

Valuations: Indian companies

	Price (INR)	EV/EBITDA FY13E	EV/EBITDA FY14E	P/BV FY13E
Steel				
Tata Steel	402	6.8	6.1	1.4
SAIL	83	7.7	6.3	0.8
JSW Steel	756	6.7	6.5	1.0
JSPL	389	9.0	8.4	1.9
NMDC	179	4.8	3.7	2.4
Sesa Goa	175	5.9	4.3	1.0
Non-ferrous				
Sterlite Inds.	102	3.6	3.2	0.7
HZL	137	5.5	3.9	1.8
Nalco	47	14.0	6.0	1.0
Hindalco	118	7.1	6.3	1.2

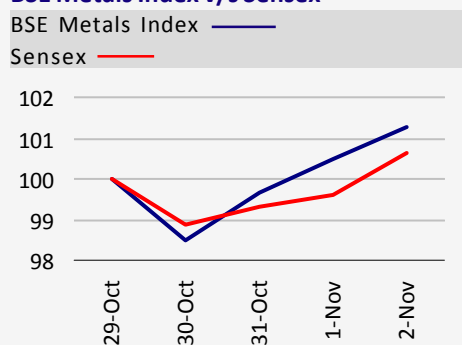
Note: Detailed table on pg 23 Source: MOSL

Valuations: Global companies

	Price	EV/EBITDA CY11	EV/EBITDA CY12	P/BV CY11
Mining				
BHP	AUD 34.4	6.9	5.9	2.5
FMG	AUD 4.0	6.7	4.5	2.6
Rio Tinto	AUD 57.4	6.6	5.4	1.8
Vale	USD 18.6	4.9	4.8	1.2
Teck Res.	USD 33.2	6.3	5.7	1.1
Xstrata	GBp 994.5	7.7	6.0	1.0
Steel				
A. Mittal	EUR 11.9	7.1	5.9	0.4
Posco	k KRW 337.5	5.7	5.0	0.7
US Steel	USD 20.8	6.1	4.8	0.9
Nucor	USD 40.6	9.4	6.7	1.7
JFE	JPY 1155	8.8	6.6	0.4
Gerdau	BRL 18.0	8.7	7.1	1.1
Bao Steel	CNY 4.7	5.3	5.5	0.8
Non-ferrous				
Alcoa	USD 8.7	9.9	6.6	0.7
Norsk Hyd.	NOK 26.5	9.8	6.5	0.7
Rusal	HKD 4.4	18.1	13.1	0.8

Detailed on pg 23 Source: Bloomberg

BSE Metals Index v/s Sensex



Source: Bloomberg

Note: Indexed to 100 on 29 October 2012

Stock performance table on pg 24

Investors are advised to refer through disclosures made at the end of the Research Report.

Metal Prices

	CMP 5-Nov	%	Week 29-Oct	%	Quarter 1-Oct	%	YTD FY13 2-Apr
STEEL							
TMT- Mumbai (INR/ton)	35,300	-2	36,100	-3	36,300	-12	39,900
HRC- Mumbai (INR/ton)	33,121	-1	33,395	-1	33,383	-14	38,400
HRC (USD/ton) fob CIS	510	0	510	-6	540	-20	635
METALLICS							
Sponge iron - Raipur (INR/ton)	21,900	-1	22,100	-1	22,050	-10	24,200
Pig iron - Raipur (INR/ton)	26,000	0	26,000	0	26,000	2	25,385
Iron ore spot (USD/ton) cfr China	122	1	121	13	108	-19	150
Coke (USD/ton) fob	345	1	340	8	320	-7	370
Shred. scrap (USD/ton) Rotterdam	335	0	335	-3	345	-18	410
ALUM.							
LME inventories ('000 ton)	5,085	0	5,083	1	5,059	0	5,077
LME Spot (USD/ton)	1,937	2	1,899	-6	2,068	-8	2,098
Indian prices (INR '000/ton)	104	2	102	-5	110	-3	108
ZINC							
LME inventories ('000 ton)	1,170	0	1,171	17	996	31	896
LME Spot (USD/ton)	1,851	3	1,793	-9	2,037	-8	2,003
Indian prices (INR '000/ton)	99	3	96	-9	109	-4	103
COPPER							
LME inventories ('000 ton)	243	1	241	8	224	-6	258
LME Spot (USD/ton)	7,765	0	7,765	-5	8,191	-8	8,480
Indian prices (INR '000/ton)	412	-2	420	-6	437	-5	431
OTHERS							
Gold (INR/10gms)	30,293	-2	30,812	-3	31,301	8	28,075
Sliver (INR/1kg)	57,170	-3	58,986	-6	60,915	2	55,950
Lead Spot LME (USD/ton)	2,148	7	2,002	-4	2,238	6	2,020
FC 6-8% C basis 60% Cr (USD/lb Cr)	1.02	0	1.02	-3	1.05	-14	1.2
MISC.							
INR/USD	54.1	0	54.2	3	52.5	6	50.9
BDI	986	-6	1,048	27	777	6	934

Source: Metal Bulletin, Bloomberg, Steel Mint, MOSL

Sluggish steel demand lower domestic steel prices; Base metals recover

- Indian steel prices remained subdued due to weak demand. Long product (TMT Mumbai) prices fell 2.2% WoW while flat product (HRC Mumbai) prices fell 0.8% WoW. Pressure from imports remains high.
- Sponge iron prices decreased 0.9% WoW to INR21,900/t while Pellet prices increased 3.7% WoW to INR8,500 on iron ore supply constraints in Odisha.
- Iron ore supply in eastern regions has become very tight due to delays in getting permits for transportation. Govt. machinery is busy facilitating investigation of Shah Commission and is not available for issuing permits. Practically, large number of mines is now closed.
- Steel prices declined 0.8% WoW in Europe at their 30 month low level. Price increased 1% and 3.8% WoW in China and N. America while prices were flat in other geographies.
- Iron ore prices increased 1% WoW to USD122/t while coking coal prices were up USD7 to USD154/t as China booked major volumes.
- Base metals prices showed uptrend after last week sell off. Aluminium, Zinc and Lead prices increased 2%, 3% and 7% respectively while Copper prices were flat WoW.

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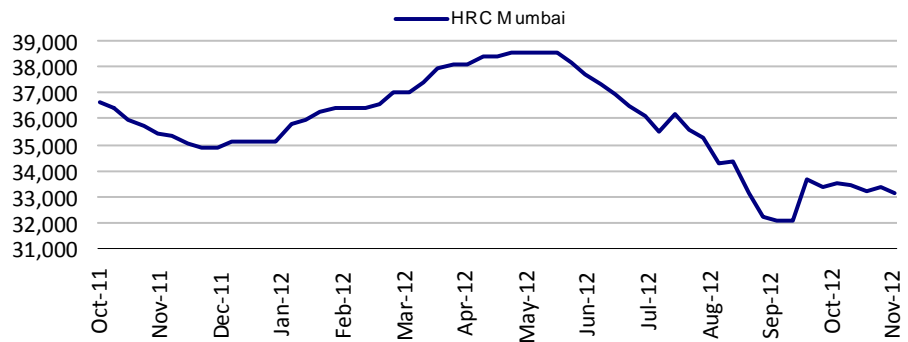
Ferrous

Ferrous

INDIA

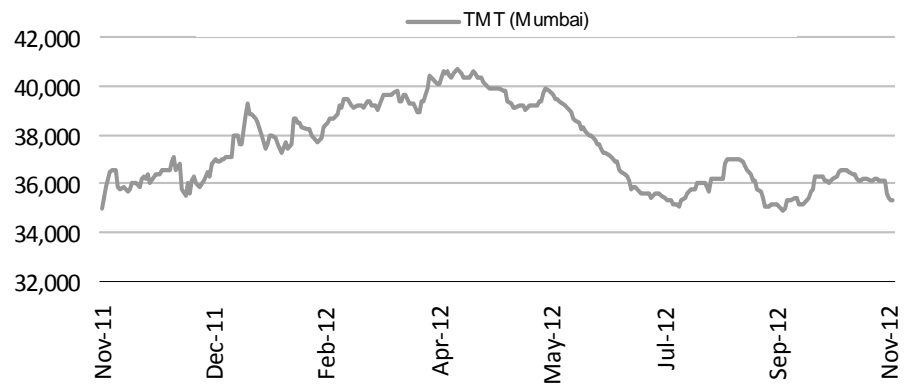
HRC Mumbai prices decreased 0.8% WoW to INR33,121/t

Indian flat steel prices (INR/T, excl. ED & VAT)



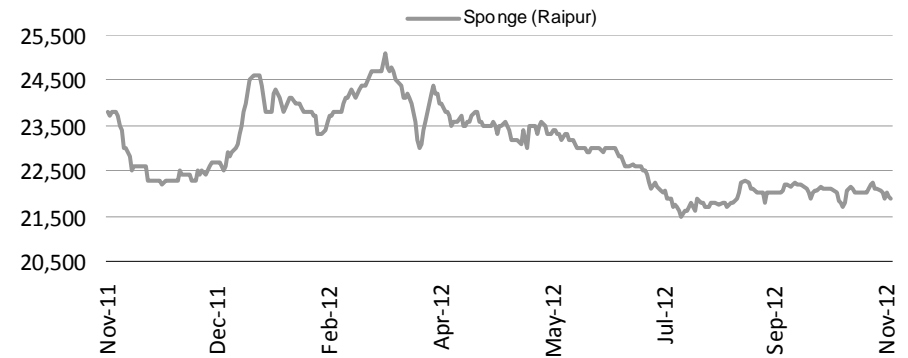
TMT Mumbai prices decreased 2.2% WoW to INR 35,300/t

Indian long steel price (INR/T, excl. ED & VAT)

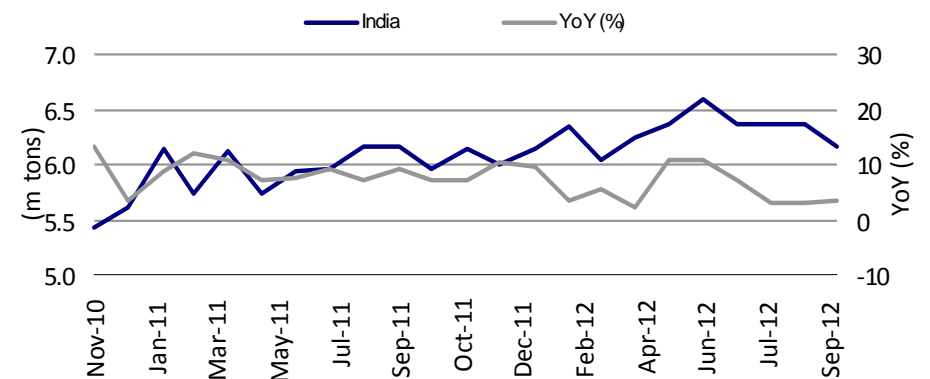


Sponge iron prices decreased 0.9% WoW to INR 21,900/t

Steel intermediates prices (INR/T, excl. ED & VAT)



India: Monthly crude steel production



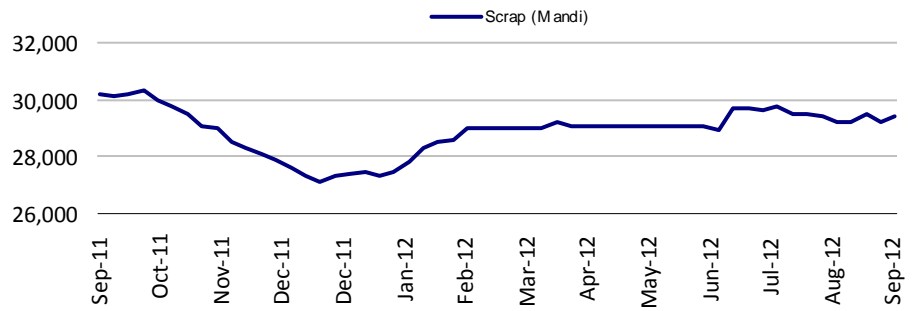
Source: SteelMint, WSA, MOSL

Ferrous

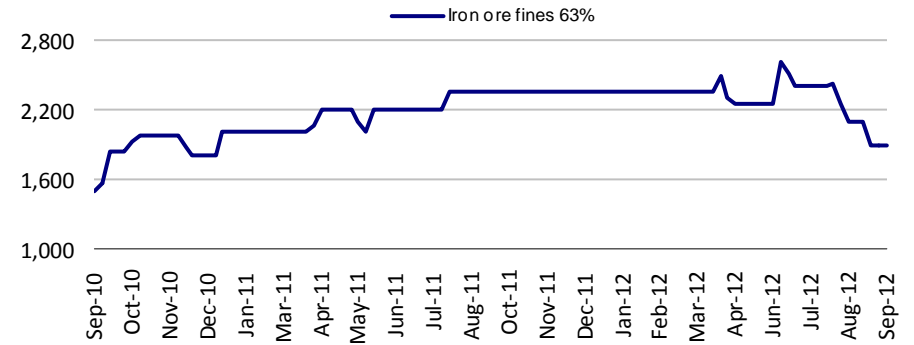
INDIA

Scrap Mandi (INR/t)

