

# Metals and Mining

## 2QFY26 preview: Price weakness to drag down earnings

We estimate the operating profits across our metals coverage universe to decline by ~6% QoQ, driven by lower realisations – average domestic HRC prices came in at INR 49.5k/tn, down ~INR 2.2k/tn compared to 1Q while longs declined significantly to average ~INR 48.3k/tn in 2Q, down ~INR 7.5k/tn sequentially. This is expected to be partially offset by USD 5-10/tn reduction in P&L coking coal consumption cost, as guided by major companies. NMDC announced a price cut of INR 600/tn and a price hike of INR 400/tn in Jul'25 and Aug'25 respectively. Volumes are expected to trend up in 2Q given lower base in 1Q (JPC consumption run-rate data for Jul-Aug'25 shows a growth of ~9% YoY). Consequently, on a net basis, Indian ferrous players are likely to witness an EBITDA/tn contraction in 2Q with longs players like JSP expected to witness significant reduction to the tune of ~INR 4k/tn+ while flats players like Tata Steel and JSW Steel are expected to witness contraction to the tune of ~INR 1.5k/tn. Chinese exports continue unabated, up 10% YoY at 77.5mn tonnes in Jan-Aug'25, even as the Indian market remains ring-fenced with 12% safeguard duty. We anticipate a jump in 2H spreads driven by a) USD 22/tn rebound in China domestic HRC prices in 2Q compared to 1Q, b) Indian government plugging loopholes in safeguard duty, c) increased visibility on import duty from 200 days to 3 years, and d) 2H being a seasonally strong period consumption-wise. Despite raw material prices being subdued with spot alumina price at ~USD 329/tn (down from peak of USD 660/tn in 4QFY25) and Richard Bay Index (depicting thermal coal prices) at 85 (down from ~90 in 1QFY26), aluminium prices have improved in 2QFY26. Consequently, the India business of non-ferrous players is expected to witness margin expansion in 2QFY26. Hindalco's Oswego plant faced a fire incident and is expected to face a production loss in 3Q, as highlighted by Ford. JSPL (lowest leverage, highest volume growth), Hindalco ((resilient performance in the India business, enhanced raw material security) and TATA remain our top picks in the metals space.

- **China steel prices trend upwards in 2Q:** China domestic HRC prices witnessed an uptrend in 2Q with spot prices at USD 470/tn, higher by USD 22/tn compared to 1Q driven by anticipation of policy support. China rebar prices corrected to USD 449/tn after trending up in Aug'25 (averaging USD 477/tn), down USD 17/tn compared to 1Q. China's steel exports for CY24 surged to 111mn tonnes (up ~22% YoY) and exports for Jan-Aug'25 came in at 77.5mn tonnes (+10% YoY), thereby further weighing on global steel prices. China recently announced a domestic steel production cut; any meaningful implementation of this measure could support prices. Global steel-making raw materials witnessed an uptrend with coking coal prices currently trading at USD 190/tn, up ~USD6/tn compared to 1Q average of USD 184/tn. Iron ore CFR prices have surged to USD 96/tn currently, up 5% compared to 1Q average.
- **Indian steel players likely to witness lower spreads in 2Q:** Realisations of Indian steel players are expected to witness a downtrend in 2Q on the back of falling steel prices. Average domestic HRC prices came in at INR 49.5k/tn, down ~INR 2.2k/tn compared to 1Q. Longs prices declined significantly to average ~INR 48.3k/tn in 2Q, down ~INR 7.5k/tn sequentially. NMDC announced a price cut of INR 600/tn and a price hike of INR 400/tn in Jul'25 and Aug'25 respectively. Steel companies have guided for a ~USD 5-10/tn decline in coking coal consumption cost for 2Q. Consequently, Indian ferrous players are likely to witness an EBITDA/tn contraction in 2Q with longs players like JSP expected to witness significant reduction to the tune of ~INR4k/tn+ while flats players like Tata Steel and JSW Steel are expected to witness contraction to the tune of ~INR1.5k/tn. Working capital requirements are likely to offer some relief as steel / raw material prices trend down, leading to better chances of net debt reduction. JSPL (low leverage, high volume growth over the next few years) and Tata Steel remain our top picks in the ferrous space.
- **Non-ferrous India business expected to witness margin expansion:** Despite raw material prices being subdued with spot alumina price at ~USD 329/tn (down from peak of USD 660/tn in 4QFY25) and Richard Bay Index (depicting thermal coal prices) at 85 (down from ~90 in 1QFY26), aluminium prices have improved in 2QFY26. Consequently, the India business of non-ferrous players is expected to witness margin expansion in 2QFY26. Hindustan Zinc is also expected to witness better margins on the back of higher LME zinc prices during the quarter (up ~USD 160/tn QoQ in 2Q). Hindalco's Oswego plant faced a fire incident and is expected to face a production loss in 3Q, as highlighted by Ford.
- **Steel spot spreads to witness uptrend in 2H:** We anticipate a jump in 2H spreads driven by a) USD 22/tn rebound in China domestic HRC prices in 2Q compared to 1Q, b) Indian government plugging loopholes in safeguard duty, c) increased visibility on import duty from 200 days to 3 years, and d) 2H being a seasonally strong period consumption-wise.



