

# Metals and Mining

## 2QFY25 Preview: Margins under pressure given lower realizations

We estimate the operating profits of our metals coverage universe to de-grow 15% QoQ in 2QFY25 given sharp decline in realizations, partially offset by the decline in coking coal prices. Indian steel markets witnessed a soft quarter with average prices down ~INR3-5k/t sequentially. Global steel making raw materials witnessed a decline – spot coking coal down to ~USD205/t (down sharply by USD110/t from peak), iron ore at ~USD102/t (down USD20/t from recent peak in Jan'24) driven by subdued chinese demand. Spreads of India steel players are likely to be under pressure in 2QFY25 driven by lower realizations partially offset by lower coking coal consumption cost (-USD15-30/t). Consequently, we estimate an EBITDA margin compression of ~INR1.5k+/ton QoQ. Volume growth in the seasonally weak quarter is likely to be muted. Working capital requirements is likely to offer some relief as steel / raw material prices trend down leading to better chances of net debt reduction. Spot spreads continue to hold higher currently than 2Q given the sharp correction in coking coal prices to USD189/t. JSPL (lowest leverage, highest volume growth over next few years) and Hindalco (Novelis delivering record margins) remain our top picks in the space.

- Global steel prices trend down on China demand woes:** China domestic HRC prices declined by USD97/t from recent peak in Jan (USD565/t) to USD468/t driven primarily by subdued demand across real estate (-20% YoY) and automotive segments (3%/12% - '24/'23 YoY). Chinese rebar prices corrected USD86/t from peak to USD489/t in tandem with the broader markets. China's steel exports witnessed growth in the recent months to 8.2mnt in Aug'24 vs. 7.3mnt in Jun'24. However, YTD Chinese steel exports reported an increase of 19%+ YoY – thereby weighing on global steel prices.
- Raw material prices sharply off peak:** In tandem with cooling steel prices, coking coal prices corrected by USD30 QoQ/USD54 from 1Q to USD189/t. China iron ore CFR price declined by USD10 QoQ/USD16 from 1Q to USD88/t. Receding global iron ore prices is expected to reflect in lower NMDC prices eventually, while coking coal consumption cost relief is likely to aid spot steel margins further.
- Indian steel players likely to witness a soft quarter:** Indian steel prices corrected substantially in 2Q – HRC by INR 3.2k/t and rebar by INR5k/t QoQ. NMDC announced price cut in fines for 2Q – averaging INR400/t lower QoQ. Steel companies guided for a ~USD15-30/t decline in coking coal consumption cost for 2QFY25. Spreads of Indian steel players are likely to be under pressure in 2QFY25 driven by lower realizations partially offset by lower coking coal /iron ore. Consequently, we estimate an EBITDA margin compression of ~INR1.5k+/ton QoQ. Volume growth in the seasonally weak quarter is likely to be muted. Working capital requirements is likely to offer some relief as steel / raw material prices trend down leading to better chances of net debt reduction.
- BHP commodity outlook:** BHP in its latest commodity outlook anticipates a widening surplus in the iron ore market on average across CY24, with supply likely to continue to outpace demand into CY25. BHP sees a mild surplus for all seaborne steelmaking coals across CY24, but the supply of higher quality coals remains moderately tighter than the market as a whole. The conclusion of China's crude steel plateau phase, India's rapid steel capacity growth, new entrants in iron ore seaborne trade, uncertain operational performance in steelmaking coal, and the complexities that will come with greater efforts to decarbonise, will all have an influence on steel value chain trade flows.
- Spot spreads yet to find a new base amidst global price volatility; JSP / HNDL preferred bets:** Spot spreads continue to hold higher currently than 2Q given the sharp correction in coking coal prices to USD189/t. China steel prices having corrected ~20% from recent peak has triggered a similar fall in raw material prices. JSPL (lowest leverage, highest volume growth over next few years) and Hindalco (Novelis delivering record margins) remain our top picks in the space.

Ashutosh Somani

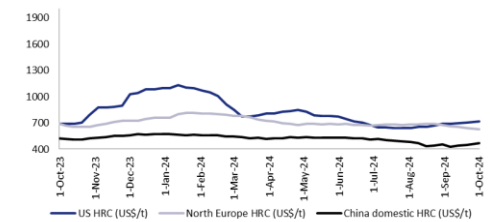
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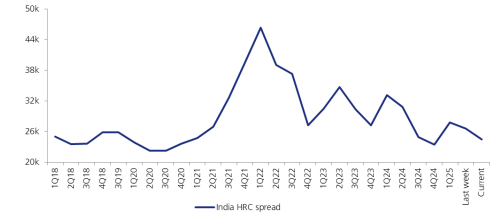
We acknowledge the support service of **Rajvi Panchmatia** (rajvi.panchmatia@jmf.com) in preparation of this report