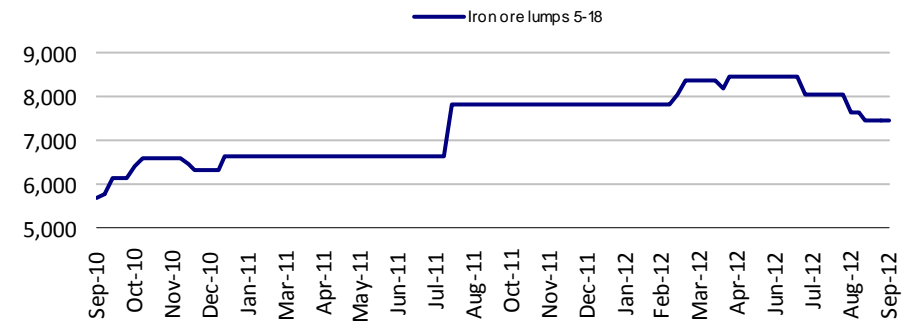
Scrap (Mandi) prices decreased 0.7%WoW to INR30,200/t



Iron ore fines 63% (INR/t) ex mine

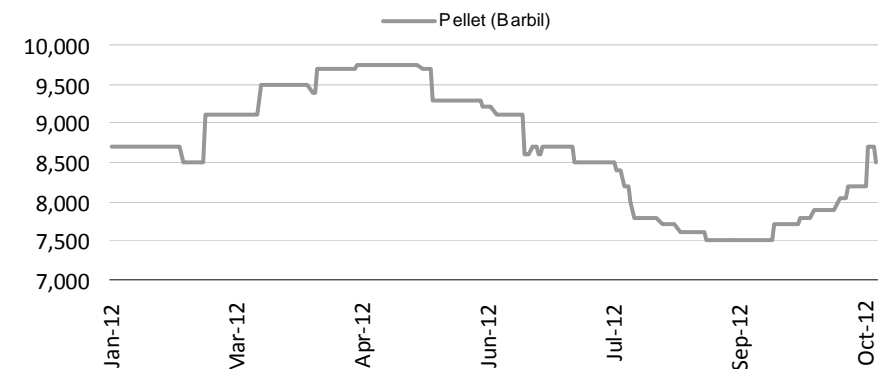


Iron ore lumps 63% 5-18 (INR/t)



Pellet (Barbil) INR/t

Pellet prices increased 3.7% WoW to INR8,500/t due to iron ore supply constraint

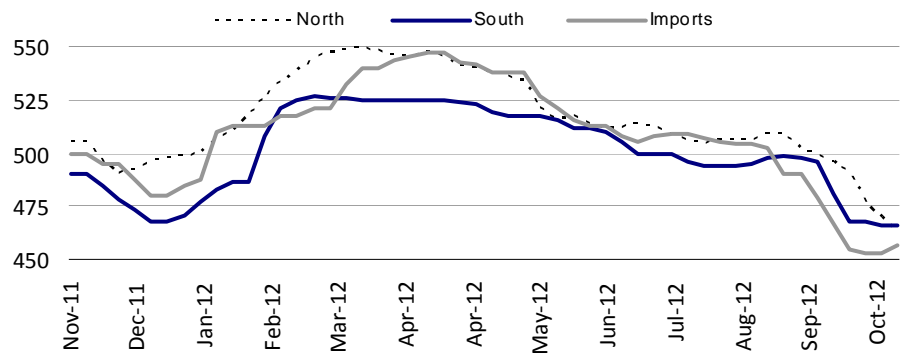


Source: SteelMint, WSA, MOSL

European Union

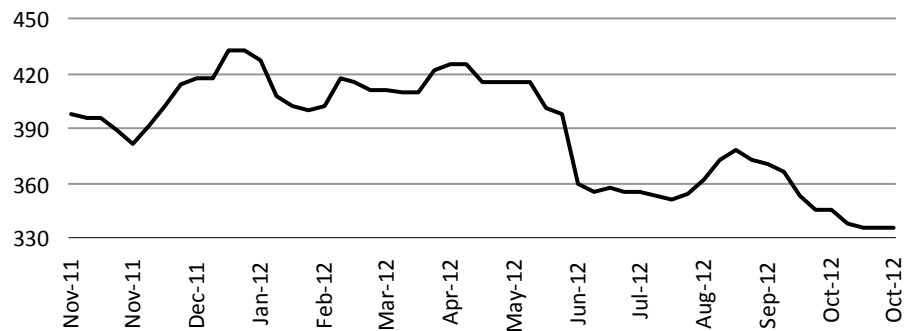
North European HRC prices decreased 1.6% WoW to Euro463/t at their lowest levels since Feb, 2010

European steel prices (EUR/ton)

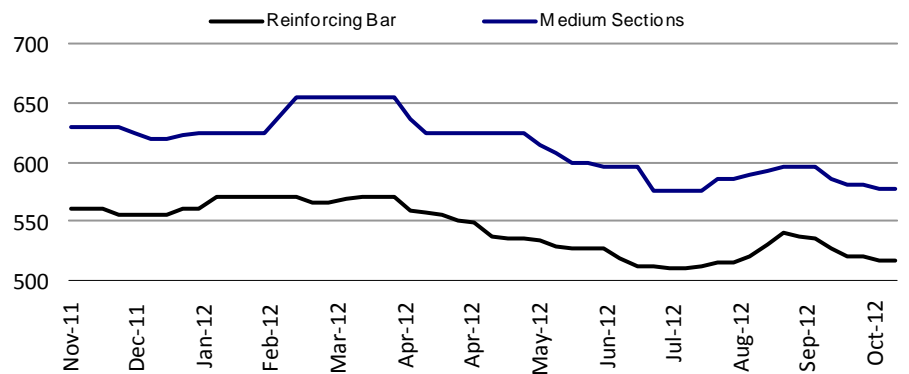


Rotterdam Shredded scrap prices were flat WoW to USD335/t at their lowest levels since June, 2010

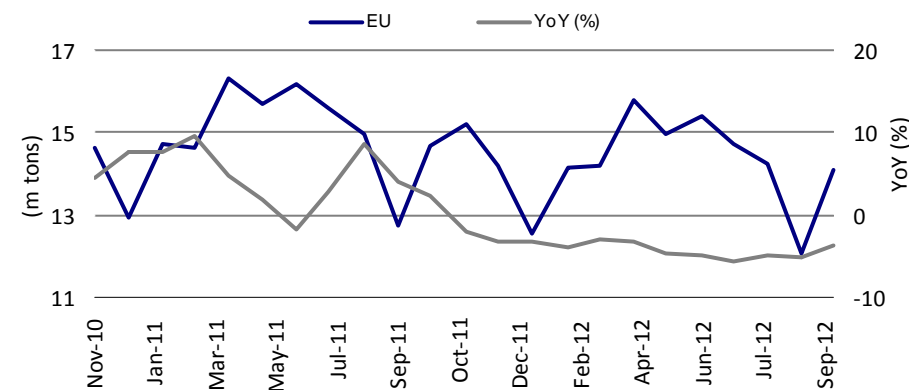
Rotterdam: shredded scrap prices (USD/t)



European medium section prices (EUR/ton)



European Union: Monthly crude steel production

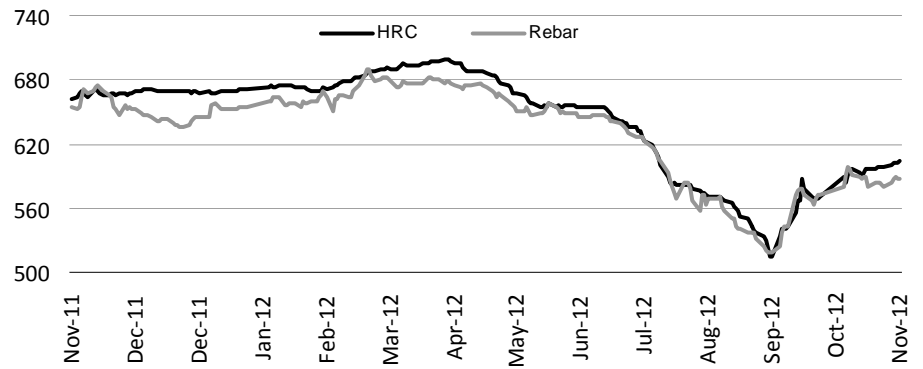


Source: Metal Bulletin, Bloomberg, WSA, MOSL

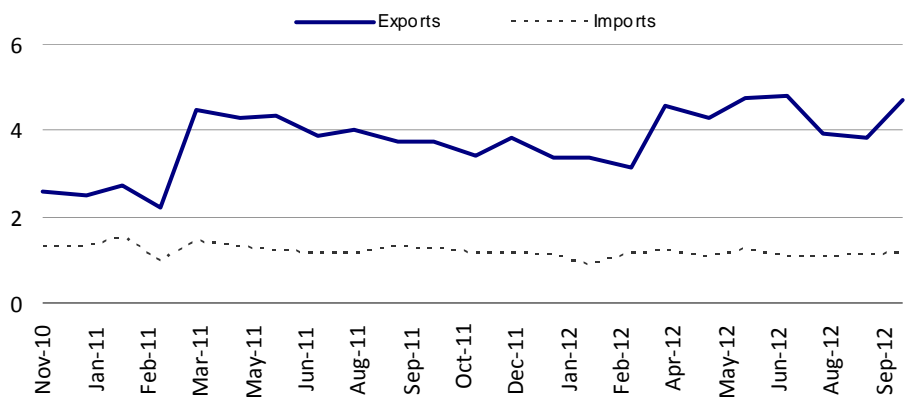
China HRC prices increased 0.8%
WoW to USD604/t while rebar prices
were up 1.2% WoW to USD588/t

China

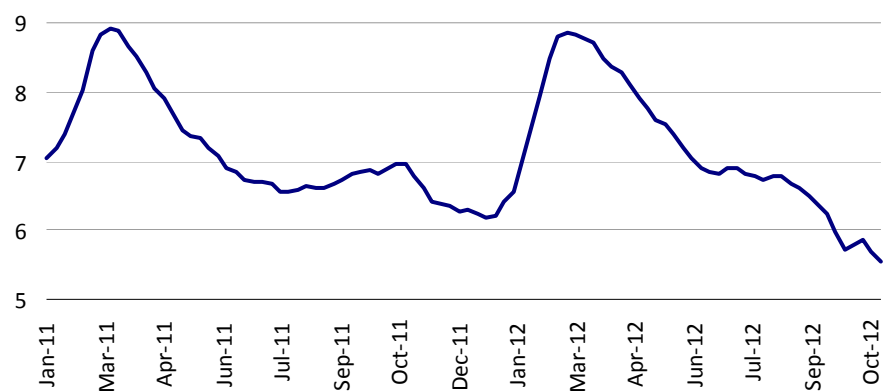
China domestic prices (USD/ton)



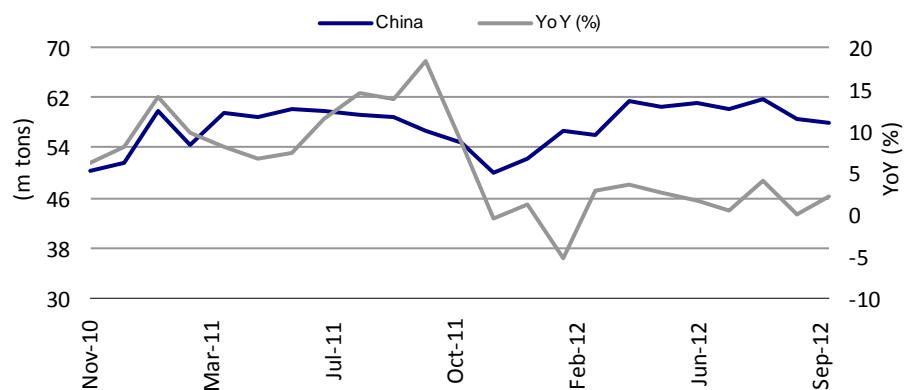
Steel trade (m ton)



Steel inventories (m tons)