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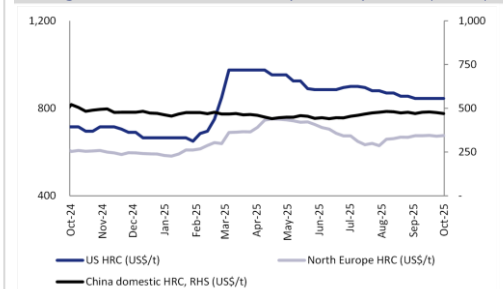
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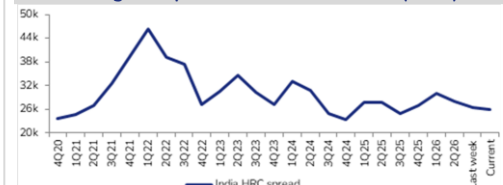
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**Divergence in China & US, Europe HRC prices (US\$/t)**



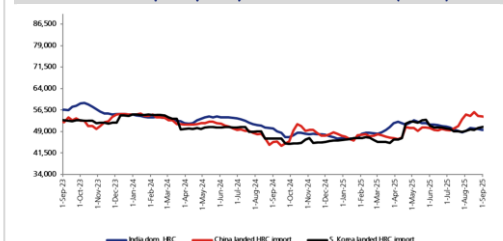
Source: Bloomberg, JM Financial

**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>, FactSet, LSEG and S&P Capital IQ.

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

## Exhibit 1. Metal companies preview (2QFY26)

(INR bn)

Company	Net Sales	YoY (%)	QoQ (%)	EBITDA	YoY (%)	QoQ (%)	PAT	YoY (%)	QoQ (%)	Remarks
Tata Steel	548	1.7%	3.1%	86	55.4%	15.1%	32	280%	52%	We estimate standalone realizations to decline by ~INR2k/t QoQ led by lower steel prices in 2Q. Standalone volumes are expected to witness a growth of ~16% QoQ to 5.6 mn tons. We estimate EBITDA/ton to decline sequentially to INR14.1k/t (down by ~INR1.4k/t led by lower realizations)
JSW Steel	464	17.0%	7.6%	65	19.0%	-14.6%	14	78%	-36%	We estimate standalone realizations to decline by ~INR2.5k/ t QoQ led by lower steel prices . Standalone volumes expected to grow by ~8% QoQ to 5.7 mn tons. We estimate EBITDA/ton to decline by ~INR1.7k/t to ~INR8.8k/t
Jindal Steel and Power	108	-3.4%	-11.9%	19	-14.5%	-37.4%	6	-27%	-58%	We expect standalone volumes to decline by ~5% QoQ to 1.8 mn tons. We estimate EBITDA/t to decline significantly on the back on lower longs prices to INR10.1k/t (down ~INR4.8k/t)
SAIL	251	8.8%	-2.6%	8	-40.9%	-70.9%	-10	37%	-278%	We estimate realizations to decline by ~INR4k/t QoQ on the back of lower longs prices. We estimate volumes to grow by ~5% to 4.8 mn tons EBITDA/ ton is expected at INR1.6k/t down significantly from 1Q highs.
Shyam Metallica and Energy	40	6.8%	-11.4%	5	19.6%	-16.1%	2	-3%	-28%	We estimate blended realization to decrease by INR2k/t to INR64.6k/t and volumes to decline by ~8% QoQ
Welspun Corp	37	11.9%	4.0%	6	54.4%	17.5%	4	-5%	-28%	We estimate EBITDA to witness growth of ~17% QoQ and EBITDA margin to increase to ~17%
Hindalco Industries	650	11.6%	1.1%	86	7.5%	6.9%	45	14%	11%	We estimate India EBITDA (standalone + Utkal) at INR54 bn (+9% QoQ) led by higher aluminium realization (+7% QoQ). We estimate Novelis realization (USD/ton) to be up marginally at USD5k/t. Novelis EBITDA is expected at USD422 (-13%QoQ) with EBITDA/ ton of USD440 factoring in tariff impact.
Hindustan Zinc	83	0.7%	6.9%	43	4.5%	11.6%	25	8%	12%	We estimate blended realization to increase by ~INR25k/ ton led by higher Zinc and Copper prices. Zinc sales volume stood flat QoQ while Lead / Silver sales volume decreased by ~6% and 3% respectively. We estimate EBITDA to increase to INR43 bn (+12% QoQ) mainly led by higher Zinc and Copper prices
Kirloskar Ferrous	17	0.1%	-1.4%	2	9.9%	-1.6%	1	17%	-2%	We estimate blended realization to decline by ~5% to ~INR68.7k/t. We estimate consol. EBITDA to come in at INR2.1bn (flat QoQ).
NMDC	60	22.9%	-10.3%	20	45.4%	-18.7%	16	34%	-19%	We estimate blended realization to decrease by INR200/ ton QoQ. Sales volume for the quarter declined to 10.7mn tons (-7% QoQ) given seasonally weak quarter. We estimate EBITDA/ ton at INR1.88k/t.
Lloyds Metals & Energy	32	133.6%	33.7%	9	162.9%	12.4%	7	118%	2%	We estimate Consol. EBITDA to grow by ~12% QoQ to ~INR9bn driven by the new pellet segment. We estimate blended EBITDA/ ton at ~INR2.1k/t given lower EBITDA/t from the pellet segment We estimate iron ore realizations to grow to INR5.86k/t (-3% QoQ)
Jindal Stainless	105	7.3%	2.7%	13	11.2%	0.8%	7	22%	4%	We estimate realizations to increase marginally by ~1% to ~INR164k/t. We estimate volumes to grow marginally QoQ to ~635kt. We estimate EBITDA/t to remain flattish at ~INR20.7k/t in 2QFY26
<b>Total</b>	<b>2395</b>	<b>9.4%</b>	<b>1.7%</b>	<b>362</b>	<b>18.6%</b>	<b>-6.0%</b>	<b>148</b>	<b>37.4%</b>	<b>-11.9%</b>	