### Divergence in China & US, Europe HRC prices (US\$/t)



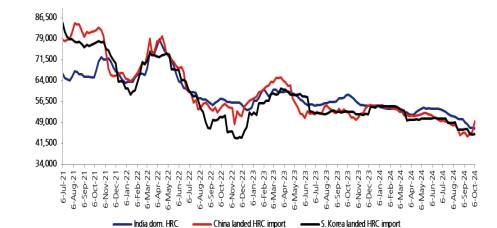
Source: Bloomberg, JM Financial

### India steel gross spreads (INR/t)



Source: SteelMint, Bloomberg, JM Financial

### Steel landed import parity trend (INR/t)



Source: SteelMint, Bloomberg, JM Financial

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## Exhibit 1. Metal Companies Preview (2QFY25)

(INR bn)

Company	Net Sales	YoY (%)	QoQ (%)	EBITDA	YoY (%)	QoQ (%)	PAT	YoY (%)	QoQ (%)	Remarks
Tata Steel	539	-3.1%	-1.5%	48	16.0%	-30.8%	3	-	-68%	We estimate blended realizations to decline by ~INR3k/ ton QoQ led by lower flat and long product prices. Standalone volumes witnessed a growth of 3% QoQ to 5.1 mn tons. We estimate EBITDA/ton to decline sequentially to INR12k (down by INR2.2k led by lower realizations. We estimate Corus to report EBITDA loss of USD71/ ton from ~USD28/ ton in 1QFY25.
JSW Steel	437	-1.9%	1.8%	50	-36.7%	-9.5%	6	-71%	-25%	We estimate blended realizations to decline by ~INR3.5k/ ton QoQ led by decline in flat and long product prices. Standalone volumes expected to grow by 2% QoQ to 5.2 mn tons. We estimate EBITDA/ton to decline by INR1,100 to INR7.3k (-13% QoQ)
Jindal Steel and Power	115	-6.2%	-15.6%	20	-13.7%	-30.5%	8	-44%	-42%	We expect standalone volumes to decline by 11% QoQ to 1.85 mn tons. We estimate EBITDA/ton to decline sequentially by INR2.5k/t to INR10.4k (-19% QoQ)
SAIL	279	-0.4%	16.1%	21	-1.3%	-5.5%	1	-	-64%	We estimate realizations to decline by INR3k/ ton QoQ. We estimate volumes to grow by 22% to 4.9 mn tons. EBITDA/ ton is expected at INR4.2k (-23% QoQ).
Shyam Metallics and Energy	36	22.1%	-0.7%	4	31.2%	-17.4%	2	62%	-27%	We estimate blended realization to decline by INR2.8k/ ton to ~INR53.6k and volumes to marginally grow to 0.67 mn tons
Welspun Corp	33	-19.2%	5.2%	3	-30.6%	-16.0%	2	-65%	-57%	We estimate blended EBITDA/ ton to decline by INR738 (-5% QoQ)
Hindalco Industries	565	4.3%	-0.9%	69	23.1%	-8.5%	33	48%	6%	We estimate India EBITDA (standalone + Utkal) at INR38 bn (-15% QoQ) led by a) Aluminium realization down 5% b) Copper realization down 6%. We estimate Novelis realization (USD/ton) to be at USD4.4k (flat QoQ). Novelis EBITDA is expected at USD487 (-3%QoQ) with EBITDA/ ton of USD508
Hindustan Zinc	81	19.2%	-0.4%	41	29.5%	3.0%	23	31%	-3%	We estimate blended realization to decline by INR7.6k/ ton led by lower Zinc and Silver prices. Zinc production decreased by 6% QoQ while Lead/ Silver production increased by 24%/10% QoQ. We estimate EBITDA to increase to INR40 bn (+3% QoQ) mainly led by higher Lead and Silver volumes
Kirloskar Ferrous	16	1.3%	1.6%	2	-34.1%	-10.9%	1	-39%	-8%	We estimate blended realization to decline by INR3.6/ ton QoQ. We estimate consol. EBITDA to stand at INR1.7 bn (-11% QoQ).
NMDC	48	20.2%	-10.9%	18	48.1%	-24.6%	15	42%	-26%	We estimate blended realization to decrease by INR400/ ton QoQ. Sales volume for the quarter declined to 9.7 mn tons (-4% QoQ) for 2QFY25. We estimate EBITDA/ ton at INR1.8k (-22% QoQ)
Lloyds Metals & Energy	12	12.1%	-49.4%	3	19.4%	-52.4%	3	7%	-55%	We estimate EBITDA/ ton to decline to INR1.8k (-9.9% QoQ) We estimate iron ore realizations to decline to INR5.1k (-7% QoQ)
Jindal Stainless	91	-7.6%	-4.0%	13	2.4%	4.0%	6	-7%	-3%	We estimate realizations to decline by ~1% led by fall in Nickel prices. We estimate volumes to decline by 3% QoQ on account of seasonally weak quarter and maintenance shutdowns
<b>Total</b>	<b>2253</b>	<b>0.1%</b>	<b>-0.4%</b>	<b>291</b>	<b>1.0%</b>	<b>-15.3%</b>	<b>101</b>	<b>162.2%</b>	<b>-21.0%</b>	