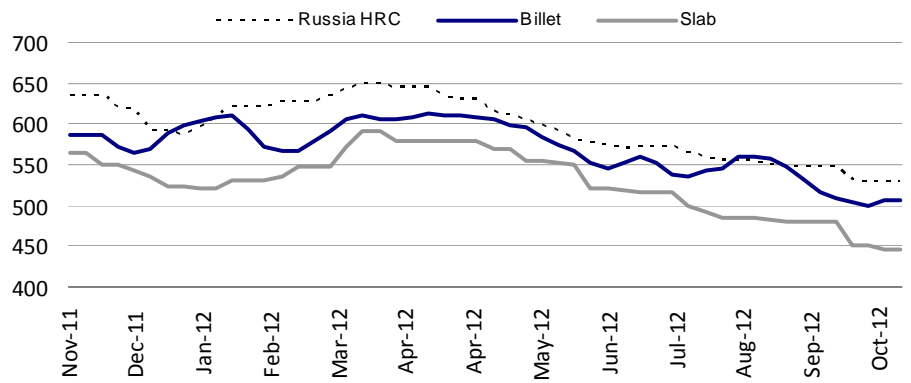
Monthly crude steel production



Source: Metal Bulletin, Bloomberg, WSA, MOSL

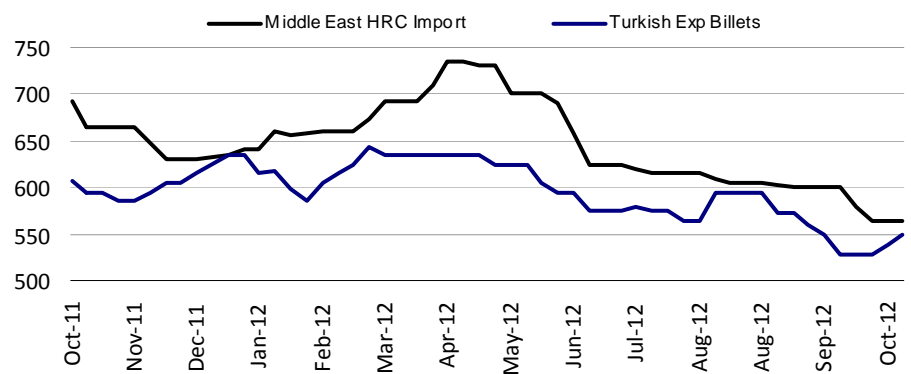
Other regions

CIS steel export prices (USD/ton)



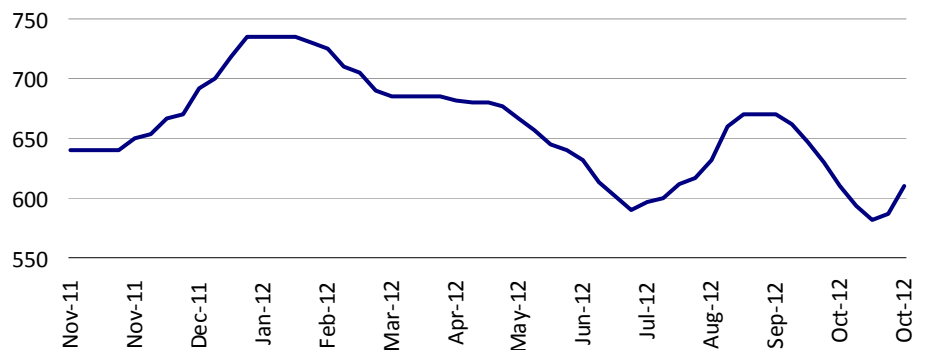
Russian HRC prices were flat WoW at USD528/t to their two year low levels

Middle East import and Turkish export steel prices (USD/ton)



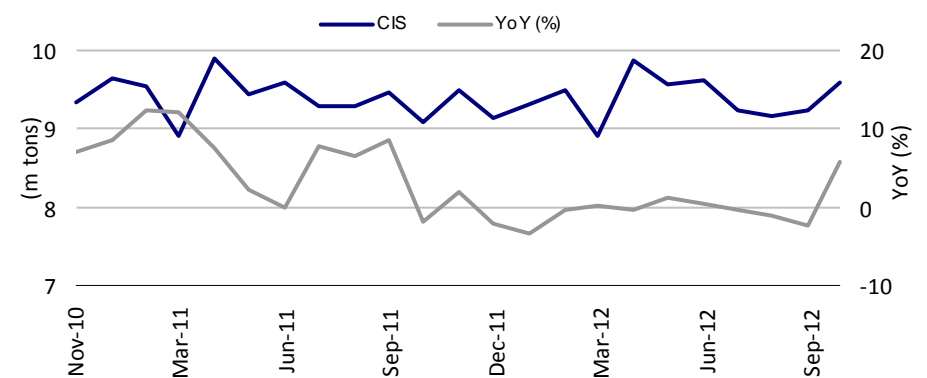
Middle east import HRC prices were flat WoW at USD565/t

North America HRC prices (USD/ton)



North American local HRC prices increased 3.8% WoW to USD610/t

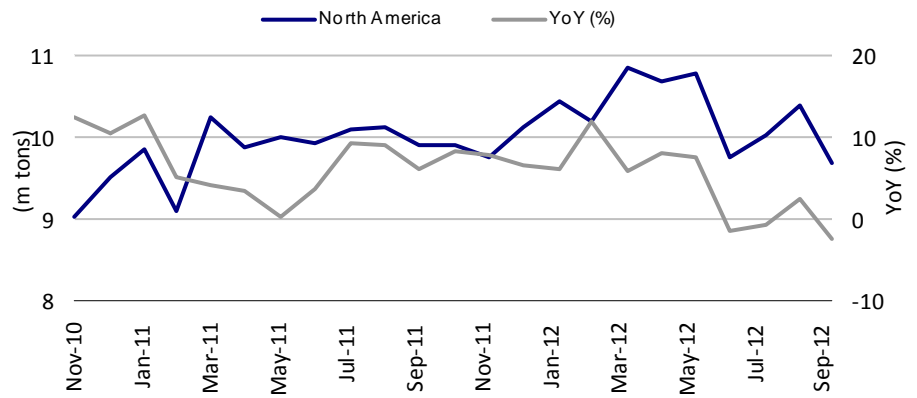
CIS: Monthly crude steel production



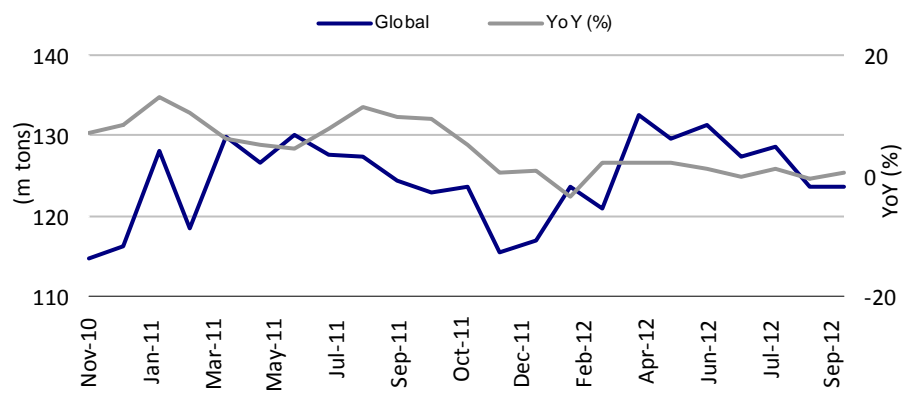
Source: Metal Bulletin, WSA, Bloomberg, MOSL

Other regions

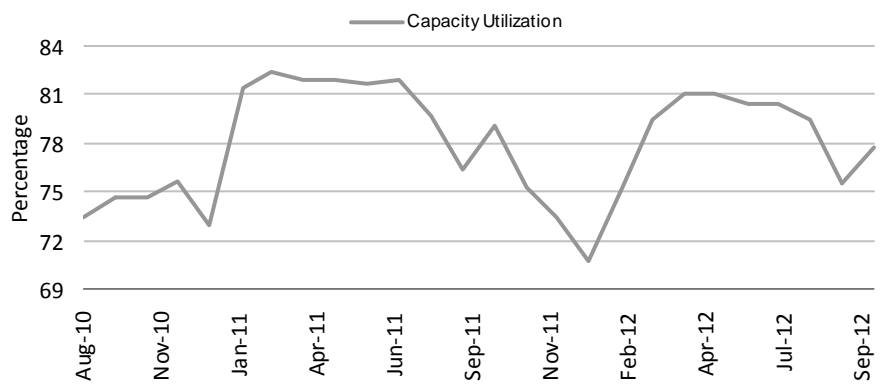
North America: Monthly crude steel production



Global: Monthly crude steel production



Global: Monthly crude steel capacity utilization

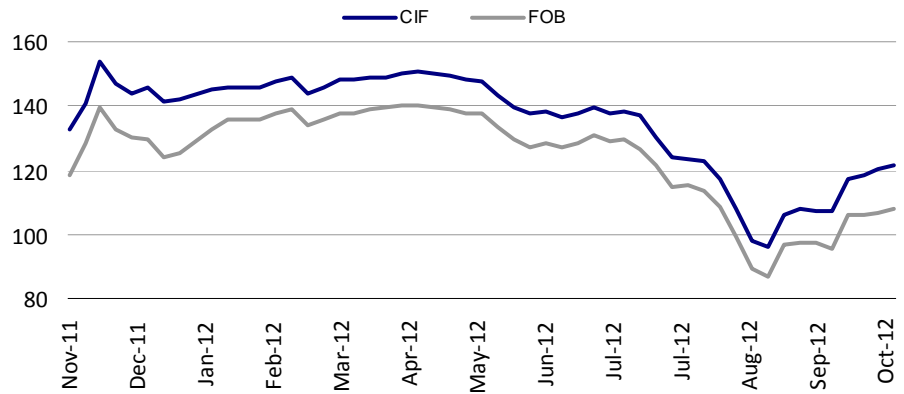


Source: Bloomberg, WSA, MOSL

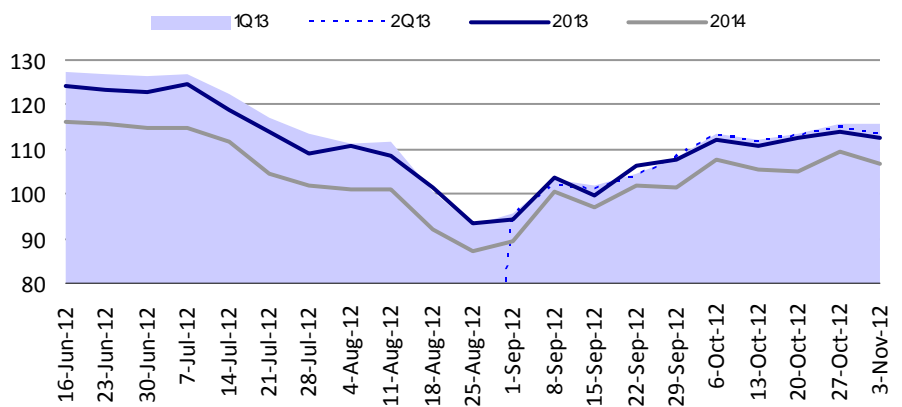
Steel raw materials

Indian 63.5% grade iron-ore fines in China (USD/ton)

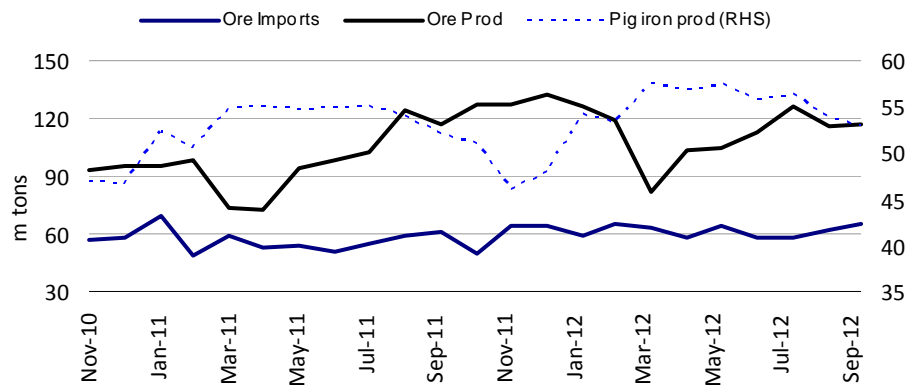
China spot CFR iron ore prices increased 1% WoW to USD122/ton DMT



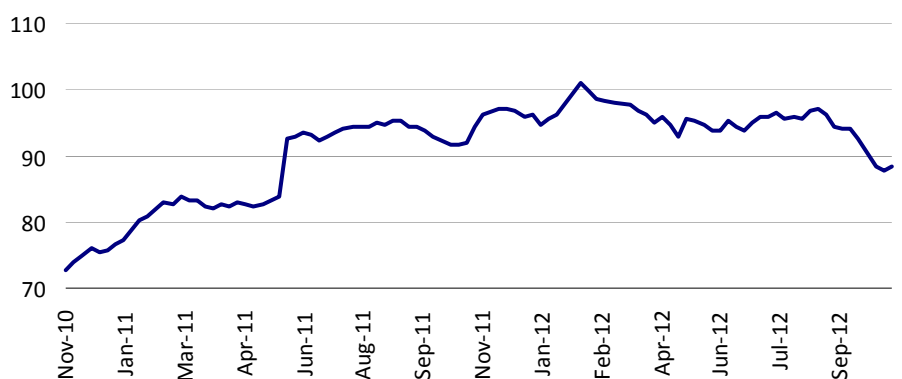
OTC iron-ore swaps (USD/ton)



China iron-ore production and imports (m tons)



