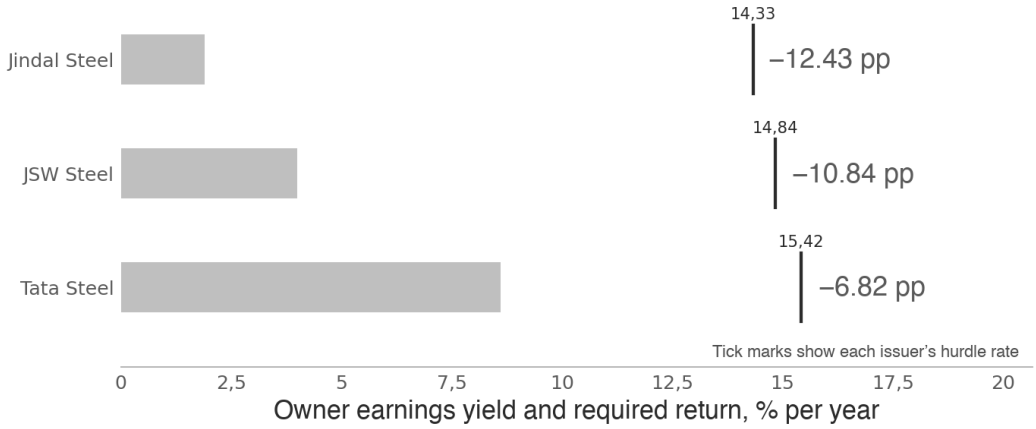
Analytical basis: owner earnings and capital allocation discipline, using maintenance as a share of cash flow, the hurdle implied by management behaviour and the bridge to shareholder value.

Table 7: Jindal Steel fails the fourth quality test, the requirement that at least a third of enterprise value reaches common shareholders. Its share is 31.2%, down from 48.2%, which passed under the previous price input. The bridge uses FY2027 figures or values on the calculation date. Sources: research model and issuer disclosures. Calculated 18.08.2026.

Line item	Tata Steel	JSW Steel	Jindal Steel
FY2027 EBITDA, ₹ crore	47,674	42,191	12,355
FY2027 free cash flow to the firm, ₹ crore	19,028	11,270	1,653
Worst-year free cash flow, ₹ crore	7,493	1,952	−540
Enterprise value, ₹ crore	158,758	94,764	18,542
Less net debt as of 30.06.2026	−84,173	−46,157	−15,927
Less non-controlling interests	−1,613	−5,422	0
Add investments in associates and joint ventures	+2,944	+4,577	+3,168
Equity value, ₹ crore	75,916	47,762	5,783
Share of enterprise value reaching shareholders	47.8%	50.4%	31.2%
Intrinsic value, ₹ per share	60.86	195.30	56.75
Non-resident yield after 21.84% withholding	−0.89%	−2.26%	−1.04%

The penultimate line of the eleven-step bridge in Table 7 is decisive. Decision 79 lowered the threshold from one half to one third. That alone would have moved Jindal Steel from fail to pass, but the new price input cut enterprise value by more than the lower threshold relaxed the test. It still fails. Restoring the one-third share requires ₹398 crore less net debt, or 2.5% of current net debt, which is worth ₹3.90 per share. This is the only way Jindal Steel passes the test with prices and volumes held fixed.

Figure 14: Owner-earnings yields of 8.6 · 4.0 · 1.9% fall short of the required returns of 15.42 · 14.84 · 14.33%. The yields would need to exceed those respective hurdles of 15.42 · 14.84 · 14.33%. A ±1 pp change in the required return is worth ₹8.79 · 32.07 · 17.92. Source: research model. Calculated 18.08.2026.



Valuation sensitivity: ±1 pp in required return is worth ₹8.79 · 32.07 · 17.92 per share

Owner earnings are what remains after tax, spending to maintain existing assets and all announced expansion. At Tata Steel they are ₹15.25 per share in FY2027 and ₹15.12 on average over ten years, or 8.1% of the share price, against a 15.42% hurdle. At JSW Steel they are ₹46.08 and ₹46.41, or 3.5% and 3.6% of the share price, against 14.84%. At Jindal Steel they are ₹16.23 and ₹17.33, or 1.5% and 1.6%, against 14.33%. Figure 14 shows gaps of 682, 1,084 and 1,243 bp. All three yields fall short.

The weakest cash-flow year changes sign at the new price input. FY2029 free cash flow is ₹7,493 crore at Tata Steel and ₹1,952 crore at JSW Steel, but −₹540 crore, or −₹5.30 per share, at Jindal Steel. The same line was +₹93

crore on the 14 August inputs. The new price series takes the worst year below zero. That is why Jindal Steel is classified as a capital trap. One adverse price or volume reading can erase cash flow, and the new price input already does so.

The third cross-market comparison concerns the share reaching minority holders. The Indian figures are 47.8%, 50.4% and 31.2%, while the Chinese range extends from negative to 80.4%. India looks better on this measure, but worse after dividend withholding of 21.84% for non-residents. Their dollar returns are negative on all three stocks. At rupee depreciation of 2.8% a year and dividend yields of 2.4%, 0.6% and 0.2%, the post-withholding dividend is insufficient to cover currency loss.

Business classification precedes valuation. Tata Steel is a mature cash generator that reinvests heavily. Cash flow is positive in every forecast year, but ₹10,600 crore of FY2027 spending goes into growth earning 12.77% against a 15.42% hurdle. JSW Steel is an accumulator. Volume rises from 26.5 Mt to 40.5 Mt, while cash flow per share barely grows because the price ceiling absorbs the volume benefit. Jindal Steel is a capital trap, the only issuer with negative free cash flow in the worst year and the only one failing the test of value reaching minority holders.