Source: Company, JM Financial

## Exhibit 2. WSA crude steel production data summary

Geography	CYTD24 (mn tons)	(%) YoY	Aug'24 (mn tons)	YoY (%)	MoM (%)
Global	1,237.9	-0.8	144.8	-6.0	-5.2
China	677.9	0.8	77.9	-9.8	-6.0
India	98.2	10.6	12.3	3.4	0.0
World (ex-China)	560.0	3.3	66.9	-1.0	-4.3
Japan	56.8	-2.4	6.9	-2.8	-2.8
US	56.4	1.9	7.0	0.0	1.4
EU 27	86.4	1.2	9.1	0.0	-15.7
CIS	58.7	1.9	7.0	-6.7	-6.7

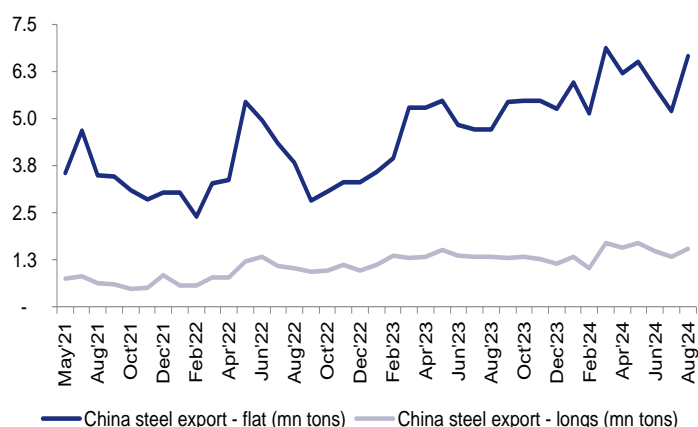
Source: WSA, JM Financial Note :CYTD is till Aug

## Exhibit 3. WSA finished steel demand forecast – Apr'24 outlook

Regions	2023	YoY	2024F	YoY	2025F	YoY
EU (28)	137	(10.0)	141	2.9	148	5.3
Other Europe	44	13.5	48	8.1	46	(3.8)
CIS	56	8.6	58	4.1	59	0.9
USMCA	132	(1.0)	134	1.4	136	1.9
Gen. & S. America	46	0.9	46	(0.4)	47	2.9
Africa	35	(1.7)	37	5.4	39	4.3
Middle East	55	(0.4)	57	4.2	59	2.6
Asia & Oceania	1,259	(1.0)	1,273	1.2	1,282	0.7
World	1,763	(1.1)	1,793	1.7	1,815	1.2
China	896	(3.3)	896	-	887	(1.0)
% of total	51%		50%		49%	
World (excluding China)	867	1.3	897	3.5	929	3.5
India	133	14.8	144	8.2	156	8.1

Source: WSA, JM Financial

## Exhibit 4. China flat and long steel exports



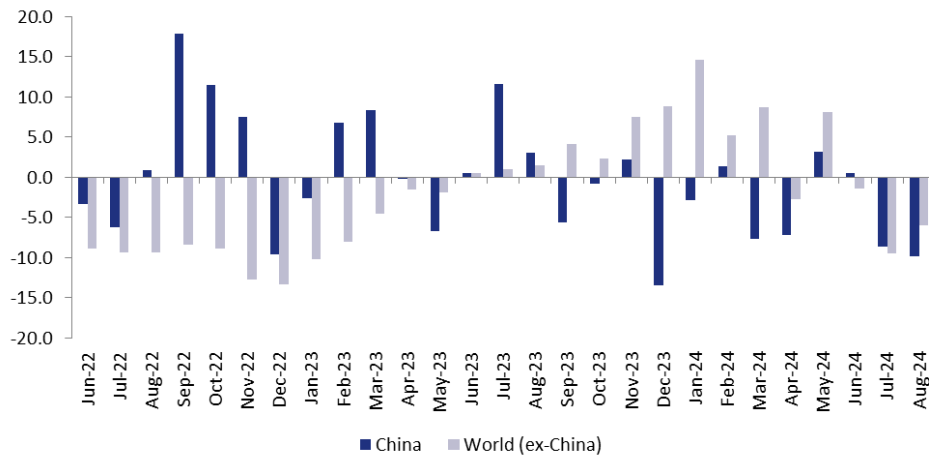
Source: GACC

## Exhibit 5. China steel net exports



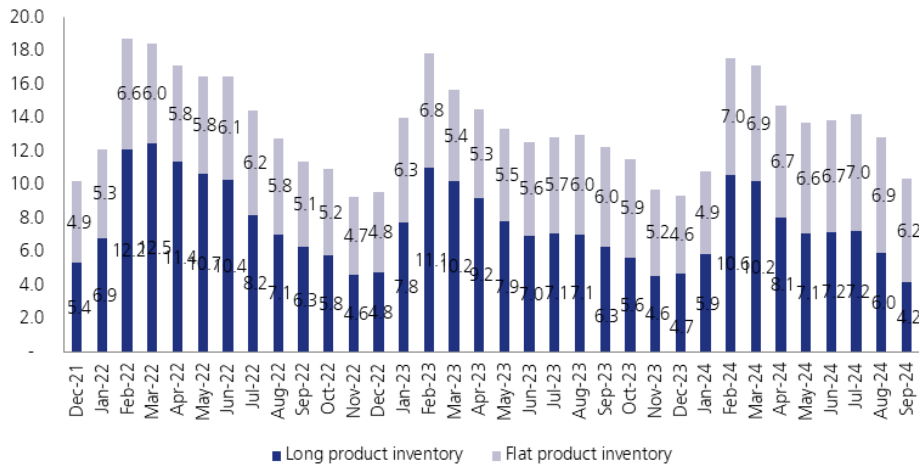
Source: GACC

Exhibit 6. Crude steel production growth - China vs World (ex-China)