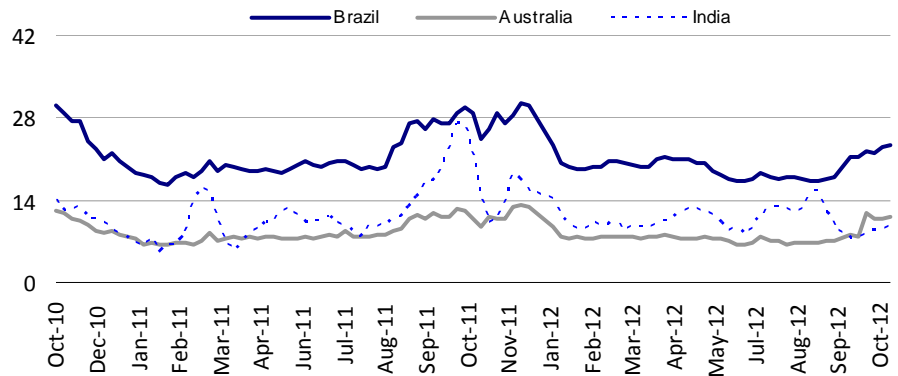
China iron-ore inventories (m tons)



Source: Metal Bulletin, Bloomberg, MOSL

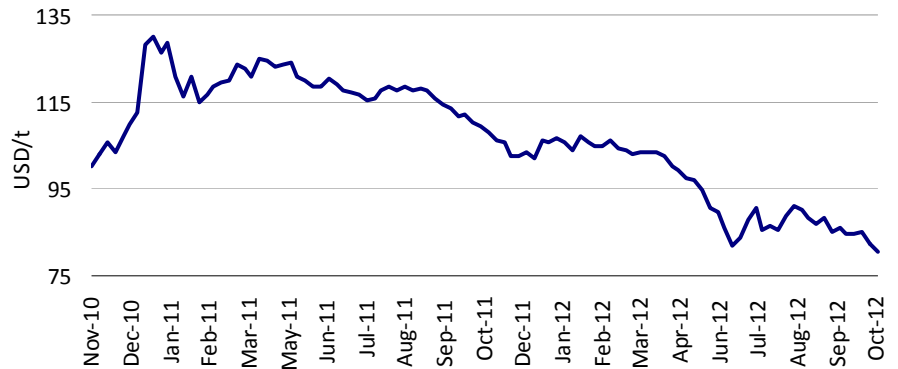
Steel raw material

Freight rates to China (USD/ton)



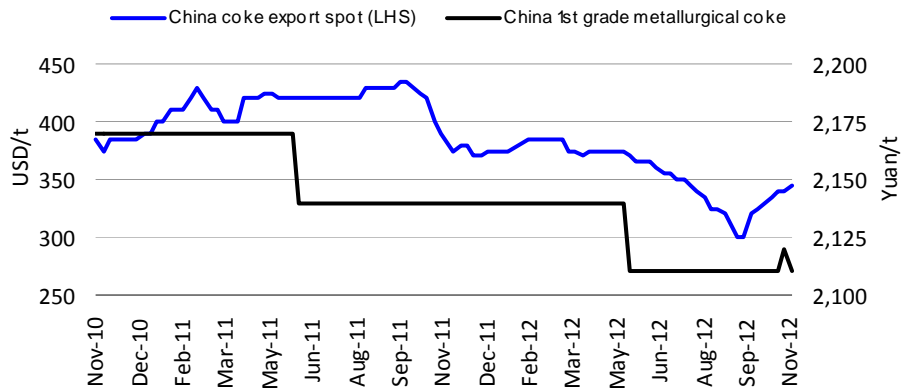
Coal price index

Richards Bay Steam Coal

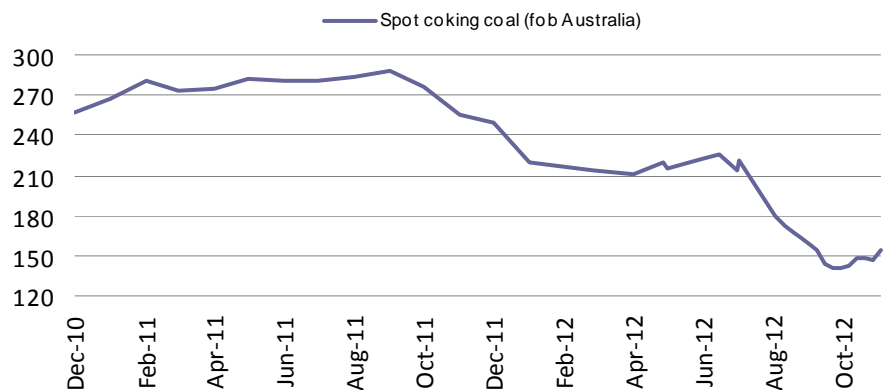


Richard bay steam coal price decreased 2.3% WoW to USD80/ton at their lowest levels since December 2009

Coke price index



Coking coal (USD/t)

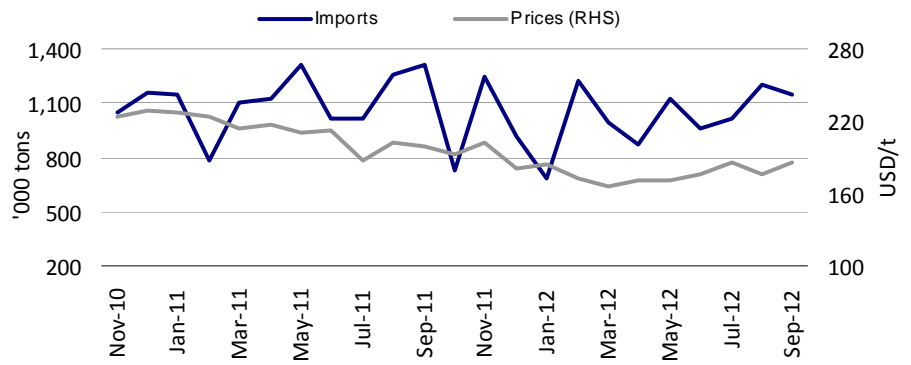


Spot coking coal FOB Australia increased USD7WoW to USD154/t as China booked major volumes in the week

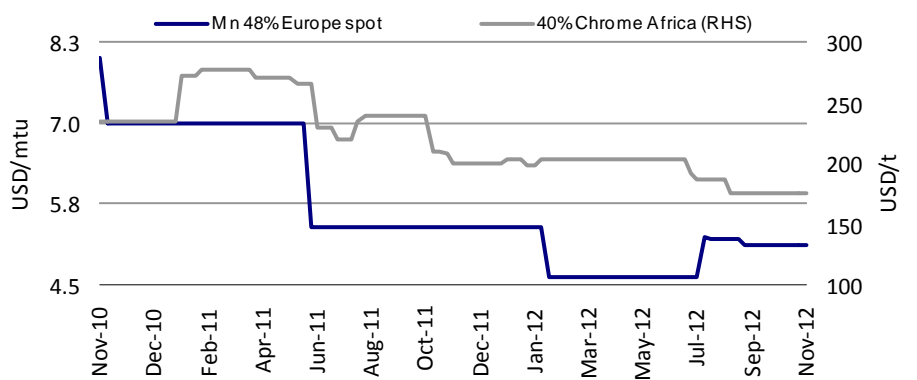
Source: Metal Bulletin, Bloomberg, MOSL

Ferro alloys

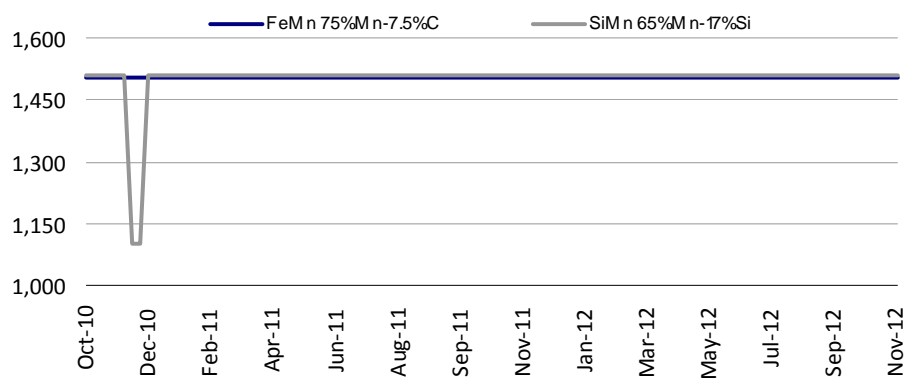
China's imports of manganese ore and conc



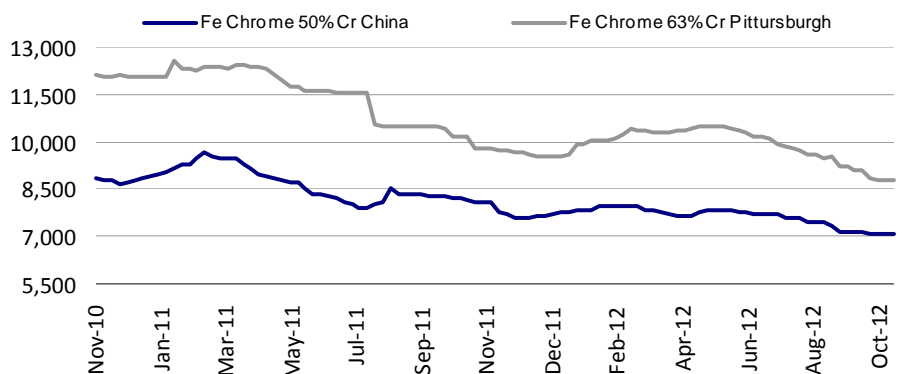
Manganese and chrome ore FOB spot prices



Ferro and silico manganese prices (USD/t)



Ferro chrome CIF prices (CNY/t)



Source: Metal Bulletin, Bloomberg, MOSL

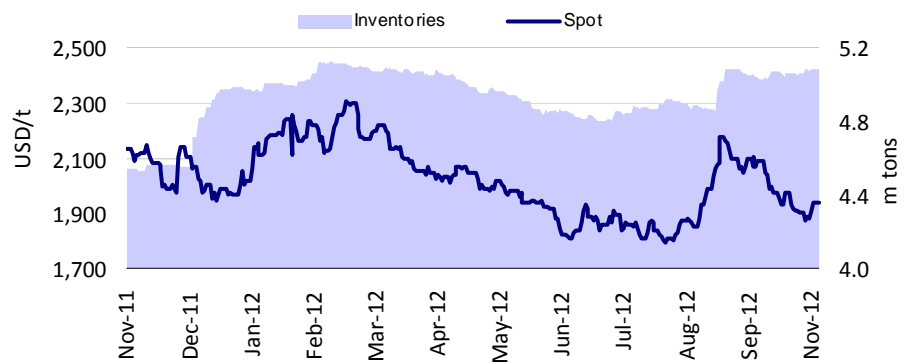
Non-ferrous

Non-ferrous

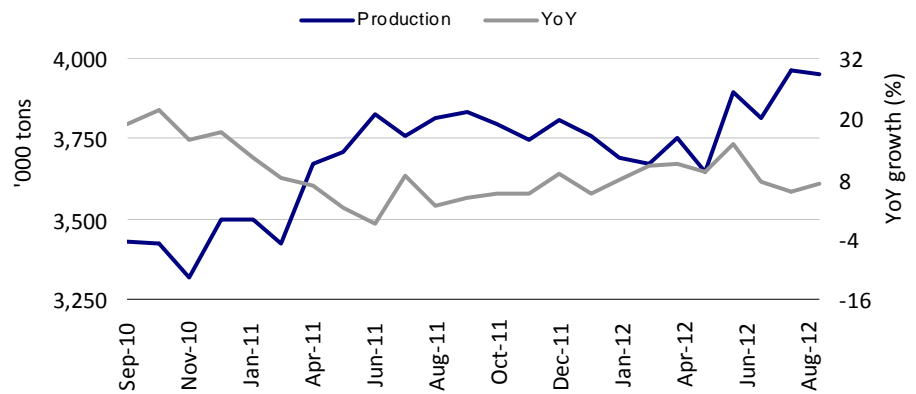
Aluminum

Aluminum spot prices increased 2% WoW at USD1,937/ton

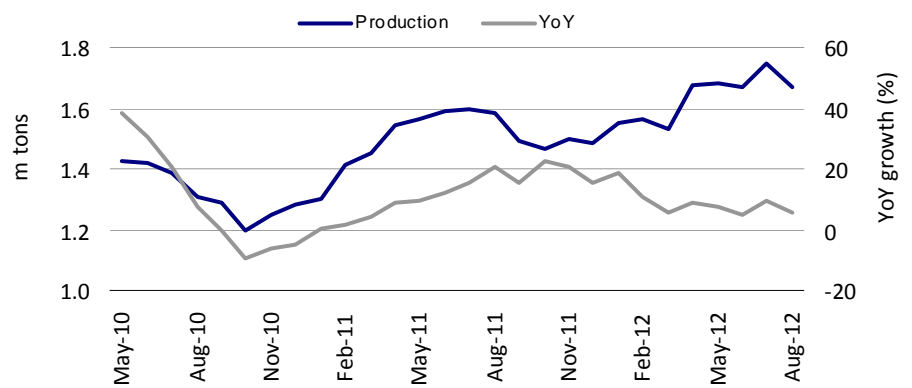
LME inventories and prices



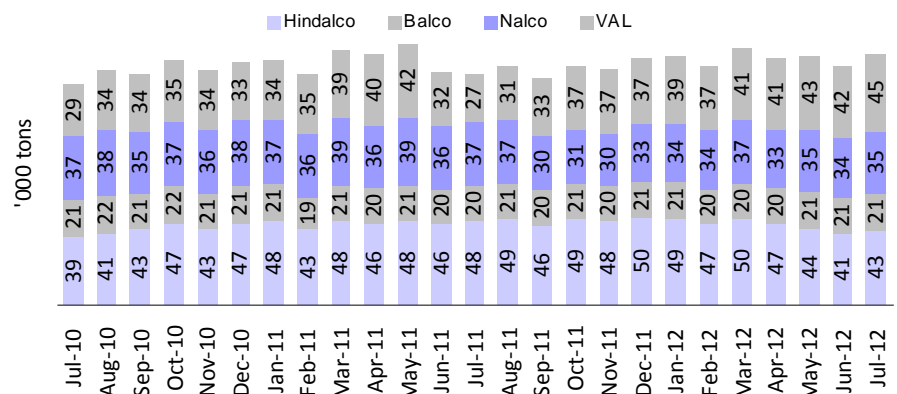
Global primary aluminum monthly production and YoY growth