Source: Company, JM Financial

**Exhibit 2. WSA crude steel production data summary**

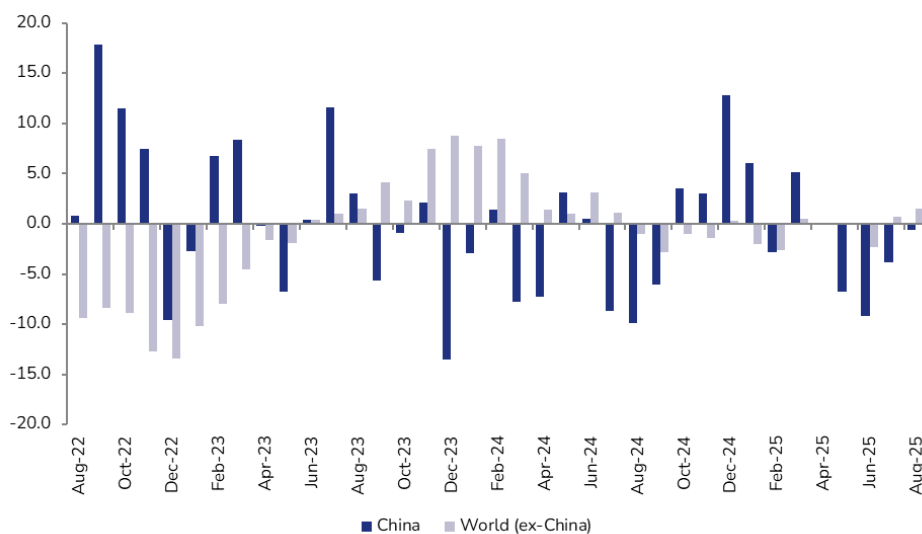
Geography	CYTD'25 (mn tons)	(%) YoY	Aug'25 (mn tons)	YoY (%)	MoM (%)
<b>Global</b>	<b>1223.5</b>	<b>-1.2</b>	<b>145.3</b>	<b>0.3</b>	<b>-3.2</b>
<b>China</b>	<b>666.5</b>	<b>-1.7</b>	<b>77.4</b>	<b>-0.6</b>	<b>-2.9</b>
<b>India</b>	<b>108.2</b>	<b>10.2</b>	<b>14.1</b>	<b>14.6</b>	<b>0.7</b>
World (ex-China)	557.0	-0.5	67.9	1.5	-3.6
Japan	1,796.7	-4.9	6.6	-4.3	-4.3
US	54.1	-0.6	7.2	2.9	1.4
EU 27	84.0	-2.8	8.8	-3.3	-13.7
CIS	54.8	-6.6	6.7	-4.3	0.0

Source: WSA, JM Financial

**Exhibit 3. WSA finished steel demand forecast – Oct'24 outlook**

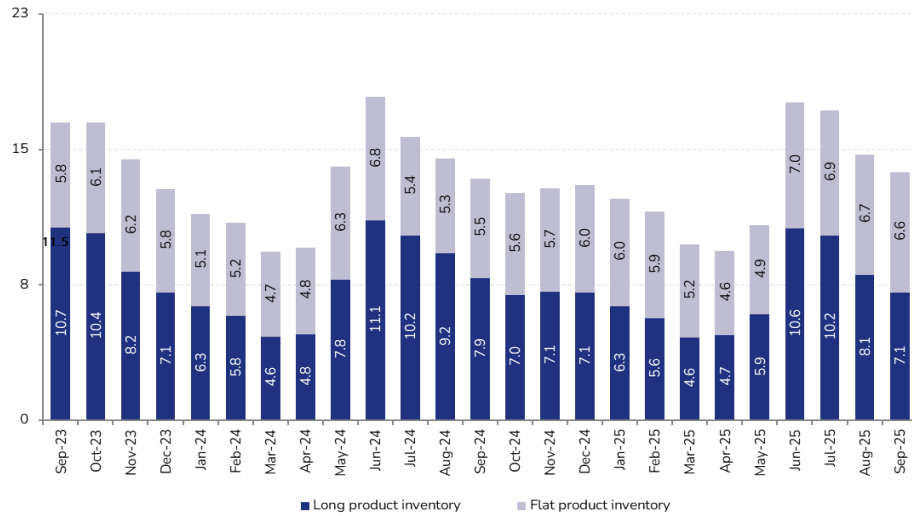
Regions	2023	YoY	2024F	YoY	2025F	YoY
EU (28)	139	(8.7)	137	(1.5)	141	3.5
Other Europe	45	14.7	43	(4.9)	42	(0.7)
CIS	60	11.5	61	0.3	60	(0.8)
USMCA	133	(0.9)	131	(0.9)	133	1.6
Cen. & S. America	46	(0.3)	46	(0.2)	48	4.8
Africa	35	4.8	37	4.8	39	4.9
Middle East	54	4.9	57	5.0	59	3.2
Asia & Oceania	1,256	(1.2)	1,241	(1.2)	1,249	0.7
World	1,767	(0.8)	1,751	(0.9)	1,772	1.2
China	896	(3.3)	869	(3.0)	860	(1.0)
% of total	51%		50%		49%	
World (excluding China)	871	2.0	882	1.2	911	3.3
India	133	14.4	143	8.0	156	8.5