Capital allocation discipline is measured by whether managers withdraw commitments when returns fall short. In five years none of the three has stopped, cut or sold a project. Only Jindal Steel disclosed a hurdle, 18–20% pretax. Its project falls furthest short of its own threshold, at 7.96% versus 18%. Tata Steel and JSW Steel each delivered three of twelve commitments. Jindal Steel delivered five of twelve.

What this means for value per share. At Jindal Steel, reducing net debt by ₹398 crore would restore the one-third threshold for value reaching shareholders and add ₹3.90 per share. A one-percentage-point change in India's equity risk premium at a beta of one is worth ₹8.79 per share at Tata Steel, ₹32.07 at JSW Steel and ₹17.92 at Jindal Steel. Moving both rates at once by the same amount is worth ₹12.99 · 42.67 · 25.95.

8. One market scenario, different outcomes: the ceiling affects the three issuers differently

The same ceiling governs revenue per tonne across all three issuers, but the same move drives different valuation changes. The base is ₹60.86 per Tata Steel share, ₹195.30 for JSW Steel and ₹56.75 for Jindal Steel. The eighteen rows below change one stated input at a time with the model structure held fixed. Each comes from a workbook recalculation. Terminal value accounts for 40.3% of enterprise value at Tata Steel, 43.0% at JSW Steel and 55.1% at Jindal Steel, explaining the dispersion in responses.

Table 8: The same ceiling change multiplies Jindal Steel's value several times and moves Tata Steel to about one and a half times its value. The difference is explained by the share of terminal value in enterprise value: 40.3% at Tata Steel, 43.0% at JSW Steel and 55.1% at Jindal Steel. Values are rupees per share. Eighteen sensitivity rows cover fifteen distinct shocks. The rupee rows match the uniform price shifts to the paisa because FX enters via the ceiling and costs are held in rupees. The model implications and their cost are discussed below. Each line was obtained by recalculating the workbook with one changed input at a time. Source: research model. Calculated 18.08.2026.

Scenario	Tata Steel	JSW Steel	Jindal Steel
Base case, current price input	60.86	195.30	56.75
Uniform price shift −5%	12.36	−100.85	−209.32
Uniform price shift +5%	109.35	491.46	322.82
Rupee strengthens 5%	12.36	−100.85	−209.32
Rupee weakens 5%	109.35	491.46	322.82
No gap to the ceiling	85.69	346.93	192.98
Gap widens by one standard deviation	27.53	−8.24	−126.12
11% safeguard retained indefinitely	140.36	681.48	500.14

Scenario	Tata Steel	JSW Steel	Jindal Steel
Base-year unit cost +5%	22.51	−61.44	−181.21
Base-year unit cost −5%	99.20	452.05	294.71
Average realisation premium in four years	80.48	45.10	119.69
Best realisation premium in four years	96.83	198.83	282.68
Best four-year premium and safeguard retained	179.28	685.30	744.90
Freight $28/t	50.66	133.08	0.79
Freight $38/t	71.05	257.53	112.71
Handling $0/t	51.59	138.73	5.81
Handling $10/t	70.12	251.88	107.69
Volume −10%	40.56	116.49	0.54
Share price on 07.08.2026	187.55	1,299.50	1,103.00

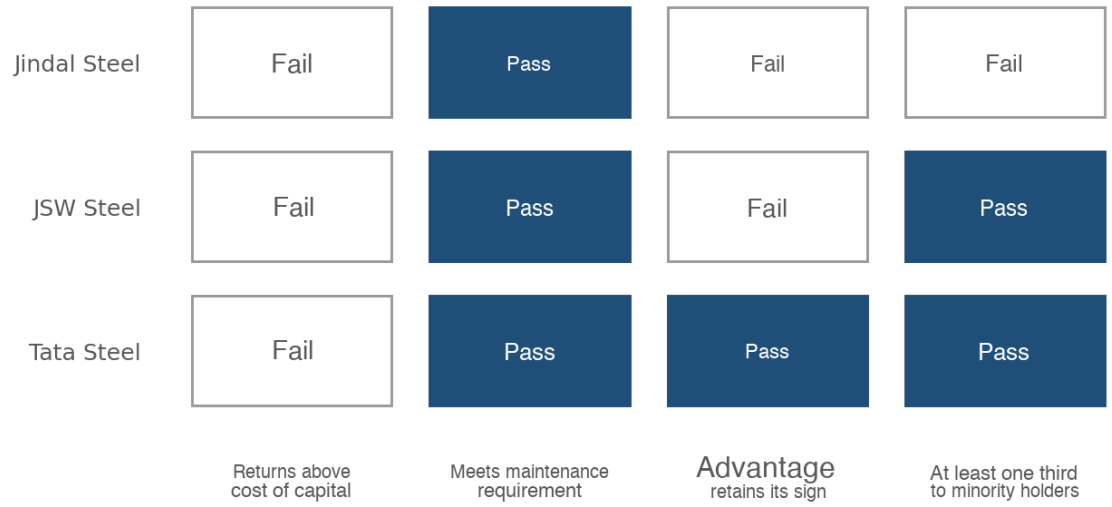
The scenario set starts from values of ₹60.86 · 195.30 · 56.75. It specifies what would have to be true for values to change. Each scenario moves one stated input with the model structure held fixed. All eighteen lines were recalculated and supplied with the workbook. They are sensitivities rather than assumptions about the issuers.

The 40.3%, 43.0% and 55.1% shares of terminal value explain three findings in Table 8. First, the safeguard is the largest input. Extending it indefinitely raises value 8.8 times at Jindal Steel, 3.5 times at JSW Steel and 2.3 times at Tata Steel. The thinner the current margin, the more valuation depends on cash flows beyond the forecast. Second, sensitivity ranks in reverse order of business quality: the strongest business moves least. Valuation leverage on a uniform 5% price movement is 15.9 at Tata Steel, 30.3 at JSW Steel and 93.8 at Jindal Steel. On the actual fall in the ceiling, the two extremes were 13.9 and 46.9. Values respond linearly and symmetrically to the paisa. The ratios reflect the former and current valuation denominators, respectively. Third, the common driver of the three SELL ratings is the import ceiling. Tata Steel is closest to changing, at a ceiling 11.39% higher, followed by JSW Steel at 16.73% and Jindal Steel at 17.85%. The cushion is less than one observed move in the benchmark. Over fourteen months, the FOB price moved 12.5%.