China primary aluminum monthly production and YoY growth



India: Company-wise primary aluminum monthly production

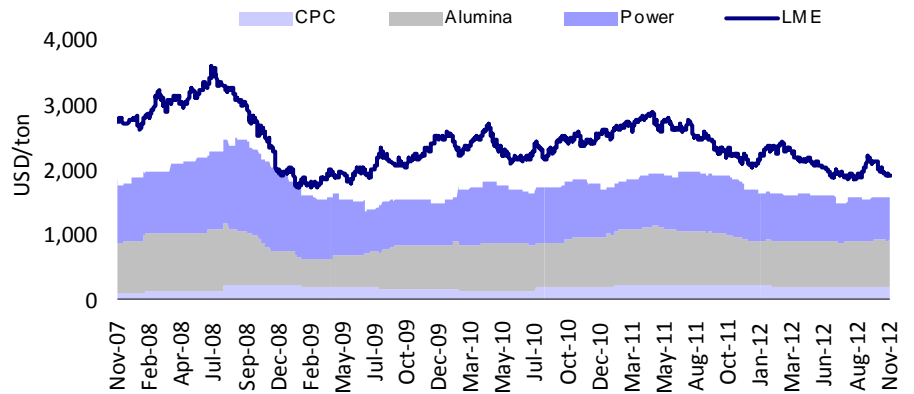


Source: Metal Bulletin, Bloomberg, MOSL

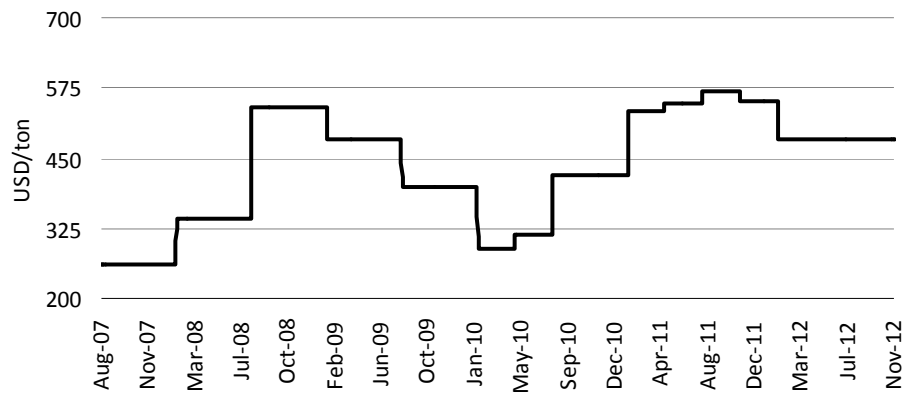
Non-ferrous

Aluminum

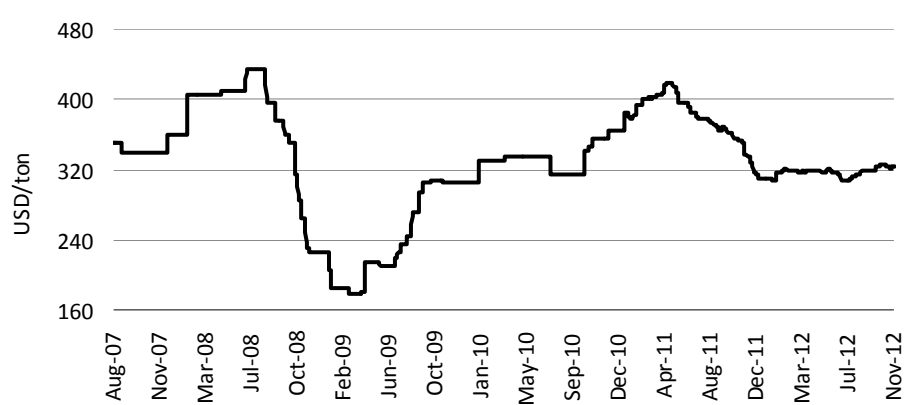
Aluminum raw material and power cost for marginal producer in US



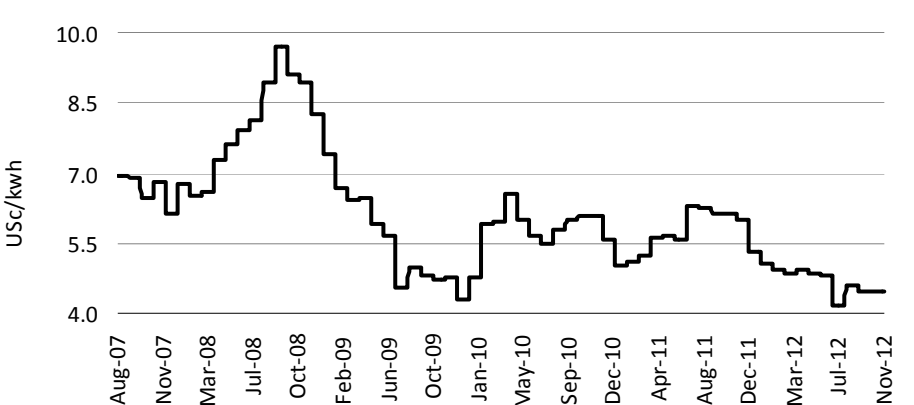
CPC US



Alumina



Industrial power US (Louisiana)



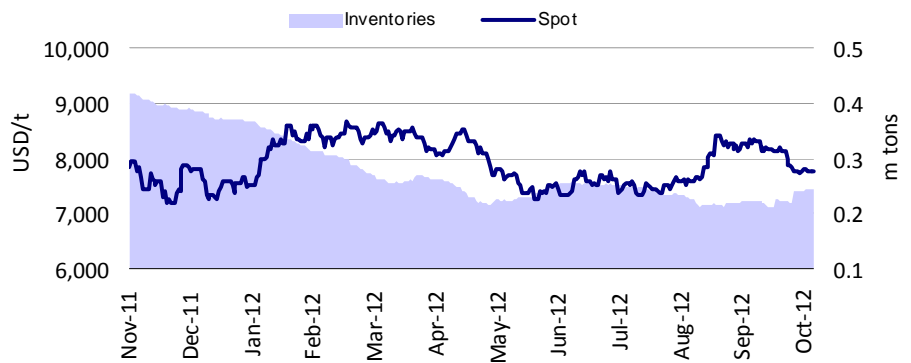
Source: Metal Bulletin, Bloomberg, Industry, MOSL

Non-ferrous

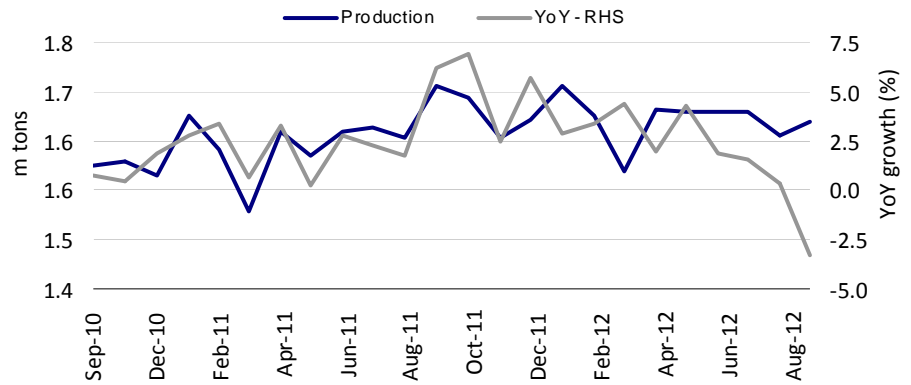
Copper

Copper spot prices were flat WoW at USD7,765/ton

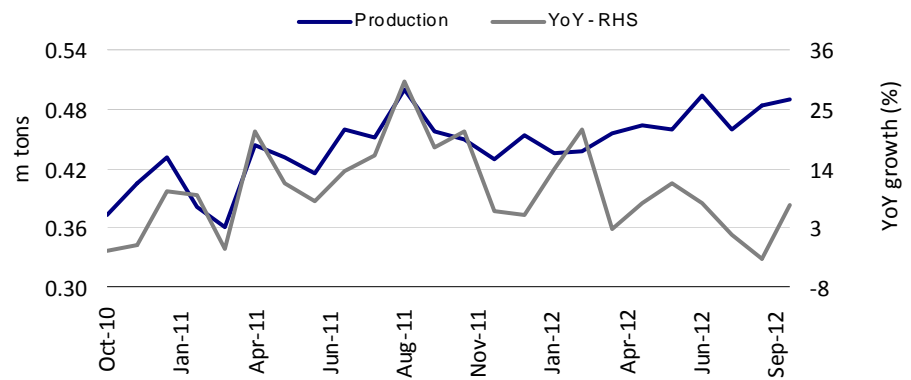
LME inventories and prices



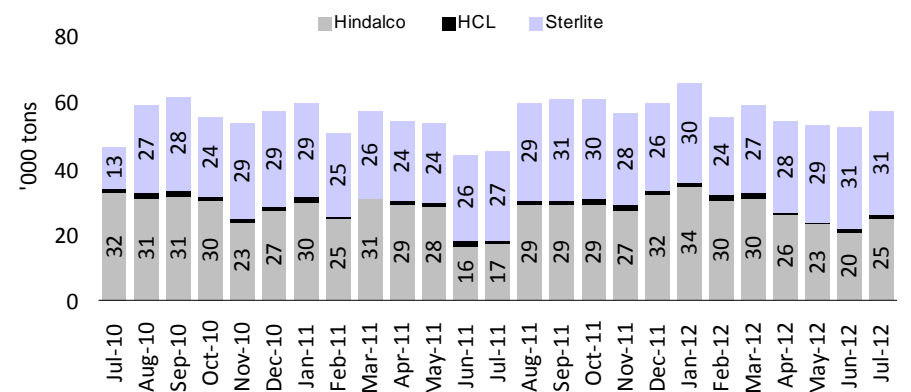
Global refined copper monthly production and YoY growth