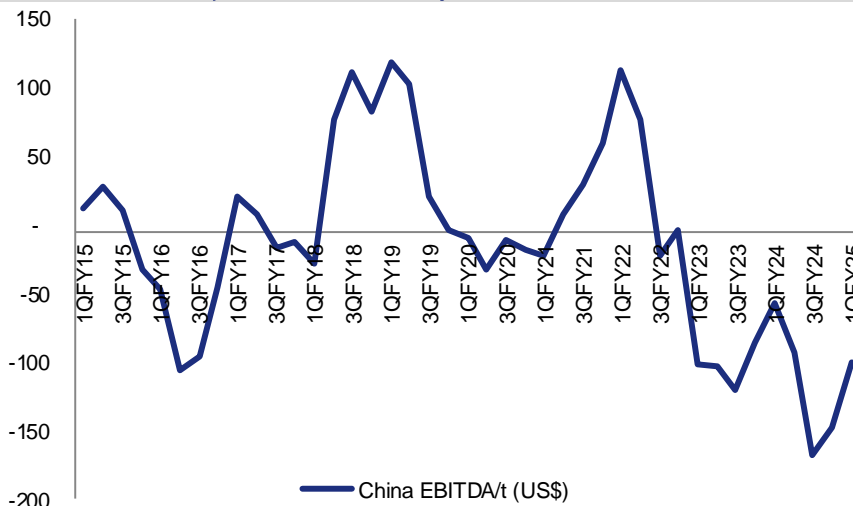
Source: WSA, JM Financial

Exhibit 7. China finished steel inventory in market (with middleman; mn tons)



Source: Bloomberg, JM Financial

Exhibit 8. China EBITDA/t performance over the years



China margins at their lowest in recent time

Source: JM Financial

**Exhibit 9. China steel demand indicators**

China Construction Summary	2022	2023	May-24	Jun-24	Jul-24	Aug-24
Total Real estate Floor space started this year (YTD mn sq mtrs)	1,206	954	301	380	437	495
YTD YoY(%)	-39%	-21%	-24%	-24%	-23%	-23%
Commercialized Residential Floor space started this year (YTD mn sq mtrs)	881	693	218	277.5	316.8	359.1
YTD YoY(%)	-40%	-21%	-25%	-24%	-24%	-23%
Total real estate Floor space under construction (YTD mn sq mtrs)	9,050	8,384	6,889	6,968	7,033	7,094
YTD YoY(%)	-7%	-7%	-12%	-12%	-12%	-12%
Total Commercial building Floor space sold (YTD mn sq mtrs)	1,358	1117	366	479	541	606
YTD YoY(%)	-24%	-18%	-21%	-19%	-19%	-18%
Commercialized Residential Floor space under construction (YTD mn sq mtrs)	6,397	5,899	4,816	4,874	4,915	4,961
YTD YoY(%)	-7%	-8%	-12%	-13%	-13%	-13%
Commercialized Residential building sold (YTD mn sq mtrs)	1,146	948	307	401	454	508
YTD YoY(%)	-27%	-17%	-24%	-22%	-21%	-20%
China Consumer demand – Summary						
Total vehicle sales ('000 units)	26,849	30,046	2,417	2,552	2,262	2,453
YoY%	2%	12%	1.5%	-2.7%	-5.2%	-5.0%
China Macro Summary						
GDP growth %			-			
IIP	1.3	6.8	-	5.3	5.1	4.5
Manufacturing PMI	47.0	49.0	49.5	49.5	49.4	49.1
New Loan YoY growth (YTD)	6.9	6.7	-30.6	-30.3	-24.5	-33.2

Source: Bloomberg, JM Financial, Xinhuanet.com

**Exhibit 10. Crude Steel capacities in India**

(in mt)

Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tata Steel	19.6	20.6	21.6	21.6	26.6	27.4	27.4
JSW Steel (including BPSL)	20.5	27.0	27.7	33.2	37	37	37
JSPL	8.6	9.6	9.6	10.0	16.3	16.3	16.3
AM/NS (Essar Steel)	9.6	9.6	9.6	9.6	9.6	15.0	15.0
SAIL	21.4	21.4	21.4	21.4	21.4	21.4	21.4
RINL	7.3	7.3	7.3	7.3	7.3	7.3	7.3
NMDC	-		3.0	3.0	3.0	3.0	3.0
Others*	55.0	55.0	57.0	59.0	61.0	63.0	63.0
India's total crude steel capacity	142.0	150.5	157.2	165.1	182.2	190.4	190.4