The three companies have different balance sheets and product mixes, so the same move in a peer's share price carries different implications. At freight of $28/t, Jindal Steel is worth ₹0.79 per share, effectively eliminating common equity value at the low end of the stated $28–38 range. This is within the research team's own range. The midpoint is a judgement rather than a measurement. Section 10 sets out how to resolve the choice.

Business quality and valuation attractiveness. No issuer clears all four quality tests. Tata Steel passes three, JSW Steel two and Jindal Steel one. All three fall in the weak-business, expensive-price category. The categories for high-quality businesses at attractive or unattractive prices are empty. The weak-business, cheap-price category is also empty because no stock is cheap on any of the measures. No name is classified as a special situation.

Figure 15: The best-ideas list is empty. The issuers pass 3 · 2 · 1 of the four quality tests and none passes all four. The first test changes at a ceiling 3.55 · 3.61 · 8.66% higher. Modelled valuation effect: zero. Source: research model. The four-test threshold was stated at G0I on 18.08.2026. Calculated 18.08.2026.



The best-ideas list is empty. Modelled valuation impact: zero

Figure 15 shows 3, 2 and 1 passes out of 4, and the ceiling increases that would clear the first test: 3.55%, 3.61% and 8.66%. The tests were stated at the investor-questions stage before selection and modelling. Version 10.8 redefined the combined tests and the fourth test's threshold, requiring at least one third of value to reach minority holders, after initial results for India were known. The revision relaxed the threshold from one half to one third. That did not change Jindal Steel's outcome. It failed the old threshold with 48.2% and still fails the new one at 31.2% after enterprise value was recalculated. It did change Tata Steel's score. Its 47.8% is below the old one-half threshold and above the new one-third threshold. Under the earlier threshold it would pass 2 out of 4 instead of 3 out of 4. The only company to pass three tests does so because of the change. Under the earlier test, Table 1 would show none with three passes. The best-ideas list remains empty either way because no issuer passes all four.

Two of the four tests carry caveats. First, in its current form the maintenance test cannot fail. It compares total capex with maintenance, which is a component of capex. Growth capex is positive in all thirty company-years, with minimums of ₹2,320 crore, ₹2,850 crore and ₹1,740 crore, respectively. The ratio therefore cannot fall below one. A PASS conveys no information and is excluded from the quality count on this reading. The informative measure is maintenance relative to depreciation, at 0.73 · 0.79 · 0.85 and below depreciation at all three issuers. Raising maintenance to depreciation takes ₹3,400 crore, ₹2,150 crore and ₹520 crore out of FY2027 cash flow and costs ₹20.72 · 55.76 · 26.67 per share. Second, the minority shareholder test uses our own estimate of enterprise value. At market enterprise values, the shares are 73.5 · 87.3 · 87.6% and all pass. For Jindal Steel the 56.4 percentage-point difference reflects the gap between our valuation and the share price. The test is retained with that denominator caveat.

With those caveats, two tests remain meaningful: earning above the cost of capital and retaining an operating advantage. The report records scores of 2 · 1 · 0 out of two. It concludes that the best-ideas list stays empty under both the four-test and two-test readings.

Section 11 sets out the range from two measured model errors. A separate outcome range shows what happens when stated inputs move and does not prevent publication of a point estimate. At Tata Steel, the best realisation premium in the four disclosed years, 1.2815 versus 1.2357 in the base case, combined with an indefinite 11%

safeguard, gives ₹179.28 against a ₹187.55 share price, or 95.6% of the share price. On the 14 August inputs the same case gave ₹191.53 and covered the share price. The new input takes it below the share price, the only instance in which it supports the original conclusion. The same scenario gives ₹685.30 at JSW Steel and ₹744.90 at Jindal Steel, or 52.7% and 67.5% of their share prices.

What this means for value per share. A uniform 5% price change is worth ₹48.49 · 296.15 · 266.07, one standard deviation of the ceiling gap ₹33.33 · 203.55 · 182.87, a 5% cost move ₹38.34 · 256.75 · 237.96 each way, and a 10% volume move ₹20.30 · 78.81 · 56.21. At Jindal Steel, a one-tenth volume decline takes ₹56.21 out of ₹56.75 of value. Terminal value is 55.1% of enterprise value and its cash flow is multiplied by volume. An investor who doubts the FY2036 volumes should treat Jindal Steel's valuation as zero. A 1% rupee move is worth ₹9.70 · 59.23 · 53.21. Two row pairs match to the paisa because FX enters through the ceiling while costs are fixed in rupees. A 5% weaker rupee and a 5% uniform steel price shift are the same modelled state. The set has fifteen distinct shocks, not seventeen. Each percentage point of costs that actually moves with FX, as coking coal purchased on the global market does, offsets ₹0.38 · 2.57 · 2.38 per share of the reported FX sensitivity. With 30% of costs indexed to FX, a 5% depreciation gives ₹97.84 · 414.44 · 251.43 instead of ₹109.35 · 491.46 · 322.82.

Part IV. Valuation and investment action

9. What is priced in: today's share prices imply profits per tonne never achieved before

The Indian steel sector trades at higher valuations than any other covered steel market. Demand is growing at double digits while world output has fallen for a third year, and the market pays a premium for that divergence. The disputed assumption is that higher volumes are sufficient to justify the valuation when steel prices are capped.