Source: WSA, JM Financial; Note: Apr'25 outlook postponed by WSA

**Exhibit 4. Crude steel production growth - China vs. World (ex-China)**

Source: WSA, JM Financial

Exhibit 5. China finished steel inventory in market (with middleman; mn tonnes)



Source: Bloomberg, JM Financial

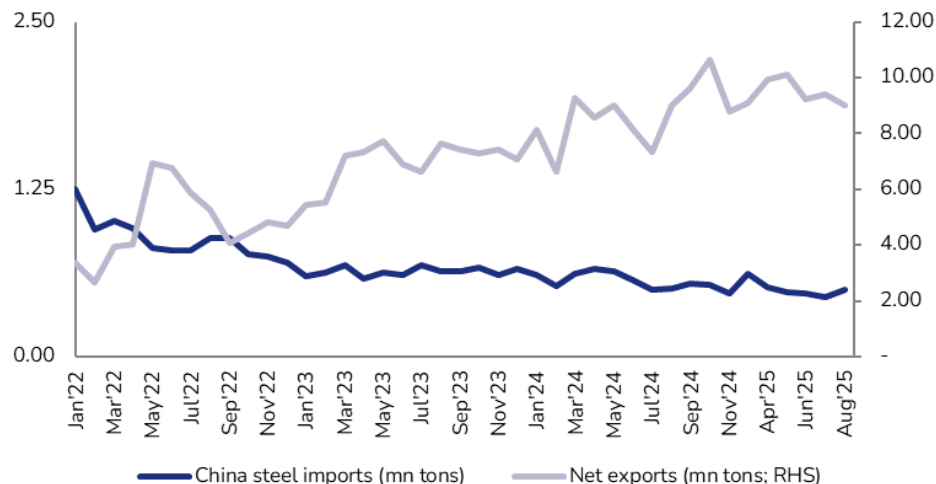
Exhibit 6. China EBITDA/tn performance over the years



China margins on a downtrend  
after recovering in recent time

Source: JM Financial

Exhibit 7. China steel net exports



Source: GACC, JM Financial

**Exhibit 8. China steel demand indicators**

China Construction Summary	2023	2024	May-25	Jun-25	Jul-25	Jul-25
Total Real estate Floor space started this year (YTD mn sq mtrs)	954	739	232	304	352	398
YTD YoY(%)	-21%	-23%	-23%	-20%	-19%	-20%
Commercialized Residential Floor space started this year ( YTD mn sq mtrs)	693	537	171	223	259	293
YTD YoY(%)	-21%	-23%	-21%	-20%	-18%	-18%
Total real estate Floor space under construction (YTD mn sq mtrs)	8,384	7,333	6,250	6,333	6,387	6,431
YTD YoY(%)	-7%	-13%	-9%	-9%	-9%	-9%
Total Commercial building Floor space sold (YTD mn sq mtrs)	1117	974	353	459	516	573
YTD YoY(%)	-18%	-13%	-4%	-4%	-5%	-5%
Commercialized Residential Floor space under construction (YTD mn sq mtrs)	5,899	5,133	4,354	4,412	4,451	4,485
YTD YoY(%)	-8%	-13%	-10%	-9%	-9%	-10%
Commercialized Residential building sold ( YTD mn sq mtrs)	948	815	297	384	432	481
YTD YoY(%)	-17%	-14%	-3%	-4%	-5%	-5%
China Consumer demand – Summary			May-25	Jun-25	Jul-25	Aug-25
Total vehicle sales ('000 units)	30,046	31,426	2,686	2,904	2,593	2,857
YoY%	12%	31%	11%	14%	15%	16%
China Macro Summary			May-25	Jun-25	Jul-25	Aug-25
GDP growth %			-	-	5.2	-
IIP	6.8	6.2	5.8	6.8	5.7	5.2
Manufacturing PMI	49.0	50.1	49.5	49.7	49.3	49.4
New Loan YoY growth (YTD)	6.7	-20.5	-4.1	-2.6	-4.8	-6.7

Source: Bloomberg, JM Financial, Xinhuanet.com

**Exhibit 9. Crude steel capacities in India**

(in mt)

Particulars	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Tata Steel	20.6	21.6	21.6	26.6	26.6	27.5	27.5
JSW Steel (including BPSL)	27.0	27.7	33.2	34.2	36.4	36.4	41.9
JSPL	9.6	9.6	9.6	9.6	9.6	15.9	15.9
AM/NS (Essar Steel)	9.0	9.0	9.0	9.0	9.0	9.0	15.0
SAIL	20.6	20.6	20.6	20.6	20.6	20.6	21.1
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	3.0
Shyam Metalics	0.9	2.3	2.3	2.3	2.3	2.3	3.6
Others*	54.0	55.0	70.0	92.4	94.4	94.4	96.4
India's total crude steel capacity	149.0	156.2	176.7	205.0	209.2	216.4	231.6