Source: Industry, JM Financial

**Exhibit 11. India finished steel production and consumption**

Particulars ('000 tons)	Aug'24	MoM(%)	YoY(%)	YTD '24	YoY (%)
<b>Production</b>	<b>11,924</b>	-2%	3%	58,927	25%
Import	1,024	37%	93%	3,718	38%
Export	342	16%	-33%	1,915	22%
Change in inventory	73			463	
<b>Apparent steel consumption</b>	<b>12,534</b>	2%	7%	60,267	26%
Finished steel inventory	14,753	0%	19%	14,753	19%

Source: JPC, JM Financial

**Exhibit 12. India finished steel production by key players**

Particulars ('000 tons)	July'24	Aug'24	YoY%	MoM%
SAIL	1,156	1,283	-10%	11%
RINL	303	230	-33%	-24%
TSL	1,799	1,808	6%	1%
ESSAR	545	636	-4%	17%
JSWL	2,011	1,835	-6%	-9%
JSPL	350	819	116%	134%
OTHERS	5,953	5,313	3%	-11%
<b>Total production</b>	<b>12,117</b>	<b>11,924</b>	<b>3%</b>	<b>-2%</b>

Source: JPC, JM Financial

**Exhibit 13. Steel volume trend**

(mn tons)	1QFY25	4QFY24	3QFY24
<b>JSW Steel (Standalone)</b>			
<b>Production</b>	<b>5.3</b>	<b>5.69</b>	<b>5.72</b>
YoY (%)	-2.57%	1.61%	7.52%
MoM/QoQ (%)	-6.85%	-0.52%	5.93%
<b>Sales</b>	<b>5.09</b>	<b>5.69</b>	<b>5.2</b>
YoY (%)	3.25%	0.18%	5.05%
MoM/QoQ (%)	-10.54%	9.42%	-3.88%
<b>JSPL</b>			
<b>Production (Std.)</b>	<b>2.05</b>	<b>2.05</b>	<b>1.94</b>
YoY (%)	0.49%	1.49%	-5.83%
MoM/QoQ (%)	-	5.67%	2.11%
<b>Sales (Std.)</b>	<b>2.09</b>	<b>2.01</b>	<b>1.81</b>
YoY (%)	13.59%	-0.99%	-4.74%
MoM/QoQ (%)	3.98%	11.05%	-9.95%
<b>Tata Steel India</b>			
<b>Production</b>	<b>5.27</b>	<b>5.4</b>	<b>5.35</b>
YoY (%)	8.88%	12.03%	12.16%
MoM/QoQ (%)	-2.41%	0.93%	8.96%
<b>Sales</b>	<b>4.94</b>	<b>5.42</b>	<b>4.88</b>
YoY (%)	3.13%	8.84%	6.32%
MoM/QoQ (%)	-8.86%	11.07%	1.24%
<b>SAIL</b>			
<b>Production</b>	<b>4.18</b>	<b>4.72</b>	<b>4.6</b>
YoY (%)	-5%	0.43%	4.55%
MoM/QoQ (%)	-11%	2.61%	-4.17%
<b>Sales</b>	<b>4.01</b>	<b>4.56</b>	<b>3.8</b>
YoY (%)	3%	-2.56%	-8.46%
MoM/QoQ (%)	-12%	20%	-20.34%

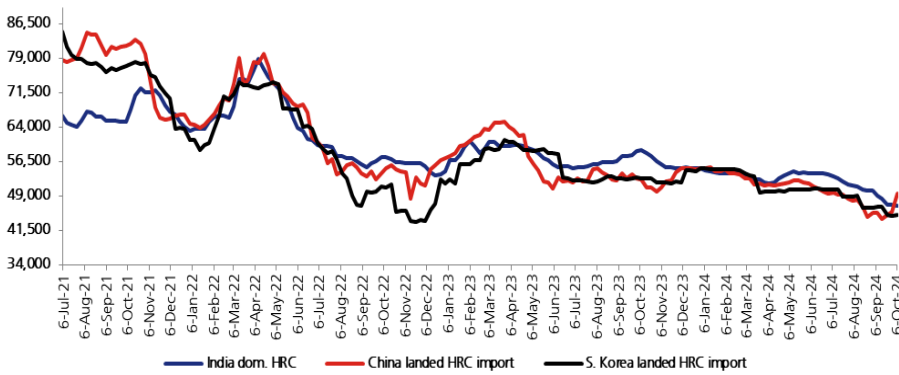
Source: Company, JM Financial.

**Exhibit 14. Steel landed import parity**

Particulars	Unit	Spot China	Spot S.Korea
HRC export prices	(US\$/ton)	510	500
Add: Freight & other import costs	(US\$/ton)	35	35
<b>HRC prices (CIF)</b>	<b>(US\$/ton)</b>	<b>545</b>	<b>535</b>
Add: Basic Custom duty (7.5% / 0%)	(US\$/ton)	40.8	-
Add: Social Welfare Surcharge (10% on basic custom duty)	(US\$/ton)	4	-
<b>Landed cost of imports (before protectionist duties)</b>	<b>(US\$/ton)</b>	<b>590</b>	<b>535</b>
Add: Anti-dumping duty	(US\$/ton)	-	-
Steel price as per anti-dumping duty notification	(US\$/ton)	489	489
Landed cost of imports (Post protectionist duties)	(US\$/ton)	590	535
INR:USD	(INR/USD)	84.0	84.0
<b>Cost of steel imports –HRC</b>	<b>(INR/ton)</b>	<b>49,577</b>	<b>44,941</b>
<b>Domestic Steel prices</b>	<b>(INR/ton)</b>	<b>47,000</b>	<b>47,000</b>
<b>Domestic Less Landed import price</b>	<b>(INR/ton)</b>	<b>-2,557</b>	<b>2,059</b>