The three companies disclose revenue and volume. The reverse valuation asks what profit per tonne would justify each quoted price. It uses base-year profit per tonne as the search variable for all three, because it is an input to the calculation.

Table 9: Tata Steel's share price requires profit per tonne 1.57 times its best disclosed quarter in three years. JSW Steel requires 2.05 times and Jindal Steel 2.28 times. These are below 1.75, 3.40 and 5.22 published on 14 August. The inverse calculation now shifts profit per tonne uniformly across all ten years, rather than concentrating the required change in the base year. Source: research model, reverse valuation. Calculated 18.08.2026.

Issuer	FY2027 model profit per tonne	Required for the share price	Multiple of modelled profit	Multiple of best quarter in three years
Tata Steel	20,042 ₹	30,118 ₹	1.50	1.57× ₹19,164
JSW Steel	15,921 ₹	30,803 ₹	1.93	2.05× ₹14,996
Jindal Steel	12,871 ₹	27,223 ₹	2.12	2.28× ₹11,937

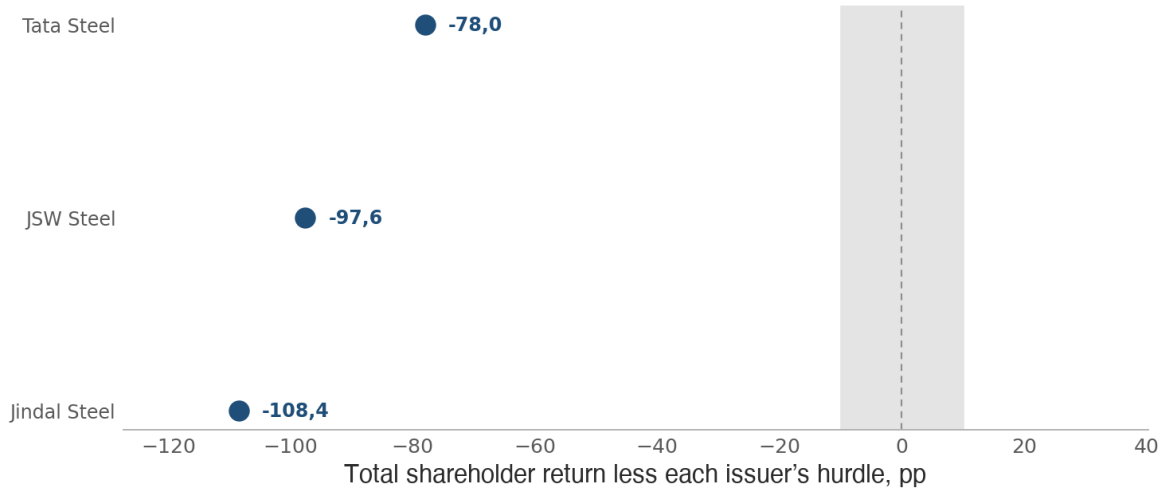
Table 9 compares required profit with disclosures. The earlier reading on 14 August gave multiples of 1.75, 3.40 and 5.22. Searching for a solution through volume alone fails within the observed range for all three names. Even doubling sales volumes by the end of the forecast leaves the valuation gap open because the extra tonnage earns the same capped price and fixed margin. The result at the search boundary is recorded as unreproducible.

The valuation bridge starts with Tata Steel, the closest name to its rating boundary. Intrinsic value of ₹60.86 against ₹187.55 leaves a ₹126.69 gap. A permanent safeguard closes ₹79.50 of the gap. The best realisation premium in four disclosed years closes another ₹35.97, and convergence of domestic prices to parity another ₹24.83. Adding the individual effects of all three gives ₹201.16, above the share price. The full calculation for the first two together gives ₹179.28 versus ₹176.33 on a simple sum. The 1.7% difference reflects the model's nonlinearity. The first two scenarios depend on a policy decision and company disclosures. The third requires market concentration comparable to Brazil's, which India lacks. The current price assumes a permanent safeguard, all issuers selling at their best four-year premiums and domestic prices at the import ceiling.

A target 62–94% below the share price warrants a comparison using traded multiples. Market EV/FY2027 EBITDA is 6.67 at Tata Steel, 8.63 at JSW Steel and 10.39 at Jindal Steel, against an industry median of 7.1 and a global range of 5.4 to 11.8. Our valuations imply 3.33, 2.25 and 1.50, respectively. The disagreement is about earnings per tonne. The shares trade at 2.26, 3.18 and 2.21 times book compared with 0.86–0.91 for the Chinese issuers under the same broad selling-price constraint.

The consensus comparison was measured on 11 August 2026 and was not refreshed. Consensus was ₹224.53 for Tata Steel, ₹1,378 for JSW Steel and ₹1,221.73 for Jindal Steel. Our estimates are 73%, 86% and 95% lower. A gap above 30% requires identifying the market's different assumption. The market appears to expect the ceiling to rise with Indian volumes and treats the Chinese price as a fixed level rather than a forecast path. At the stock closest to its boundary the disagreement clears with a ceiling 11.39% higher.

Figure 16: All three excess returns are below the band at −78.0 · −97.6 · −108.4 pp against a ±10 pp tolerance. The rating changes above −10 pp. The nearest stock is 68.0 pp below that level. The new price input changes value by −₹10.89 · −₹66.59 · −₹59.84. Sources: research model and 07.08.2026 quotes. Calculated 18.08.2026.