China: Refined copper monthly production and YoY growth



India: Company-wise refined copper monthly production



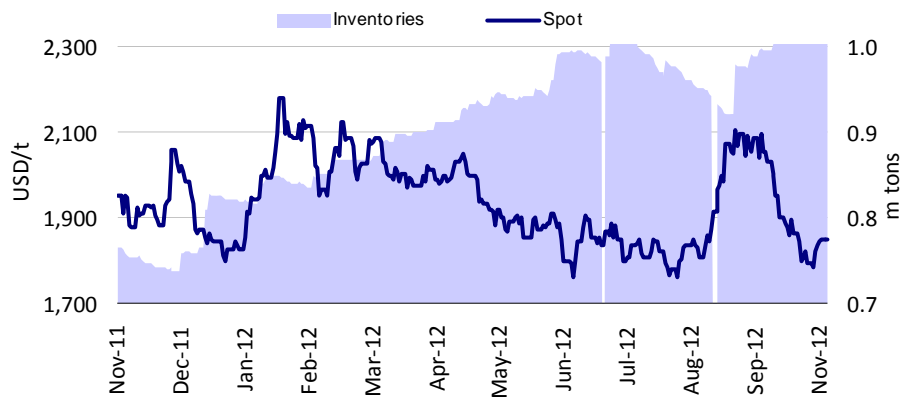
Source: Metal Bulletin, Bloomberg, MOSL

Non-ferrous

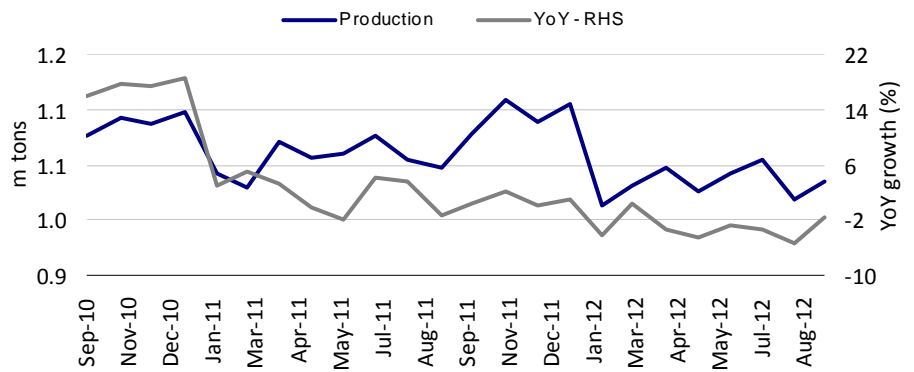
Zinc

LME inventories and prices

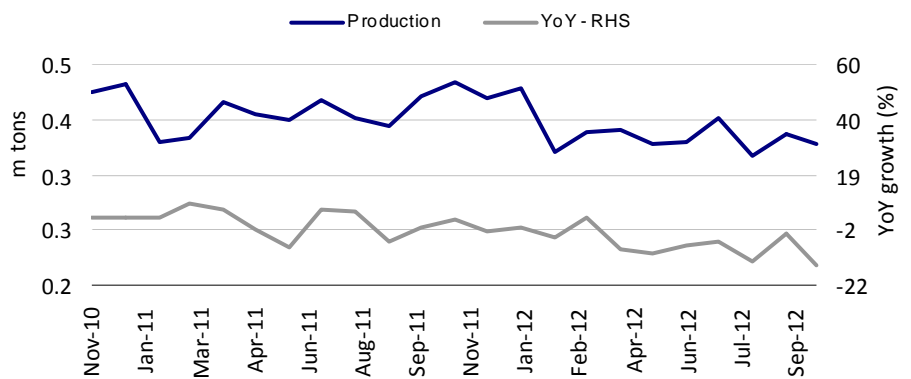
Zinc spot prices increased 3% WoW to USD1,851/ton



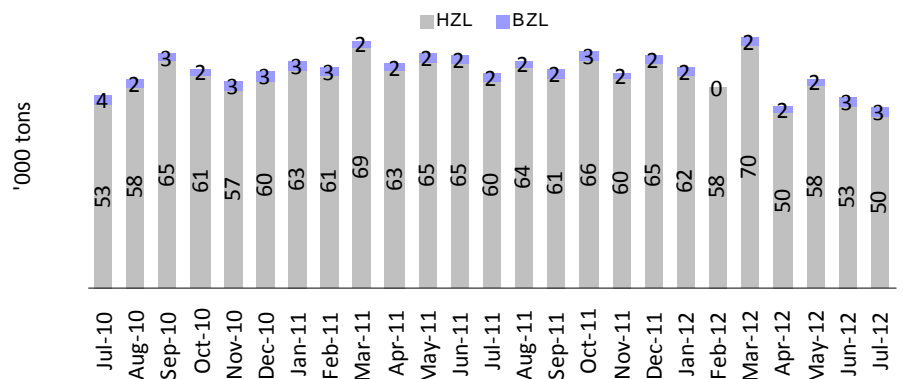
Global refined zinc monthly production and YoY growth



China: Refined zinc monthly production and YoY growth



India: Company-wise refined zinc monthly production



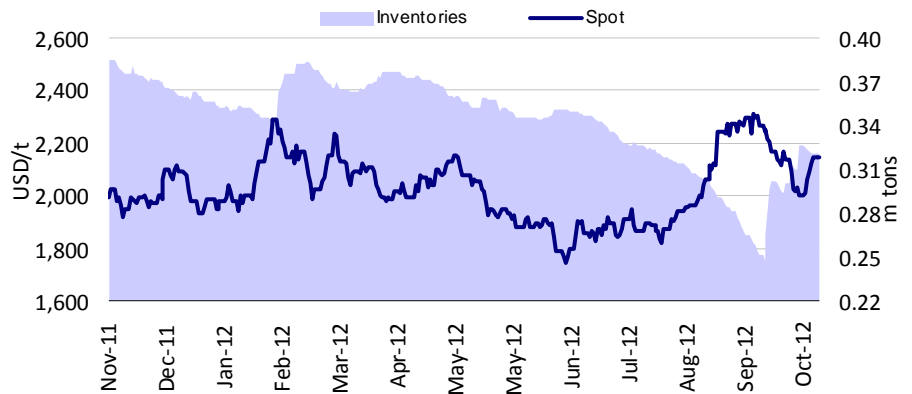
Source: Metal Bulletin, Bloomberg, MOSL

Non-ferrous

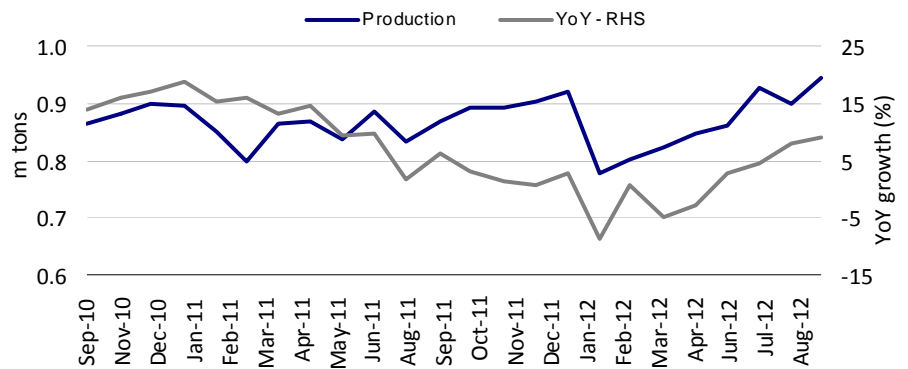
Lead

Lead spot prices increased 7% WoW to USD2,148/ton

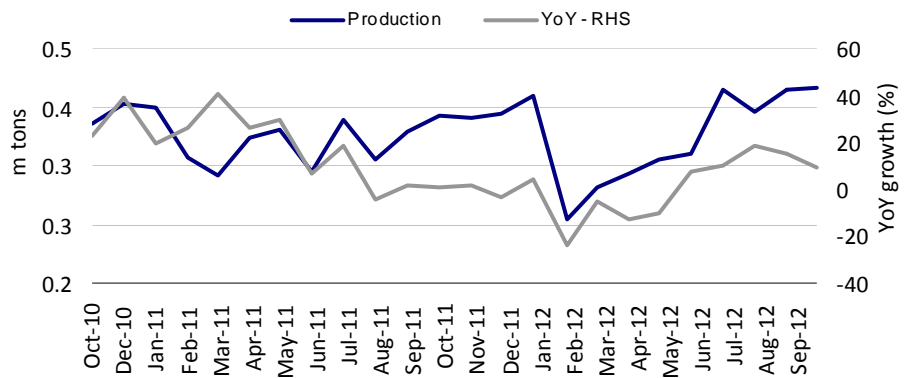
LME inventories and prices



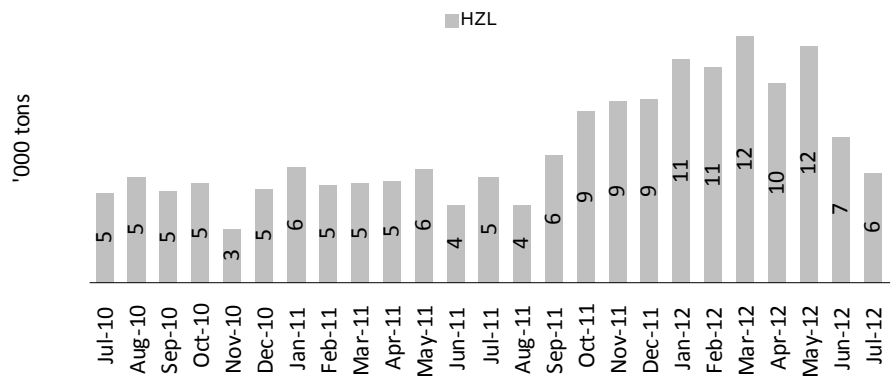
Global refined lead monthly production and YoY growth



China: Refined lead monthly production and YoY growth



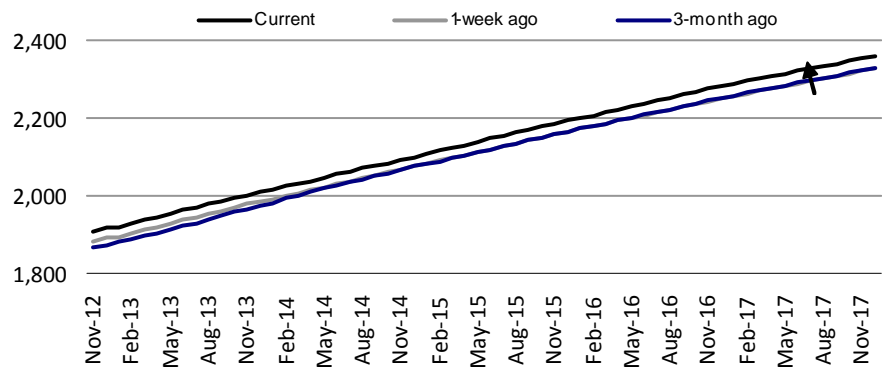
India: Company-wise refined lead monthly production



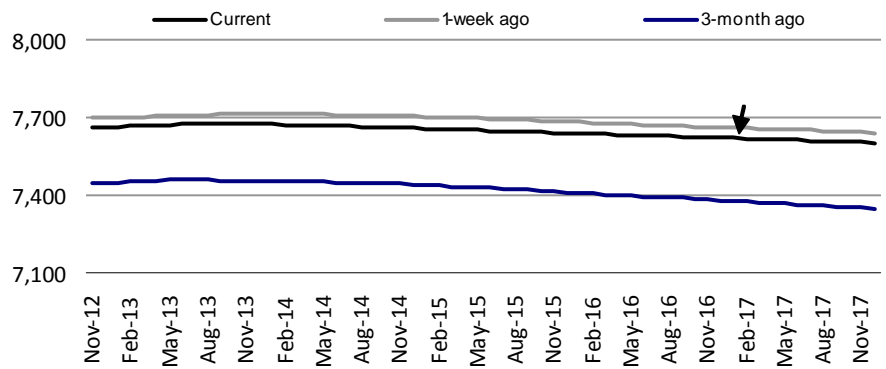
Source: Metal Bulletin, Bloomberg, MOSL

Commodity forward curves

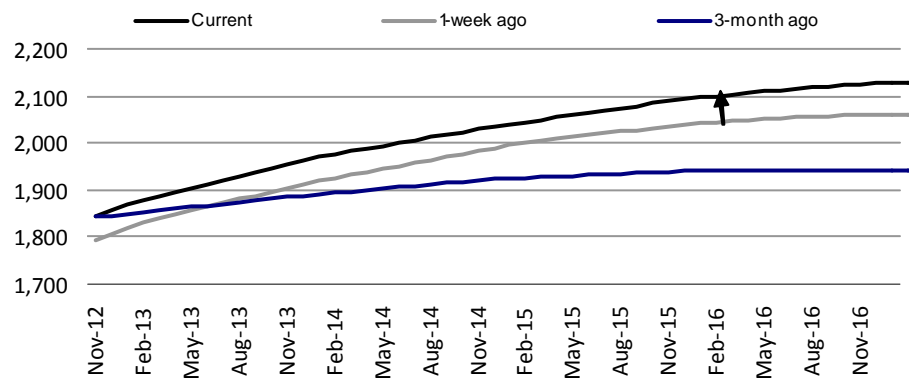
LME aluminum (USD/ton)



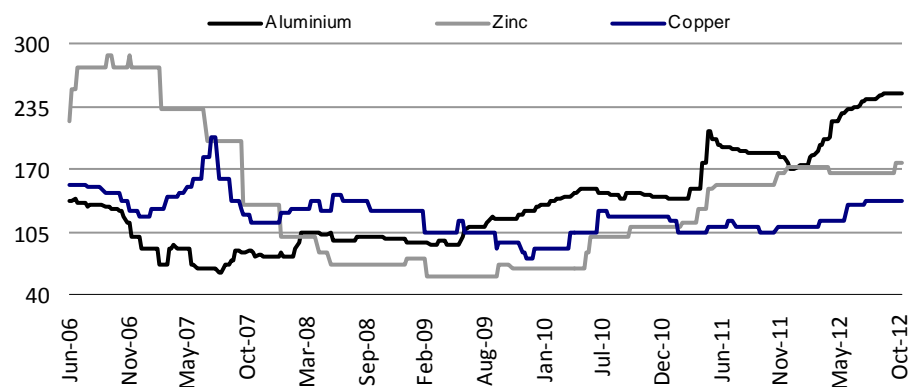
LME copper (USD/ton)



LME zinc futures (USD/ton)