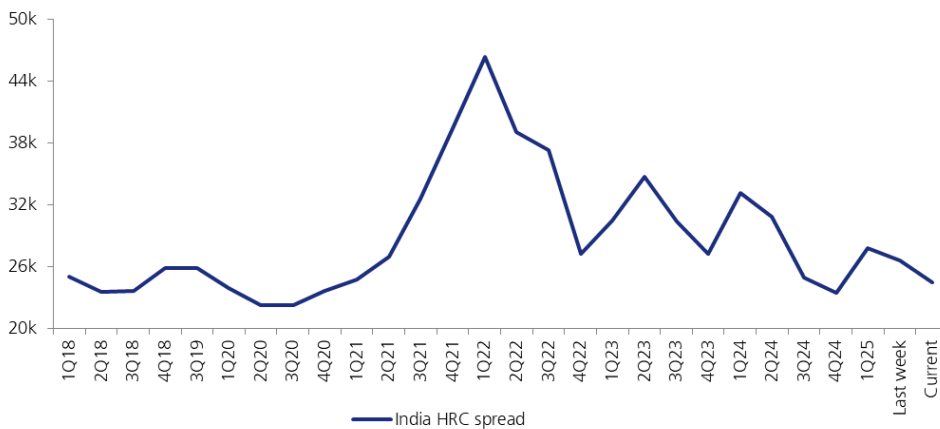
Source: SteelMint, Bloomberg, JM Financial

**Exhibit 15. Steel landed import parity trend (INR/t)**



Source: Steelmint, Bloomberg, JM Financial

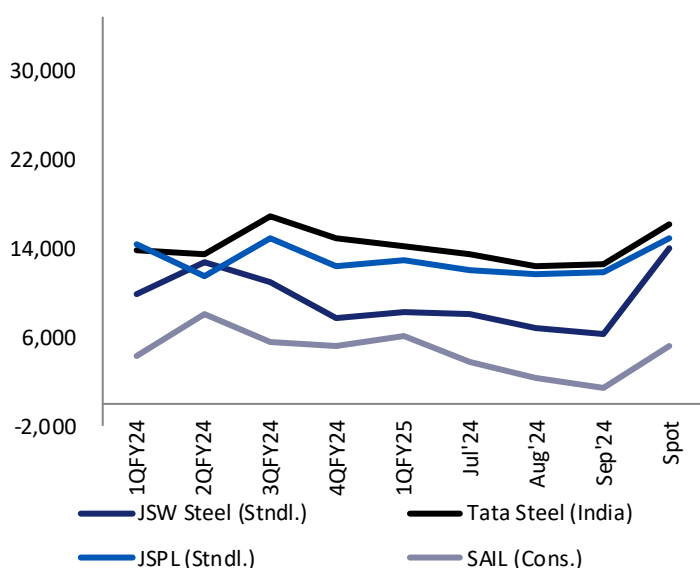
**Exhibit 16. India spot steel spreads near 24k levels (INR/t)**



Source: Steelmint, Bloomberg, JM Financial

## Exhibit 17. Spreads across steel companies

(INR/t)



Source: JM Financial

## Exhibit 18. Metal price trend

Particulars	Cur.	CMP	last week	2Q25	1Q25	4Q24	3Q24	2Q24
<b>Steel</b>								
India dom HRC	INR	47,000	47,050	50,331	53,510	53,600	56,197	56,327
India dom Rebar	INR	45,400	44,000	41,939	46,804	43,053	44,567	45,666
India exp HRC	USD	560	560	560	561	594	579	573
China dom HRC	USD	520	447	468	527	549	544	540
China dom Rebar	USD	495	483	493	529	565	558	527
South Korea exp HRC	USD	500	500	534	568	613	606	602
China exp HRC	USD	510	468	482	534	561	554	561
Japan exp HRC	USD	485	485	525	563	601	581	586
North European HRC	USD	625	625	674	686	783	704	720
USA HRC	USD	715	715	669	773	973	895	804
FerroChrome	INR	111,000	110,050	107,187	108,188	116,715	110,607	109,758
Iron ore China CFR	USD	102	88	93	104	116	119	108
NMDC iron ore fines	INR	4,140	3,810	4,017	4,420	4,299	3,745	3,439
Pellets	INR	8,000	7,325	7,248	8,504	8,627	8,525	8,100
Coking Coal	USD	205	185	211	243	305	332	264
India spread	INR	24,463	26,649	27,635	27,790	23,521	25,486	30,846
Global spread (on China HRC)	INR	13,649	11,002	10,097	11,053	6,486	3,492	9,787
<b>Landed cost of HRC imports</b>								
China	INR	49,557	45,490	46,884	51,398	53,552	53,049	53,338
South Korea	INR	44,941	44,741	47,644	50,336	53,782	53,391	52,660
Aluminium	USD	2,612	2,485	2,411	2,565	2,241	2,226	2,204
LME Al - Scrap spread	USD	870	743	771	794	653	665	681
Zinc	USD	3,099	2,874	2,817	2,877	2,475	2,508	2,447
Silver	INR/kg	91,978	88,560	85,350	85,168	71,517	71,859	72,167
Copper	USD	10,081	9,477	9,310	9,873	8,540	8,249	8,401
Dollar index		101	101	103	105	104	105	103
Baltic dry index		2,091	1,977	1,860	1,848	1,824	2,033	1,194
Richard bay index		110	107	110	108	96	116	109