Valuation impact: replacing the price input changes value by −₹10.89 · −₹66.59 · −₹59.84 per share

Tata Steel, the nearest name to the threshold, offers little asymmetry. The gain if the thesis is right is the ₹121.81 difference from share price to target. The loss if wrong is ₹113.54 from target to the joint favourable scenario at ₹179.28, a ratio of 1.07 to 1. At JSW Steel it is 2.31 to 1, and at Jindal Steel 1.53 to 1. Tata Steel is roughly one rupee for one rupee. Figure 16 shows total returns relative to each hurdle and the ±10 pp tolerance. The values are −78.0, −97.6 and −108.4 pp and the nearest is 68.0 points from the boundary. Three paths could permanently destroy capital. First, the safeguard expires on its published schedule and steel prices fall toward parity. The model already incorporates this. Capital is stranded where investments made under protection remain after duties expire. Second, approved but unspent investment of ₹140,347 crore earns 7.96–13.81% versus required returns of 15.42–14.33%. Each thousand crore spent destroys value that cannot be recovered if installed capacity cannot be sold or shut. Third, Jindal Steel's worst-year free cash flow is negative at the current input, with ₹9,586 crore of unspent commitments and ₹15,927 crore of net debt. Dilution or a forced asset sale is closer here than at the other two issuers.

10. What to watch: six dates and three turning points for the thesis

Holders should watch six dates and three research choices. Indian demand growth cannot change the conclusions between those dates. It already drives volumes, and the prices come from a different source.

Table 10: Each of six observable dates has an indicator and a quantified effect. A date without a calculated impact does not imply an investment action. Sources: Indian Ministry of Finance notifications, issuer disclosure calendars, the research release register and the research model. Calculated 18.08.2026.

Date	Event	Observable indicator	Valuation impact
Late August 2026	Two-month pause on import restrictions announced 23.06.2026 expires	Directorate General of Trade Remedies publishes a decision	Extension: ₹79.50 · 486.17 · 443.39 per share. Immediate removal, with the rate set to zero in all forecast years: minus ₹16.44 · 99.81 · 83.67.
Late October 2026	Q2 FY2027 results for the three issuers	India profit per tonne above or below ₹20,042 at Tata Steel, the base-year model level	Two quarters above ₹22,441, clearing the first quality test via lower costs, add ₹35.12 per Tata Steel share. A result 5% below the base reduces value by ₹13.61.

Date	Event	Observable indicator	Valuation impact
During FY2027	Decision on the anti-dumping investigation opened 25.06.2026 into tariff headings 7208, 7211, 7225 and 7226 from China, Japan and Russia	Final notification	Duties covering Japanese material add up to ₹79.50 per Tata Steel share. The safeguard offset remains.
April 2027	Safeguard rate steps down from 11.5% to 11.0%	Ministry of Finance notification	Included in valuation. A 1 pp deviation from schedule costs ₹5.27 · 32.14 · 28.66 per share.
20 April 2028	Safeguard expires	No extension notification	Included in valuation. The ceiling drops 8.0% from FY2028 to FY2029.
Next China workbook	China price input is revised	Dated replacement China workbook	A $1/t change in the export premium is worth ₹2.04 · 12.44 · 11.19 per share.

Table 10 lists six dates. Three decisions are the research team's rather than the regulator's and each has a quantified effect for all three issuers. They are shown separately below. Where only a third-party disclosure can resolve a decision, it belongs in this calendar because the research team cannot set the disclosure date.

Table 11: Three research decisions and their quantified effects. The totals are ₹25.33 per Tata Steel share against a ₹65.74 target, ₹135.27 against ₹216.29 at JSW Steel, and ₹111.67 against ₹62.88 at Jindal Steel. The sum at Jindal Steel is 1.78 times the target. Until the choices are resolved, the value depends on judgement rather than measurement. No branch changes any of the three ratings. Total shareholder returns remain negative even in the most favourable combination. Source: research model. Calculated 18.08.2026.

Decision	Issue	Alternatives	Measured impact per share	What would resolve it
I-1. Freight to western India	The midpoint of the stated $28–38/t range is an assumption.	Use $33/t · measure from freight observations	±$5/t is worth ₹10.19 · 62.22 · 55.96. At $28/t Jindal Steel equity is almost eliminated at ₹0.79 per share.	A published freight-rate series from China to western India. None is available to the research team.
I-2. India equity risk premium	A common country input independent of the measured concentration index of 962.	Adopt the assumption · derive from concentration across the five measured markets	A +1 pp risk-premium shock at β = 1 gives Ke +1 pp and increases cost of capital by +0.74 · +0.87 · +0.88 pp. The impacts are ₹8.79 · 32.07 · 17.92.	A second measured equity risk premium in a covered market. The only one available is 5.18% for China.
I-3. Pass-through from ceiling to domestic prices	The measured slope of 0.529 is excluded. The model assumes full pass-through.	Use full pass-through · apply 0.529 ± 0.209	Using the estimated slope adds +₹6.35 · +₹40.98 · +₹37.79. At 0.320 it adds +₹9.17 · +₹59.16 · +₹54.55.	Extend the gap dataset beyond eleven observations. The slope's confidence interval is 0.047 to 1.011.

The three impacts in Table 11 sum to ₹25.33 per Tata Steel share, ₹135.27 at JSW Steel and ₹111.67 at Jindal Steel, or 1.78 times the last target. We first tried to measure each input directly. Input I-1: no public freight-rate series is available for the route, so the midpoint is a judgement supported by the value chain in Section 2. Input I-2: deriving the equity premium from concentration would require observations across markets. The only measured premium is China's 5.18%, so the risk premium remains a judgement supported by concentration analysis in Section 1. Input I-3: the slope was measured and published but not used. The quantified impact of excluding it is disclosed.

A change in the price regime is separate from the calendar and would affect revenue at all three issuers. Indian prices are governed by import parity. The estimated slope in changes is 0.529 with a confidence interval of 0.047 to 1.011. If production exceeds 100% of consumption for two consecutive years, the physical shortfall ends and

negotiated prices replace the binding ceiling. The series in Section 1 does not reach that threshold in any forecast year.