Source: Industry, JM Financial

**Exhibit 10. India finished steel production and consumption**

Particulars ('000 tons)	Aug'25	MoM(%)	YoY(%)	FY25	YoY (%)
<b>Production</b>	13,335	0%	12%	1,46,549	6%
Import	839	197%	-18%	9,551	15%
Export	528	9%	54%	4,858	-35%
Change in inventory	-206			-748	
<b>Apparent steel consumption</b>	13,853	5%	11%	1,52,001	12%
Finished steel inventory	13,554	-1%	-8%	13,814	-1%

Source: JPC, JM Financial

**Exhibit 11. India finished steel production by key players**

Particulars ('000 tons)	Aug'25	Jul'25	YoY%	MoM%
SAIL	1,446	1,437	13%	1%
RINL	377	389	64%	-3%
TSL	2,071	1,977	15%	5%
ESSAR	641	640	1%	0%
JSWL	2,130	2,232	16%	-5%
JSPL	537	582	-34%	-8%
OTHERS	6,133	6,120	15%	0%
<b>Total production</b>	<b>13,335</b>	<b>13,377</b>	<b>12%</b>	<b>0%</b>

Source: JPC, JM Financial

**Exhibit 12. Steel volume trend**

(mn tons)	1QFY26	1QFY25	4QFY25
<b>JSW Steel (Standalone)</b>			
<b>Production</b>	<b>5.26</b>	<b>5.3</b>	<b>5.70</b>
YoY (%)	-0.7%	-2.57%	0%
MoM/QoQ (%)	-7.7%	-6.85%	0%
<b>Sales</b>	<b>5.26</b>	<b>5.09</b>	<b>5.77</b>
YoY (%)	3.3%	3.25%	1.4%
MoM/QoQ (%)	8.8%	-10.54%	3.2%
<b>JSPL</b>			
<b>Production (StdL)</b>	<b>2.09</b>	<b>2.05</b>	<b>2.11</b>
YoY (%)	2%	0.49%	2.9%
MoM/QoQ (%)	-1%	-	6%
<b>Sales (StdL)</b>	<b>1.90</b>	<b>2.09</b>	<b>2.13</b>
YoY (%)	-9%	13.59%	6%
MoM/QoQ (%)	-11%	3.98%	12%
<b>Tata Steel India</b>			
<b>Production</b>	<b>5.24</b>	<b>5.27</b>	<b>5.44</b>
YoY (%)	-1%	8.88%	1%
MoM/QoQ (%)	-4%	-2.41%	4%
<b>Sales</b>	<b>4.80</b>	<b>4.94</b>	<b>5.6</b>
YoY (%)	-3%	3.13%	3.32%
MoM/QoQ (%)	-14%	-8.86%	5.9%
<b>SAIL</b>			
<b>Production</b>	<b>5.09</b>	<b>4.18</b>	<b>5.09</b>
YoY (%)	4%	-5%	7.8%
MoM/QoQ (%)	-5%	-11%	9.9%
<b>Sales</b>	<b>4.55</b>	<b>4.01</b>	<b>5.33</b>
YoY (%)	13.5%	3%	16.9%
MoM/QoQ (%)	-14.6%	-12%	20.3%

Source: Company, JM Financial

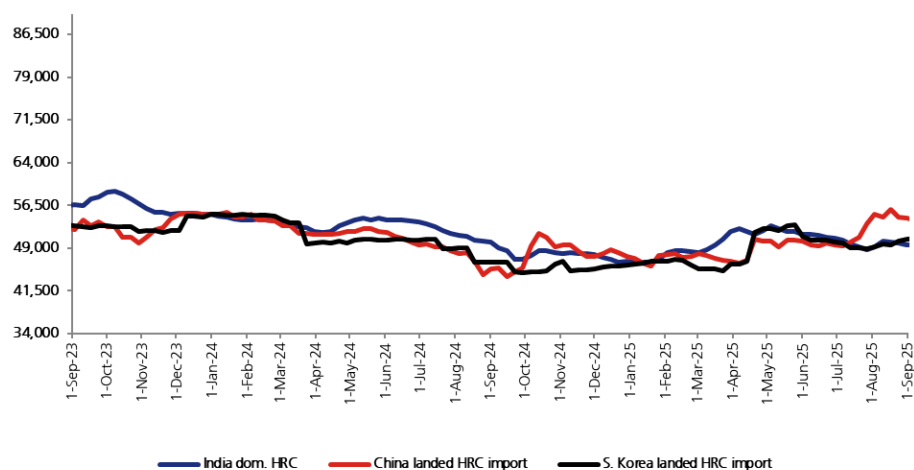
Exhibit 13. Steel landed import parity

Particulars	Unit	Spot China	Spot S.Korea
HRC export prices	(US\$/ton)	470	480
Add: Freight & other import costs	(US\$/ton)	20	20
Add: Post handling charges	(US\$/ton)	15	15
<b>HRC prices (CIF)</b>	<b>(US\$/ton)</b>	<b>505</b>	<b>515</b>
Add: Basic Custom duty / safeguard duty (7.5% / 12%)	(US\$/ton)	98	62
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>607</b>	<b>577</b>
Add: Anti-dumping duty	(US\$/ton)	-	-
Steel price as per anti-dumping duty notification	(US\$/ton)	489	489
<b>Landed cost of imports (Post protectionist duties)</b>	<b>(US\$/ton)</b>	<b>607</b>	<b>577</b>
INR:USD	(INR/USD)	88.8	88.8
<b>Cost of steel imports –HRC</b>	<b>(INR/ton)</b>	<b>53,917</b>	<b>51,212</b>
<b>Domestic Steel prices</b>	<b>(INR/ton)</b>	<b>48,500</b>	<b>48,500</b>
<b>Domestic Less Landed import price</b>	<b>(INR/ton)</b>	<b>-5,417</b>	<b>-2,712</b>