Source: SteelMint, Bloomberg, JM Financial; updated as of 6<sup>th</sup> October 2024



## Exhibit 19. NMDC Chhattisgarh iron ore prices have increased sequentially

(INR/t)

Particulars (INR/t)	Oct 23	Nov 23	Jan 24	Jan 24	Mar 24	Apr 23	May 24	Jun 24	Aug 24	Oct 24
Lumps	4,298	4,463	4,628	4,959	4,793	5,124	5,331	4,917	4,421	4,752
Fines	3,686	3,851	4,058	4,388	4,182	4,347	4,636	4,223	3,810	4,140
Change (vs. previous price)										
Lumps	207	165	165	331	(165)	331	207	(413)	(496)	331
Fines	207	165	207	331	(207)	165	289	(413)	(413)	331

Source: Company, JM Financial, Note: The prices are excluding Royalty, DMF and NMET

## Exhibit 20. Metal companies - target price

(INR/sh)

Company	Rating	TP
Tata Steel	BUY	190
JSW Steel	BUY	1170
Jindal Steel and Power	BUY	1128
SAIL	SELL	140
Shyam Metals and Energy	BUY	760
Welspun Corp	BUY	725
Hindalco Industries	BUY	760
Hindustan Zinc	BUY	540
Kirloskar Ferrous	BUY	760
Lloyds Metals and Energy	BUY	1100
Jindal Stainless	BUY	910
NMDC	HOLD	250

Source: JM Financial

## Exhibit 21. BHP outlook on iron ore

Iron Ore Prices – CFR China equivalent (US\$/dmt)



Marginal iron ore producers (Total est. 170 Mtpa)

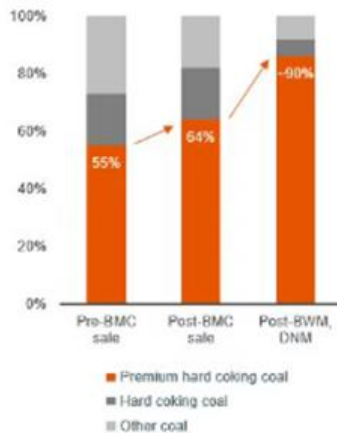


Source: BHP estimates; Argus

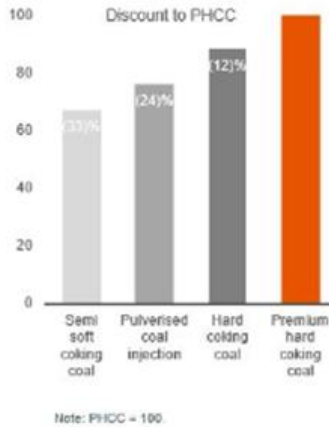
Source: Industry, JM Financial

Exhibit 22. BHP outlook on coking coal

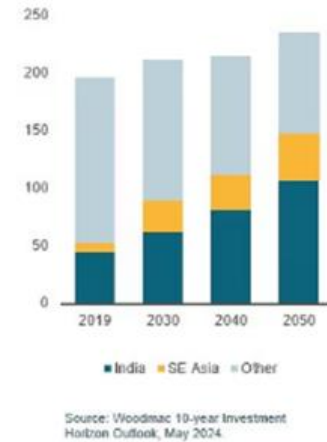
**Increasing exposure to PHCC ...**  
(% of coal product by quality, BHP share)



**... a higher value product ...**  
(Relative price FOB Australia, CY19-23 avg.)



**... within a growing market**  
(HCC seaborne demand outlook, Mt)

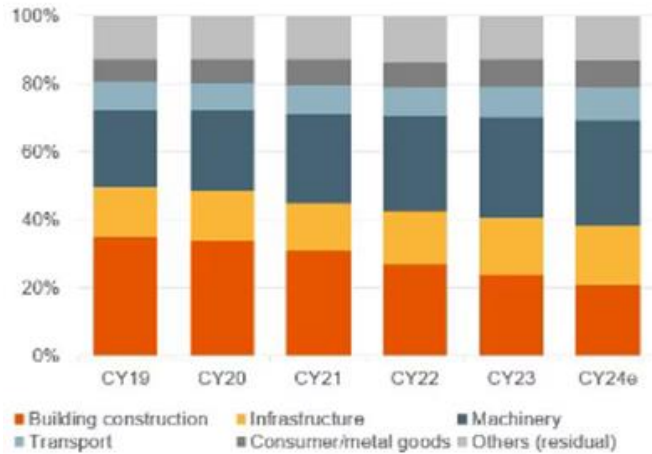


Note: PHCC – Premium hard coking coal (includes PLV and PMV products);  
PHCC Index – Platts PLV FOB Qld  
BMC – BHP Mitsui Coal, BWM – Blackwater, DNM – Daunixin.