What would a holder lose if the research were wrong? The most favourable scenario combines a permanent safeguard with the best realisation premium from the four disclosed years. It values the shares at ₹179.28 · 685.30 · 744.90, still 4.4%, 47.3% and 32.5% below market, respectively. Getting both assumptions wrong would effectively remove the Tata Steel call because its margin has nearly disappeared. It would leave the other two calls intact. A holder who is right gains up to 4.4% at Tata Steel, and nothing at JSW Steel or Jindal Steel. A holder who is wrong loses the gap shown in Table 1.

Two observable developments would undermine the thesis. First, the safeguard is extended or replaced by anti-dumping duties covering South Korean and Japanese steel. This adds ₹79.50 per share at Tata Steel, ₹486.17 at JSW Steel and ₹443.39 at Jindal Steel. The impact is on intrinsic value, which rises to ₹140.36 · 681.47 · 500.14 while remaining below market. The SELLs weaken but remain in place. Second, domestic profit per tonne stays above ₹22,441 for two quarters. Tata Steel then earns its cost of capital and passes the first quality test. The cost route requires unit costs 4.58% lower at ₹49,982/t and is worth ₹35.12 per share. The price route requires a 3.55% higher ceiling and has a different effect. The measured effect here is for the cost route. The base-year profit assumption of ₹20,042/t is 4.6% above the best disclosed quarter in three years at ₹19,164/t. It combines a disclosed annual price with a disclosed quarterly cost. It is therefore sourced but is not conservative. The next sector catalyst is Q2 FY2027 results in late October 2026. The measures to watch are profit per tonne within India and the domestic-to-import price ratio.

The country report instructions differ on section order. They fix a twelve-section structure in which the calendar is Section Ten and the universe Section Twelve, while elsewhere requiring the calendar to close the report. We retain the fixed section order. The discrepancy was referred to the owner of the instructions. Each issuer's calendar line includes a quantified effect.

11. Quantified limitations: sixteen items, each with an impact per share

Indian steel is only partly observable. About half of crude steel output comes from producers with no disclosure, and part of the import chain is unpublished. The limitations are as material as the measured results. Each item refers to a named company's disclosure or to an input common to the three. Items without a per-share impact are excluded from this list.

The reconstruction error was measured separately for Tata Steel, JSW Steel and Jindal Steel. The band around each valuation is broken down by source, which determines whether a point estimate can be published. A model error is a discrepancy between reconstruction and disclosure outside the estimation sample with inputs held fixed. It can prevent publication of the point estimate. Outcome dispersion is the change in value as stated inputs move. It does not block a point estimate and is shown in Section 8.

Table 12: The upper bounds fall short of the share prices in all three cases: 89.23 versus 187.55, 448.77 versus 1,299.50, and 170.64 versus 1,103.00. Point estimates are published for all three. Relative error estimates come from the 14 August measurement and were not re-estimated. The absolute width is recalculated because the valuations changed. Source: research model. Calculated 18.08.2026.

Issuer	Out-of-sample unit-cost model error	Realisation premium dispersion, 1 SD	Quadrature	Range, ₹ per share	Upper bound as a share of market price
Tata Steel	40.65% of value	22.83% of value	46.62%	32.49 … 89.23	47.6%
JSW Steel	122.85% of value	41.85% of value	129.78%	0 … 448.77	34.5%
Jindal Steel	140.73% of value	143.08% of value	200.69%	0 … 170.64	15.5%

Table 12 compares the upper estimates with the quoted prices. Two of the three lower bounds are zero because their half-widths exceed the valuations: 129.78% for JSW Steel and 200.69% for Jindal Steel. The arithmetic lower bounds are minus ₹58.16 and minus ₹57.14 per share, respectively. Limited liability makes negative share prices impossible, so the published ranges are floored at zero. The scenario analysis still shows negative model outputs to convey the size of the response. A result of −₹209.32 is a measure of leverage in the model. The zero floor establishes no claim that the shares can trade at zero. It shows that model error at those two issuers is larger than the value being estimated. This is why the disclosure basis for Jindal Steel is ‘reconstructed’ rather than ‘partially reconstructed’. Point estimates are still published because the error bands do not reach the share prices. Their upper ends reach 47.6%, 34.5% and 15.5% of the quotes, respectively. Tata Steel’s conclusion would be withdrawn if model error rose from 40.65% to 208.2% of value.

Table 13: Sixteen unresolved items quantified per share and assigned to owners. An unquantified item is excluded. Items that depend on an external disclosure belong in the Section 10 calendar. Source: research commitments register. Calculated 18.08.2026.