Source: SteelMint, Bloomberg, JM Financial

Exhibit 14. Steel landed import parity trend

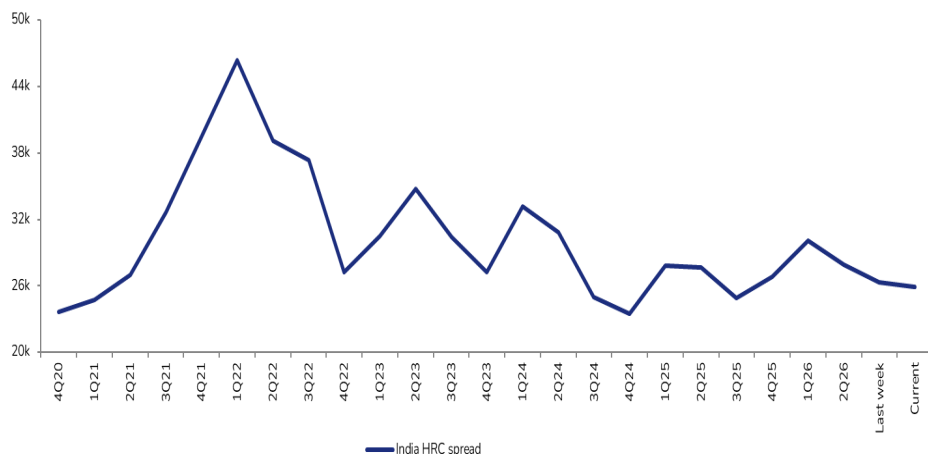
(INR/tn)



Source: Steelmint, Bloomberg, JM Financial

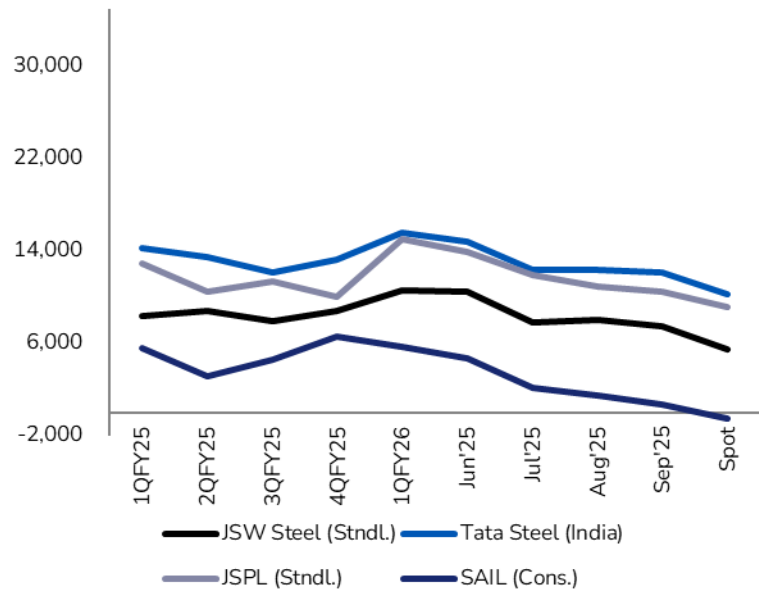
Exhibit 15. India spot steel spreads near 28k levels

(INR/tn)



Source: Steelmint, Bloomberg, JM Financial

Exhibit 16. Spreads across steel companies (INR/tn)