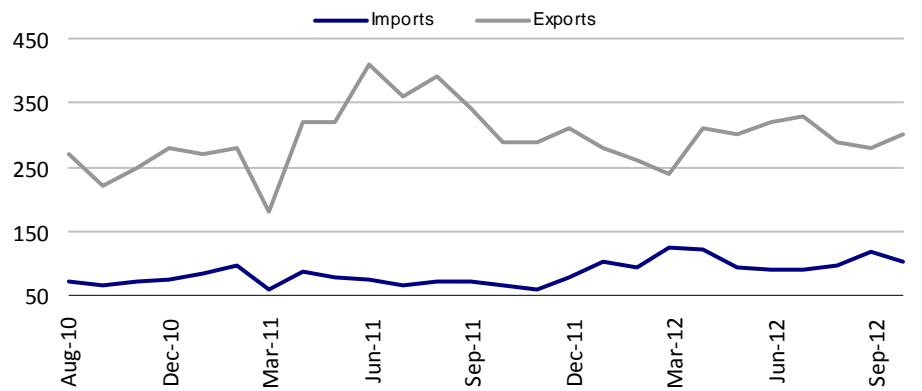
Base metals US spot premium (USD/ton)



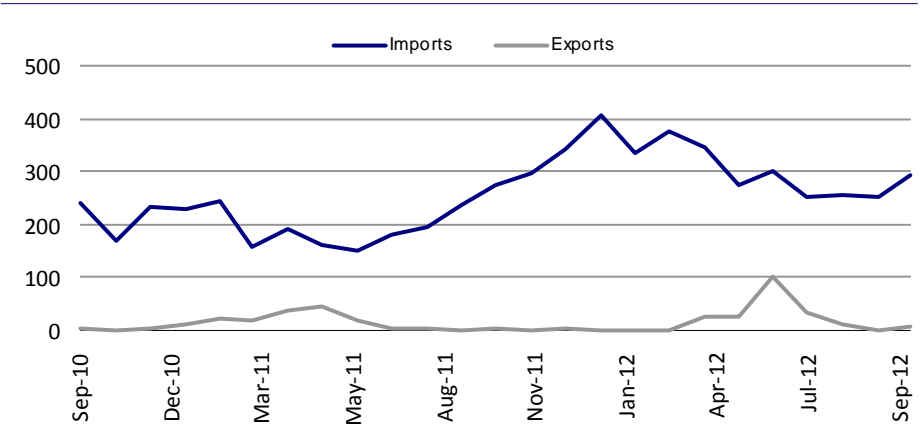
Source: Metal Bulletin, Bloomberg, MOSL

China non-ferrous trade data

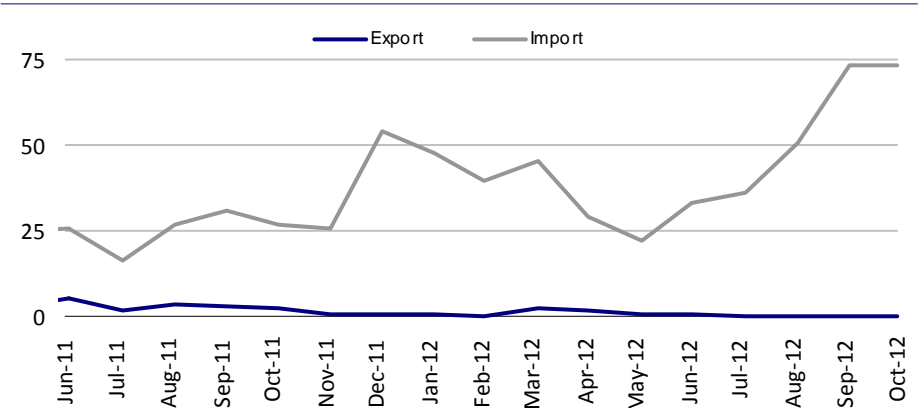
China's aluminum trade ('000 tons)



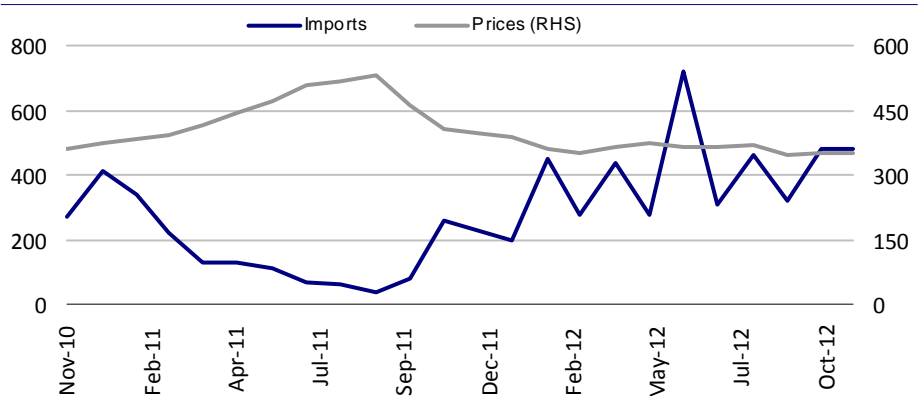
China's refined copper trade ('000 tons)



China's refined zinc trade ('000 tons)



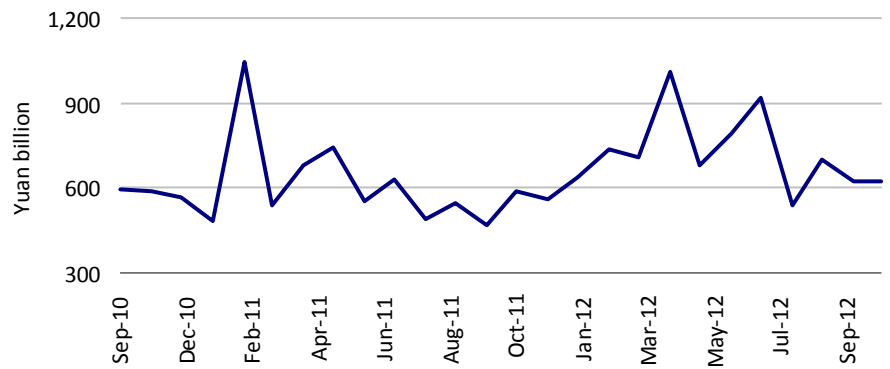
China's alumina imports ('000 tons) and prices (USD/ton)



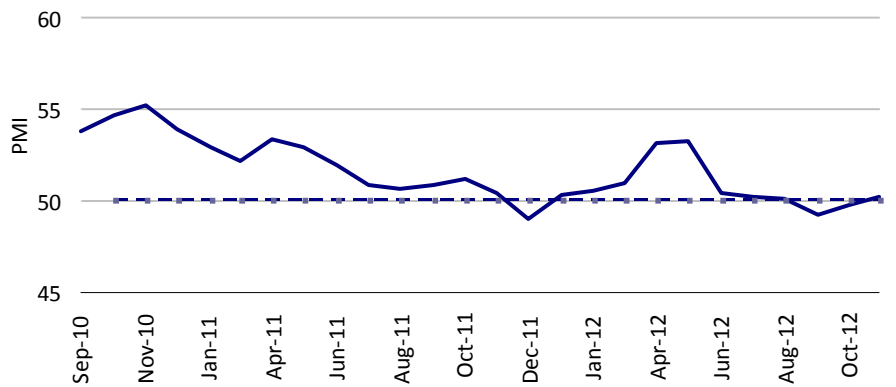
Source: Metal Bulletin, Bloomberg, MOSL

Key indicators

China new loan growth

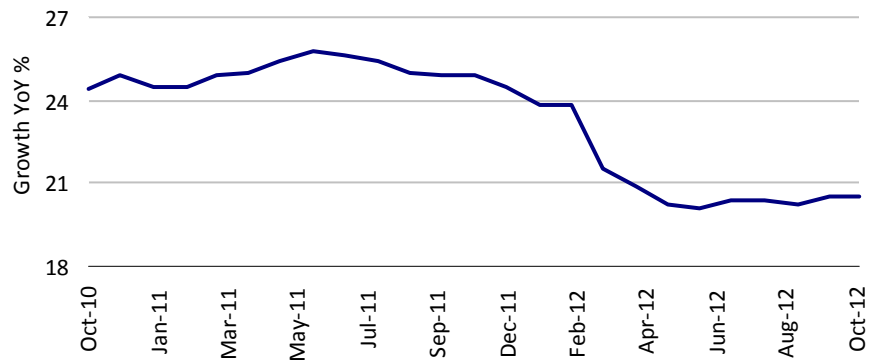


China PMI

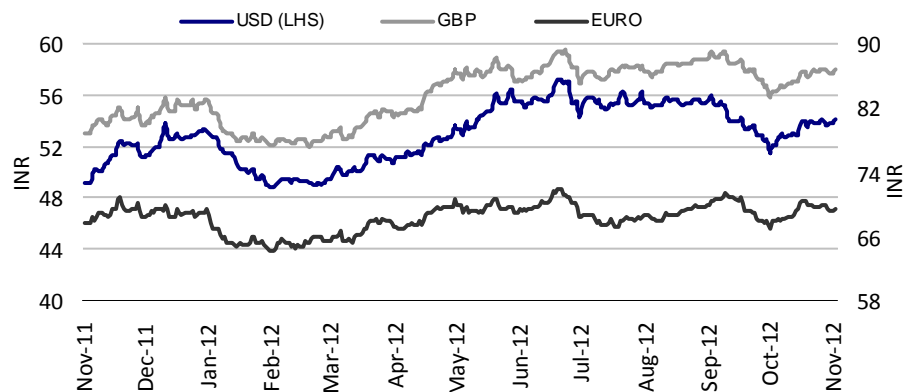


China October PMI increased from 49.8 in September to 50.2 in October

China: Fixed asset investment



Currency movement with respect to the rupee

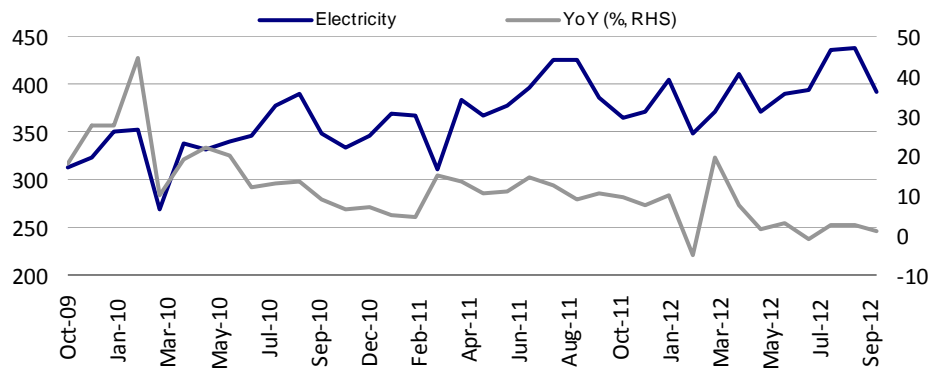


The rupee appreciated 0.1% WoW against the US dollar and was trading at INR54.14/USD

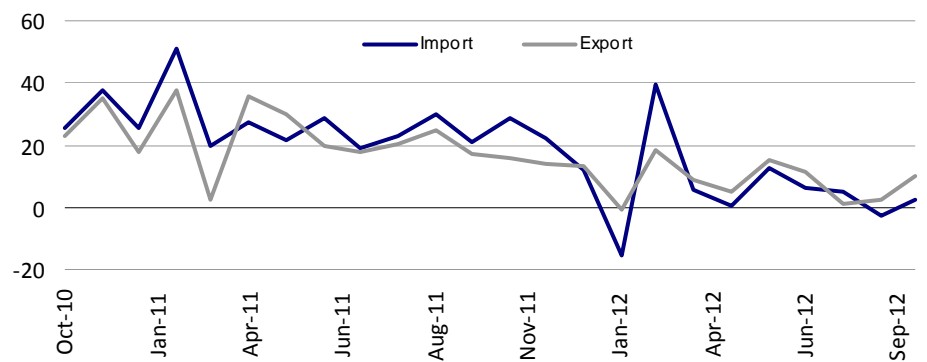
Source: Bloomberg, MOSL

Key indicators (Contd..)