Source: Industry, JM Financial

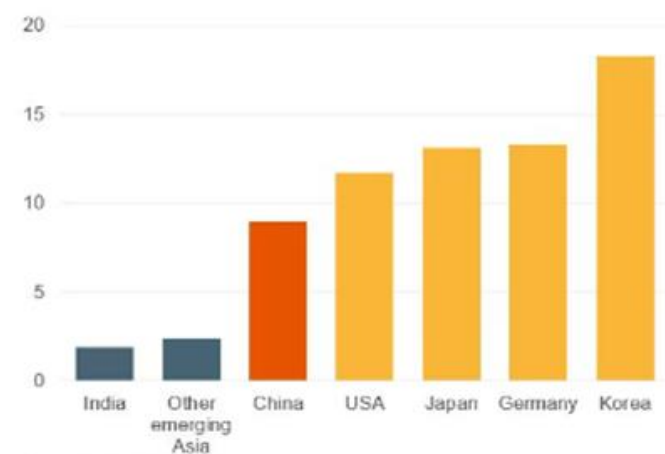
Exhibit 23. BHP outlook on steel

**Chinese steel demand is shifting towards high-end manufacturing**  
(% of Chinese apparent steel demand)



Source: BHP estimates; NBS

**Accumulative stock of steel-in-use<sup>1</sup> per capita by country**  
(metric tonne steel per capita)



Source: BHP estimates; worldsteel  
Note: 1. Accumulative of domestic use of steel (excluding exports of steel and steel-intensive finished goods), deducting estimated retired capital stock (or scrap).

Source: Industry, JM Financial

## Exhibit 24. Comparative valuations

	EV/EBITDA (x)		P/E (x)		RoE (%)		P/B (x)		Net Debt/EBITDA (x)	
	CY24E/ FY25E	CY25E/ FY26E	CY24E/ FY25E	CY25E/ FY26E	CY24E/ FY25E	CY25E/ FY26E	CY24E/ FY25E	CY25E/ FY26E	CY24E/ FY25E	CY25E/ FY26E
<b>Steel players</b>	<b>5.8</b>	<b>5.0</b>	<b>17.4</b>	<b>8.8</b>	<b>10.2</b>	<b>12.0</b>	<b>1.1</b>	<b>1.1</b>	<b>0.4</b>	<b>0.4</b>
Tata Steel	6.9	6.4	13.0	11.3	14.1	14.3	1.9	1.7	2.0	1.7
SAIL	6.5	5.7	15.1	13.4	5.9	6.3	0.9	0.8	2.1	1.6
JSW Steel	8.8	7.8	17.4	15.5	14.8	14.4	2.6	2.2	2.1	1.8
Jindal Steel and power	9.0	7.3	14.8	12.4	13.6	14.0	2.0	1.7	1.0	0.6
Shyam Metalics	7.4	5.5	14.1	10.7	15.8	17.4	2.2	1.9	-0.1	-0.3
Nippon	4.9	4.9	5.3	5.3	10.3	10.3	0.5	0.5	0.1	0.1
JFE	5.3	5.3	5.8	5.8	7.6	7.6	0.4	0.4	0.1	0.1
Maanshan	7.9	NA	4.4	4.4	7.3	NA	0.3	0.3	0.0	NA
Angang	10.0	NA	157.6	NA	0.8	NA	0.3	0.3	0.1	NA
Baosteel	5.6	NA	10.7	10.7	6.4	6.4	0.7	0.7	0.1	NA
POSCO	5.1	NA	11.7	NA	4.5	NA	0.5	NA	0.1	NA
Arcelor Mittal	3.5	3.5	4.9	4.9	6.7	NA	0.3	NA	0.1	0.1
Salzgitter	2.3	2.3	3.7	3.7	4.4	4.4	0.2	0.2	0.1	0.1
Thyssenkrupp	0.0	0.0	3.6	3.6	5.5	5.5	0.2	0.2	0.0	0.1
BHP	6.7	6.7	14.7	14.7	20.3	20.3	2.7	2.7	0.6	0.5
Rio Tinto	5.2	5.2	10.2	10.2	16.5	16.5	1.7	1.7	0.5	0.5
US Steel	4.8	NA	9.1	NA	7.2	NA	0.6	NA	0.1	NA
Gerdau	3.7	3.7	6.1	6.1	9.3	9.3	0.6	NA	0.2	0.2
NMDC	5.7	5.1	9.0	8.4	22.8	21.0	2.1	1.8	-1.3	-1.4
Hindalco	6.7	6.5	13.3	13.3	9.6	8.7	1.3	1.2	1.1	1.1
Hindustan Zinc	12.3	11.1	21.1	19.0	53.6	47.2	11.3	9.0	-0.5	-0.8

Source: Bloomberg, JM Financial; Note Valuations at close of 9th Oct 2024

## APPENDIX I

## JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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