Source: JM Financial



**Exhibit 17. Metal price trend**

Particulars	Cur.	CMP	last week	2Q26	1Q26	4Q25	3Q25	2Q25
<b>Steel</b>								
India dom HRC	INR	48,500	48,900	49,525	51,731	48,431	47,765	50,331
India dom Rebar	INR	46,800	47,000	48,277	55,769	52,992	53,277	52,246
India exp HRC	USD	490	500	502	560	560	560	560
China dom HRC	USD	470	475	472	448	467	485	469
China dom Rebar	USD	449	450	465	466	485	508	493
South Korea exp HRC	USD	480	480	477	504	498	504	534
China exp HRC	USD	470	485	475	453	470	501	482
Japan exp HRC	USD	470	470	460	462	481	503	525
North European HRC	USD	675	672	660	725	638	598	671
USA HRC	USD	845	845	868	922	775	696	669
Stainless Steel (304)	INR	1,92,000	1,92,000	1,86,962	1,82,923	1,78,308	1,80,308	1,79,692
FerroChrome	INR	1,18,700	1,19,000	1,06,265	1,00,854	99,742	1,08,256	1,07,187
Iron ore China CFR	USD	96	98	95	92	96	95	93
NMDC iron ore fines	INR	4,339	4,339	4,221	4,395	4,206	4,377	4,017
Pellets	INR	8,600	8,675	8,481	8,194	8,229	8,177	7,248
Coking Coal	USD	190	190	183	184	185	203	211
India spread	INR	25,942	26,356	27,940	30,240	27,327	25,087	27,771
Global spread (on China HRC)	INR	11,988	12,153	12,659	10,677	11,495	11,785	10,027
<b>Landed cost of HRC imports</b>								
China	INR	53,917	55,466	53,595	44,645	45,752	48,394	46,482
South Korea	INR	51,212	51,164	50,024	45,511	44,649	44,991	47,235
Aluminium	USD	2,687	2,651	2,620	2,463	2,625	2,604	2,421
LME AL - Scrap spread	USD	907	892	863	820	872	909	777
Midwest Premium	USD	1,590	1,590	1,444	958	651	398	397
Zinc	USD	3,021	2,889	2,823	2,665	2,871	3,060	2,665
Silver	INR/kg	1,45,111	1,38,079	1,17,974	98,558	91,003	85,603	85,168
Copper	USD	10,491	10,182	9,865	9,472	9,419	9,318	9,340
Nickel		15,317	15,279	15,225	21,370	22,088	24,011	16,255
Dollar index		98	98	98	100	107	105	103
Brent Crude	USD	65	68	68	67	75	74	79
Baltic dry index		1,909	2,259	1,978	1,467	1,118	1,465	1,871
Richard bay index		84	86	91	90	96	110	110

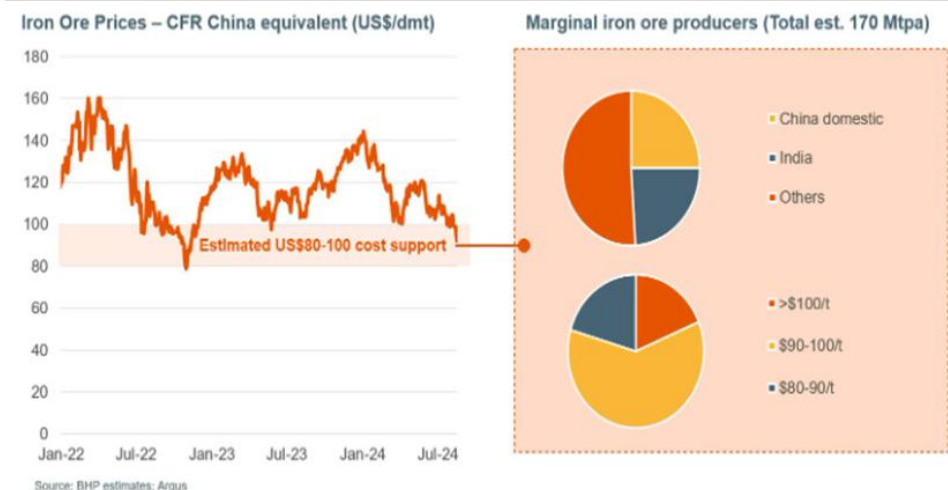
Source: SteelMint, Bloomberg, JM Financial; updated as of 05<sup>th</sup> October 2025**Exhibit 18. NMDC Chhattisgarh iron ore prices have increased sequentially**

(INR/t)

Particulars (INR/t)	Apr 24	May 24	Jun 24	Aug 24	Oct 24	Oct 24	Jan 25	May 25	Jun 25	Aug 25
Lumps	5,124	5,331	4,917	4,421	4,752	5,248	4,959	5,322	5,207	5,041
Fines	4,347	4,636	4,223	3,810	4,140	4,471	4,182	4,545	4,521	4,339
Change (vs. previous price)										
Lumps	331	207	(413)	(496)	331	496	(289)	364	(116)	331
Fines	165	289	(413)	(413)	331	331	(289)	364	(124)	331

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

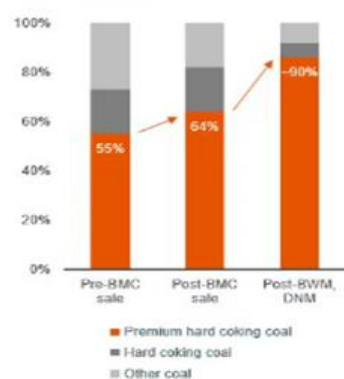
## Exhibit 19. BHP outlook on iron ore



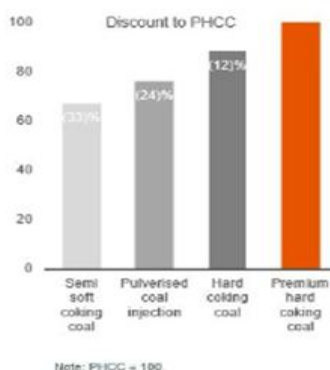
Source: Industry, JM Financial

## Exhibit 20. BHP outlook on coking coal

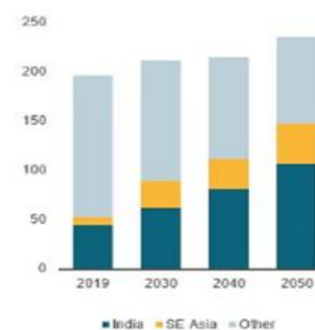
**Increasing exposure to PHCC ...**  
(% of coal product by quality, BHP share)