Item	Valuation impact	Owner
China’s export premium was measured on 17.07.2026 and not re-estimated for India. The team has no time series of export prices.	A $1/t change is worth ₹2.04 per Tata Steel share, ₹12.44 at JSW Steel and ₹11.19 at Jindal Steel.	China model owner
Port costs beyond handling are not publicly disclosed.	Handling of $0 versus $10/t moves values by ₹18.53 · 113.16 · 101.88 per share.	External disclosure, see calendar
Western India freight uses the midpoint of the $28–38/t range. No published series is available to the team.	Input I-1: ±$5/t is worth ₹10.19 · 62.22 · 55.96. At the lower end Jindal Steel equity falls to ₹0.79 per share.	Research team
India uses one equity risk premium. It was not derived from the concentration index of 962.	Input I-2: a +1 pp risk-premium move at β = 1 is worth ₹8.79 · 32.07 · 17.92 per share. A 1 pp move in both rates is worth ₹12.99 · 42.67 · 25.95.	Research team, Input I-2
The forecast excludes the measured ceiling pass-through slope of 0.529.	Input I-3: including it adds +₹6.35 · +₹40.98 · +₹37.79 per share.	Research team, Input I-3
Cost pass-through uses five observations for two of three issuers. There is no Jindal Steel series and no out-of-sample test for any issuer.	A ±5% change in unit costs is worth ₹38.34 · 256.75 · 237.96 per share in each direction.	Research team, Limitation T-1
Zero basic duty on heading 7208 for South Korea and Japan remains an assumption pending line-by-line confirmation.	Removing the assumption raises the Korean and Japanese multiplier from 1.1150 to 1.1975 and the ceiling by 7.4%. It adds ₹71.96 · 439.48 · 395.29 per share.	External disclosure, customs heading 7208
The +2.56% gap comes from eleven observations, ten with a safeguard in force. It is held constant across seven forecast years with a zero safeguard rate. The sole observation without the duty, 14.11.2025, has the opposite sign: domestic prices were 2.89% above parity.	Eliminating the gap adds +₹24.83 · +₹151.63 · +₹136.23 per share. A one-standard-deviation change is worth ₹33.33 · 203.55 · 182.87.	Research team, next revision
Relative errors come from 14.08.2026, and valuations have since fallen. The absolute half-width narrowed without any new observations.	At Jindal Steel model error fell from ₹164.07 to ₹79.86, a reduction of ₹84.21. The total half-width fell from ₹233.98 to ₹113.89. Using the old widths gives upper bounds of ₹90.03 · 517.03 · 220.82, still below market. The ratings are the same either way.	Research team, next revision
Model error is measured on one out-of-sample year, with no error distribution.	The range uses the absolute value of one residual. The Tata Steel call would be withdrawn if error reached 208.2% of value.	Research team, next revision

Item	Valuation impact	Owner
The rupee path is inferred from observations. The team has no separate currency view despite FX being the second-largest input. FX feeds into the ceiling alone, and costs are held in rupees. An FX shock and a uniform selling-price shock represent the same modelled state.	A one percent FX move is worth ₹9.70 · 59.23 · 53.21 per share. A 5% weaker rupee gives ₹109.35 · 491.46 · 322.82, while a 5% stronger rupee gives ₹12.36 · −100.85 · −209.32. Each percentage point of costs indexed to FX offsets ₹0.38 · 2.57 · 2.38 of the sensitivity.	Research team, next revision
The 14.08.2026 cash flow residual cannot be reproduced from the export and was inherited as 'other cash flow items'.	The residual is 0.3% · 0.5% · 0.9% of FY2027 cash flow, worth ₹0.55 · 1.64 · 0.79 per share.	Research team, next revision
The build decision is valued by changing the explicit forecast with the terminal case held fixed. It differs from the 14.08.2026 result.	₹37.85 · 209.51 · 184.16 versus ₹71.80 · 421.55 · 232.51.	Owner of the 14.08.2026 workbook
The uncovered 59.7% of the market has no company-level disclosure and is outside the valuation.	There is no observable input for a direct shock. Raising concentration to Brazil's level is a proxy worth +₹24.83 · +₹151.63 · +₹136.23 per share.	Research team, next revision
The 7.5% basic customs duty is assumed permanent. Removal is outside the decision cases and calendar.	Full removal costs −₹71.96 · −₹439.48 · −₹395.29, taking equity value negative at all three.	Research team, next revision
Consensus was not updated as of 18.08.2026.	The >30% divergence test uses data from 11.08.2026. The cost is the full unmeasured consensus shift, ₹126.69 per Tata Steel share.	Research team, next revision

12. Coverage universe and sources

Table 13 lists all sixteen unresolved items and matches worksheet 06_Open_Items in the research model. Table 14 gives common inputs and their bases. Coverage was selected on 8 August 2026 and retained in this report. It comprises integrated carbon steel producers with an Indian listing and more than 5% of national crude steel output. Tata Steel, JSW Steel and Jindal Steel account for 40.3% of national output. SAIL was excluded for government control and a cost structure that cannot be compared with the private-sector perimeter, with an 8.1% share. AM/NS India lacks a listable Indian entity of its own and has a 5.2% share. The secondary and induction sector has a 46.4% share and no company-level disclosure. We cover 40.3% of output, leaving 59.7% uncovered. Most of the uncovered share falls in the sector for which there is no disclosure. The valuation does not incorporate this limitation. Human approval determines the coverage universe.

The table states where each common input comes from. The issuer models inherit the inputs without change. Any undisclosed divergence is a defect in the model.

Table 14: Common coverage inputs and how each was obtained. Statutory inputs and user decisions do not require a separate analytical basis. Measured and inferred inputs and research decisions do require one, and it is identified. Source: research model. Calculated 18.08.2026.

Input	Value	Basis	Analytical basis
China FOB price, FY2027 → FY2036	$483.20 → $420.14/t	Disclosed in the China workbook v10.8 dated 17.08.2026, worksheet 09_Price, export premium and FOB export price rows	Cost curve, Section 3
Calendar-to-fiscal-year conversion	FY(n) = 0,75 · CY(n−1) + 0,25 · CY(n)	Derived	Cost curve, Section 3
USD/INR, FY2027 → FY2036	96.4606 → 123.677, 2.8% annual depreciation	Inferred from observations and modelled as a yearly series	PEST, Section 4
Freight to western India	$33/t in a $28–38 range	Research decision, Input I-1	Value chain, Section 2