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



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



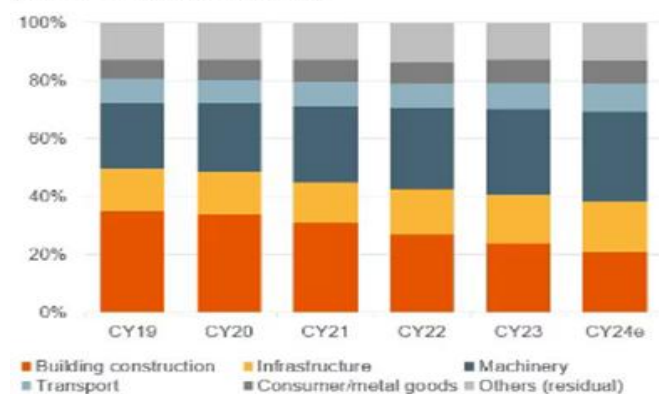
Source: Woodmac 19-year Investment Horizon Outlook, May 2024.

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

Source: Industry, JM Financial

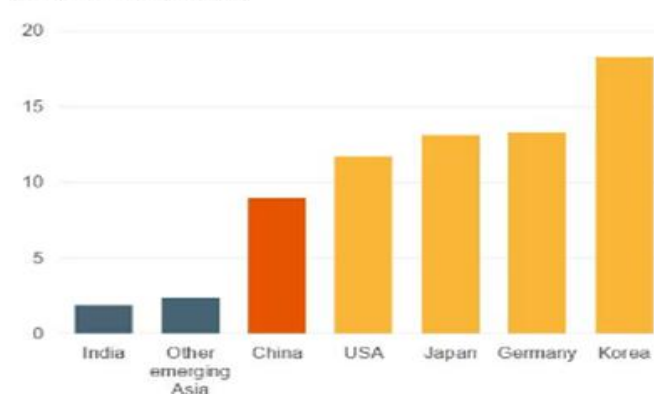
## Exhibit 21. BHP outlook on steel

**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 22. Comparative valuations**

	EV/EBITDA (x)		P/E (x)		RoE (%)		P/B (x)		Net Debt/EBITDA (x)	
	CY24E/ FY25	CY25E/ FY26E	CY24E/ FY25	CY25E/ FY26E	CY24E/ FY25	CY25E/ FY26E	CY24E/ FY25	CY25E/ FY26E	CY24E/ FY25	CY25E/ FY26E
<b>Steel players</b>	9.1	6.8	19.5	12.0	9.0	11.0	1.8	1.4	0.7	0.5
Tata Steel	11.7	8.6	48.5	18.0	4.8	11.9	2.5	2.3	3.5	2.5
SAIL	8.5	8.6	20.3	23.5	4.6	3.8	0.9	0.9	3.4	3.6
JSW Steel	15.1	9.8	67.4	17.9	5.0	16.1	3.4	2.9	3.4	2.1
Jindal Steel and power	12.8	9.8	26.3	16.1	8.6	12.3	2.3	2.0	1.5	1.1
Shyam Metalics	14.0	8.0	29.3	15.4	8.6	14.2	2.5	2.2	-0.3	-0.2
Lloyds Metals and Energy	37.6	12.6	47.3	15.1	22.6	34.7	10.7	5.2	0.0	-0.1
Nippon	5.9	5.9	7.3	7.3	8.0	8.0	0.5	0.5	0.1	0.1
JFE	5.6	5.6	7.4	7.4	6.2	6.2	0.4	0.4	0.1	0.1
Maanshan	9.0	9.0	9.3	9.3	9.1	9.1	0.7	0.7	0.1	0.1
Angang	9.0	9.0	20.3	NA	1.9	1.9	0.4	0.4	0.1	0.1
Baosteel	5.1	5.1	11.2	11.2	6.2	6.2	0.7	0.7	0.1	0.1
POSCO	4.7	4.7	9.7	9.7	3.9	3.9	0.4	0.4	0.1	0.1
Arcelor Mittal	5.1	5.1	7.1	7.1	7.4	7.4	0.5	0.5	0.1	0.1
Salzgitter	3.6	3.6	7.3	7.3	4.5	4.5	0.4	0.4	0.1	0.1
Thyssenkrupp	2.6	2.6	10.7	10.7	6.9	6.9	0.7	0.7	0.1	0.1
BHP	6.2	6.2	14.2	14.2	17.3	17.3	2.3	2.3	0.5	0.5
Rio Tinto	5.5	5.5	10.4	10.4	15.9	15.9	1.6	1.6	0.4	0.4
Gerdau	3.6	3.6	6.3	6.3	8.0	8.0	0.5	0.5	0.2	0.2
NMDC	7.5	6.2	10.2	9.3	22.0	20.9	2.3	1.9	-0.7	-0.8
Hindalco	6.6	6.6	9.6	11.7	14.5	10.6	1.4	1.2	1.3	1.3
Hindustan Zinc	12.0	11.4	19.9	18.8	78.3	71.6	15.6	13.4	0.1	0.1

Source: Bloomberg, JM Financial; Note Valuations at close of 07<sup>th</sup> October 2025

## APPENDIX I

## JM Financial Institutional Securities Limited

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
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.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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