Input	Value	Basis	Analytical basis
Port handling	Fixed $5/t after duties	User decision	Value chain, Section 2
Basic customs duty	7.5% of customs value	Statute, Notification 01/2025-Customs (SG)	PEST, Section 4
Social welfare surcharge	10% of basic duty = 0.75% of customs value	Statute, Section 110 of the Finance Act 2018	PEST, Section 4
Safeguard schedule	11.5% · 11.0% · 0.6% · 0	Statute, Notification 02/2025-Customs (SG)	PEST, Section 4
Gap between domestic price and ceiling	+2.56%, standard deviation 3.65 pp, n = 11	Measured	Concentration, Section 1
Pass-through from ceiling to domestic prices	0.529 ± 0.209 measured, 1.000 used	Measured and excluded from the forecast, Input I-3	Cost curve, Section 3
Corporate income tax	25% used, versus 25.17% disclosed	Statute	PEST, Section 4
Increase in working capital	8.0% of the increase in revenue	Measured over five years	Owner earnings, Section 7
Terminal growth	Zero	Research judgement	Industry life cycle, Section 1
Required equity return	15.42 · 14.84 · 14.33%	Inferred. Risk premium is a research decision, Input I-2.	Cost of capital, Section 5
Cost of capital	12.97 · 13.86 · 13.25% at market weights and marginal pretax borrowing costs of 8.21 · 9.48 · 7.50%	Derived	Cost of capital, Section 5
Recommendation band B	10 percentage points	User decision	—
Thresholds for the four quality tests	Returns above cost of capital over the full period · coverage of maintenance needs · advantage retained in the worst year · at least one third reaching minority holders	User decision, v10.8	—

Coverage tally: three companies under coverage, three with a rating, and zero with a five-element undetermined conclusion.

Three testable findings were selected for their independence from the common price input and come from distinct analyses. Only one issuer has a cost advantage which retains its sign under a uniform price shift, as measured in the competitive-position analysis. The industry is investing above depreciation at returns below its cost of capital and has cancelled no projects in five years, as shown by the capital cycle. Policy execution follows the type of commitment and the named party responsible, as the PEST analysis shows. The SELL ratings, valuations, value reaching shareholders and the first quality test all depend on the same import-parity ceiling. A ceiling 8.66% higher would reverse the first test at all three issuers and put Jindal Steel over the one-third threshold at the same time, worth ₹84 · 513 · 461 per share. The three price conclusions do not corroborate one another independently.

Units. One crore is ten million. Indian issuers report in crore and amounts are shown on that basis without conversion to dollars. This report groups digits in threes, showing ‘207,077 crore’ rather than ‘2 07 077’. The rupee symbol ₹ refers to value per common share without adjusting for treasury shares where shown as a per-share figure.

Company figures come from Tata Steel, JSW Steel and Jindal Steel annual filings for FY2023–FY2026 and Q1 FY2027 results. Prices are from 7 August 2026. Revenue per tonne, net debt and minority interests come from

consolidated filings. Reconstructed values are identified individually in Table 14 and distinguished from disclosed figures.

Reproduction. Figures come from the workbook India_Steel_Workbook_v10.8_2026-08-18.xlsx and were matched automatically against its export at a relative tolerance of 0.5%. The check covered 195 figures and found zero missing. The published results come from formula cells. There are 548 formulas and all 548 have cached recalculation results, and 539 cells were compared with zero difference. The sensitivities come from changing one announced input, recalculating the workbook and reading intrinsic value, with seventeen shocked cases plus the base. There are eighteen rows and fifteen distinct shocks. The terminal valuation response to price was calibrated on one row and tested on eight others outside the calibration sample. The slope appears in Table 14 and Input I-3. The checks have limits. The third-party formula checker leaves a cell untouched if it already has a cached value. A manually altered value can pass while the formula remains in place. In a test copy, replacing a cell value with 999,999 while leaving the formula ‘B3+B4’ returned PASS. The export comparison is also permissive. If each of the 195 numbers is randomly moved within half its value, 144 replacements, or 73.8%, still pass because the export contains 1,914 values including derivatives and almost covers the scale. The tests establish provenance from the workbook. Independent review is what establishes correctness. Both defects were assigned to the check owner in the commitments register. Raising maintenance to depreciation costs ₹20.72 · 55.76 · 26.67 per share using the workbook recalculation. A perpetuity formula yields a different result, by up to ₹13.60 at Jindal Steel.

Sources. Indian Ministry of Finance notifications 01/2025-Customs (SG) of 21.04.2025, 02/2025-Customs (SG) of 30.12.2025, 32/2025-Customs (ADD) of 12.11.2025 and 40/2025-Customs (ADD) of 30.12.2025. Section 110, Finance Act 2018, and Section 3(8), Customs Tariff Act. Directorate General of Trade Remedies recommendation 22/01/2024-DGTR of 18.03.2025 and anti-dumping investigation initiation notice of 25.06.2026. National Steel Policies of 2005 and 2017. Joint Plant Committee data in Press Information Bureau releases dated 06.12.2024, 08.04.2026, 05.05.2026, 07.05.2026 and 24.07.2026. Ministry of Steel parliamentary answers of 04.08.2026 and 08.08.2026. Press Information Bureau releases on ore auctions of 19.10.2025 and 07.05.2026. Supreme Court of India decision 2026 INSC 679 of 14.07.2026. Tata Steel, JSW Steel and Jindal Steel annual reports and releases for FY2023–FY2026 and Q1 FY2027. Mysteel SS400 3 mm hot-rolled coil quotes in Tianjin on 22.05.2026 and 17.07.2026 via the China workbook. Country reports on China, Brazil and Russia for concentration, pass-through and the share of value reaching minority holders. Exchange data for the three months through 07.08.2026. Price input: China_Steel_Workbook_v10.8_2026-08-17.xlsx, worksheet 09_Price. Research model: India_Steel_Workbook_v10.8_2026-08-18.xlsx, export EXPORT — India — v10.8 — 2026-08-18.json, calculated 18.08.2026, share prices as of 07.08.2026.

The methodology manifest for version 10.8 lists 29 files. All twenty-nine SHA256 hashes match, with zero dangling links and zero deviations in the integrity check. Five files were initially absent from the working directory. The team first recorded the set as incomplete and left the blocking item open. The owner’s copy contained all the files and matched the manifest. Those files had simply not been loaded into the working session. The commitments register records that the team must distinguish an incomplete working directory from an incomplete methodology set.

Release sign-off remains with the designated signatory. The research team cannot substitute for that signature.