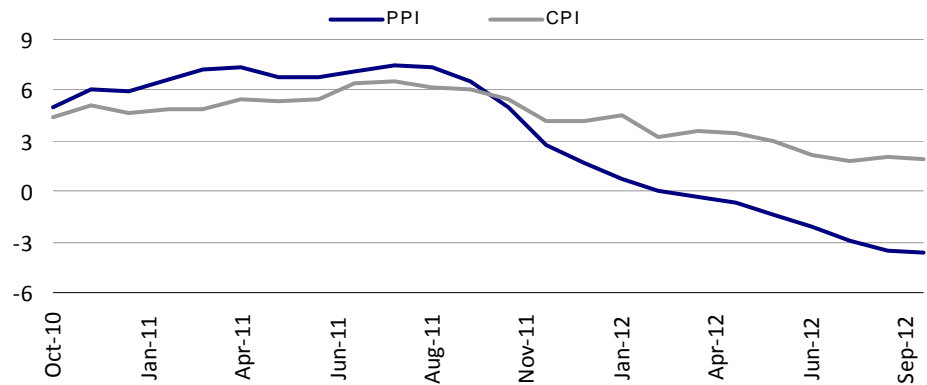
China Energy Production Electricity (b kwh)



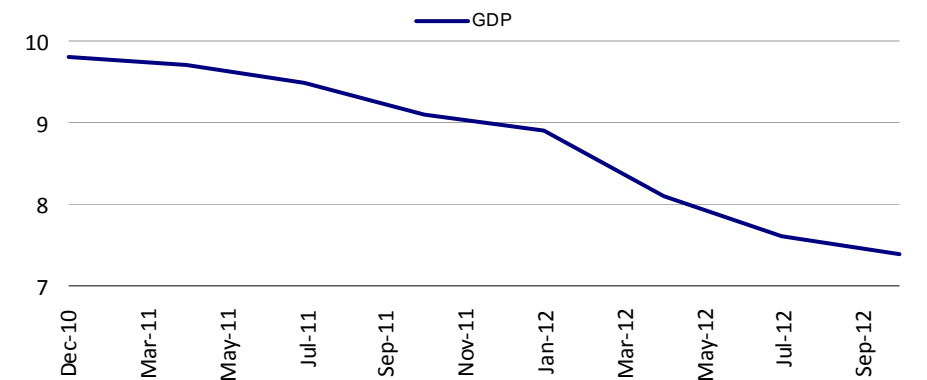
China Monthly Trade YoY (%)



China Price Index YoY (%)



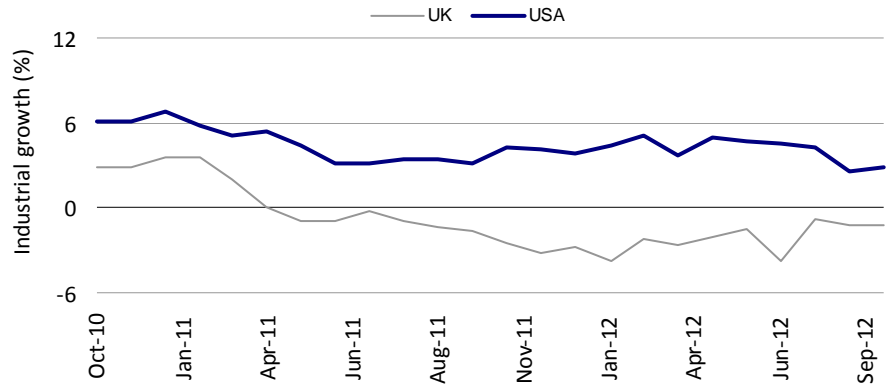
China GDP YoY (%)



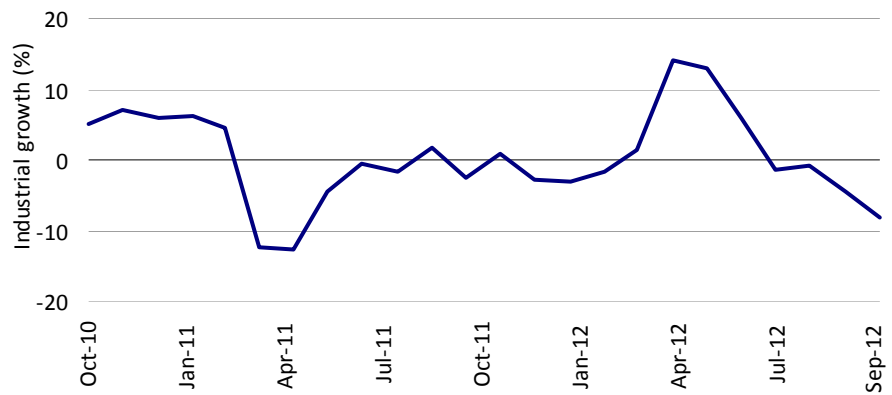
Source: Bloomberg, MOSL

Industrial production growth

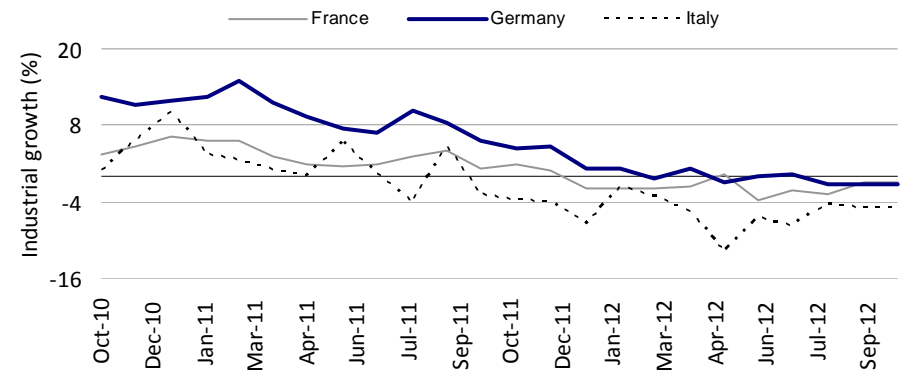
The UK and the US



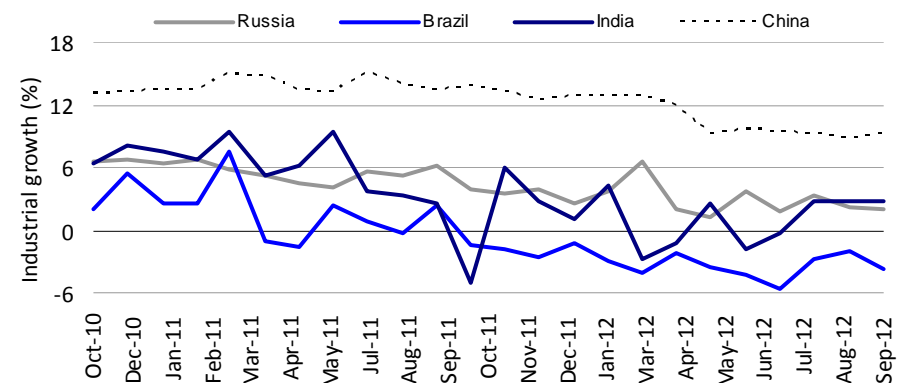
Japan



European Union



BRIC



Source: Bloomberg, MOSL

Stock Exchange announcements

- Nil

Results announcements

- **Hindalco** - 6th November 2012
- **NMDC** - 7th November 2012
- **SAIL** - 8th November 2012
- **Tata Steel** - 9th November 2012
- **Jindal Steel and Power** - 9th November 2012

Metals Valuation Matrix

Valuations: Indian companies

	Rating	Price (INR)	Mkt Cap (USD M)	EPS (INR)			P/E (X)		EV/EBITDA (X)		P/B (X)	
				FY12	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
Steel												
Tata Steel	Sell	402	7,401	18.6	32.2	56.6	12.5	7.1	6.8	6.1	1.4	1.2
SAIL	Sell	83	6,492	9.1	6.8	8.7	12.2	9.5	7.7	6.3	0.8	0.8
JSW Steel	Sell	756	3,122	66.5	43.5	46.8	17.4	16.1	6.7	6.5	1.0	0.9
JSPL	Neutral	389	6,896	42.4	39.8	38.5	9.8	10.1	9.0	8.4	1.9	1.6
NMDC	Buy	179	13,486	18.5	20.4	24.9	8.8	7.2	4.8	3.7	2.4	1.9
Sesa Goa	Buy	175	2,839	31.8	33.9	34.5	5.2	5.1	5.9	4.3	1.0	1.0
Non-Ferrous												
Sterlite Inds.	Buy	102	6,341	16.7	20.4	18.3	5.0	5.5	3.6	3.2	0.7	0.7
Hindustan Zinc	Buy	137	10,962	13.2	15.0	16.9	9.1	8.1	5.5	3.9	1.8	1.5
Nalco	Neutral	47	2,247	3.4	1.7	3.3	26.9	14.1	14.0	6.0	1.0	1.0
Hindalco	Buy	118	4,444	17.1	18.9	20.6	6.2	5.7	7.1	6.3	1.2	1.0

CMP=current market price

Source: MOSL

Valuations: Global companies

	BBG Code	Currency	Price	Mkt Cap (USD M)	P/E (X)		EV/EBITDA(X)		P/BV
					CY12	CY13	CY12	CY13	CY12
Mining									
BHP-Billiton	BHP AU	AUD	34.4	183,538	13.6	11.5	6.9	5.9	2.5
FMG	FMG AU	AUD	4.0	13,125	10.3	6.2	6.7	4.5	2.6
Rio Tinto	RIO AU	AUD	57.4	98,712	11.3	9.9	6.6	5.4	1.8
Vale	Vale US	USD	18.6	98,050	8.5	7.6	4.9	4.8	1.2
Teck Resources	TCK US	USD	33.2	19,470	13.7	11.4	6.3	5.7	1.1
Xstrata	XTA LN	GBp	994.5	47,864	12.9	11.3	7.7	6.0	1.0
Steel									
Arcelor Mittal	MT NA	EUR	11.9	23,840	33.5	11.8	7.1	5.9	0.4
Posco	005490 KS	k KRW	337.5	26,746	10.0	8.7	5.7	5.0	0.7
US Steel	X US	USD	20.8	3,007	22.0	11.5	6.1	4.8	0.9
Nucor	NUE US	USD	40.6	12,902	24.2	13.6	9.4	6.7	1.7
JFE	5411 JT	JPY	1,155.0	8,742	18.9	8.4	8.8	6.6	0.4
Gerdau	GGBR4 BZ	BRL	18.0	14,308	16.3	12.8	8.7	7.1	1.1
Bao Steel	600019 CH	CNY	4.7	13,039	7.1	11.7	5.3	5.5	0.8
Non-Ferrous									
Alcoa	AA US	USD	8.7	9,231	36.7	12.7	9.9	6.6	0.7
Norsk Hydro	NHY NO	NOK	26.5	9,554	94.9	21.2	9.8	6.5	0.7
Rusal	486 HK	HKD	4.4	8,704	15.5	5.9	18.1	13.1	0.8

Source: Bloomberg

Metals Stock Performance

Among large-cap companies, JSW Steel has outperformed and JSPL has underperformed the BSE Sensex over the last one month

Among mid-cap companies, Tata sponge outperformed and Jai Balaji has underperformed the BSE Sensex over the last one month

Metals stock performance on absolute and relative basis (%)

Months	Absolute Perf (%)				Relative Perf to Sensex (%)			
	1	3	6	12	1	3	6	12
Steel								
Tata Steel	0.7	-1.1	-13.1	-13.1	1.1	-9.9	-21.5	-20.4
SAIL	-3.9	-4.3	-13.9	-24.1	-3.6	-13.2	-22.3	-31.4
JSW Steel	2.7	8.0	8.5	13.1	3.0	-0.9	0.1	5.9
JSPL	-10.8	-3.8	-22.9	-31.0	-10.4	-12.7	-31.3	-38.3
NMDC	-7.0	-3.6	1.6	-22.0	-6.6	-12.5	-6.8	-29.3
Sesa Goa	1.0	-5.3	-7.0	-16.8	1.3	-14.2	-15.4	-24.1
Non-ferrous								
Sterlite Inds.	0.9	-3.1	-3.4	-16.2	1.3	-12.0	-11.8	-23.5
Hindustan Zinc	1.7	15.1	8.0	11.5	2.1	6.2	-0.4	4.2
Nalco	-7.7	-12.8	-22.9	-25.3	-7.3	-21.7	-31.3	-32.6
Hindalco	-4.1	-1.2	-1.9	-13.3	-3.7	-10.1	-10.3	-20.5
Mid Caps								
Monnet Ispat	-6.6	-6.2	-39.2	-33.8	-6.2	-15.1	-47.6	-41.1
Godawari	-0.7	-0.3	-0.4	3.6	-0.4	-9.2	-8.8	-3.6
Sarda Energy	-2.6	3.3	-8.7	10.0	-2.3	-5.6	-17.1	2.7
Tata Sponge	3.2	-3.0	9.6	1.6	3.6	-11.9	1.2	-5.7
Adhunik Metaliks	-0.9	3.0	-27.6	-29.8	-0.6	-5.9	-36.1	-37.1
Bhushan Steel	-1.1	4.6	13.7	49.7	-0.7	-4.3	5.3	42.4
Jai Balaji	-9.6	-13.8	-11.0	-61.0	-9.2	-22.7	-19.4	-68.3
Rain Commodities	-7.7	16.5	3.6	36.8	-7.3	7.6	-4.8	29.5
Prakash Industries	-7.6	-19.3	-3.7	13.2	-7.3	-28.2	-12.1	5.9
SENSEX	-0.4	8.9	8.4	7.3	-	-	-	-

■ Best performer ■ Worst performer

Source: MOSL, Bloomberg

Global metals stock performance on absolute basis (%)

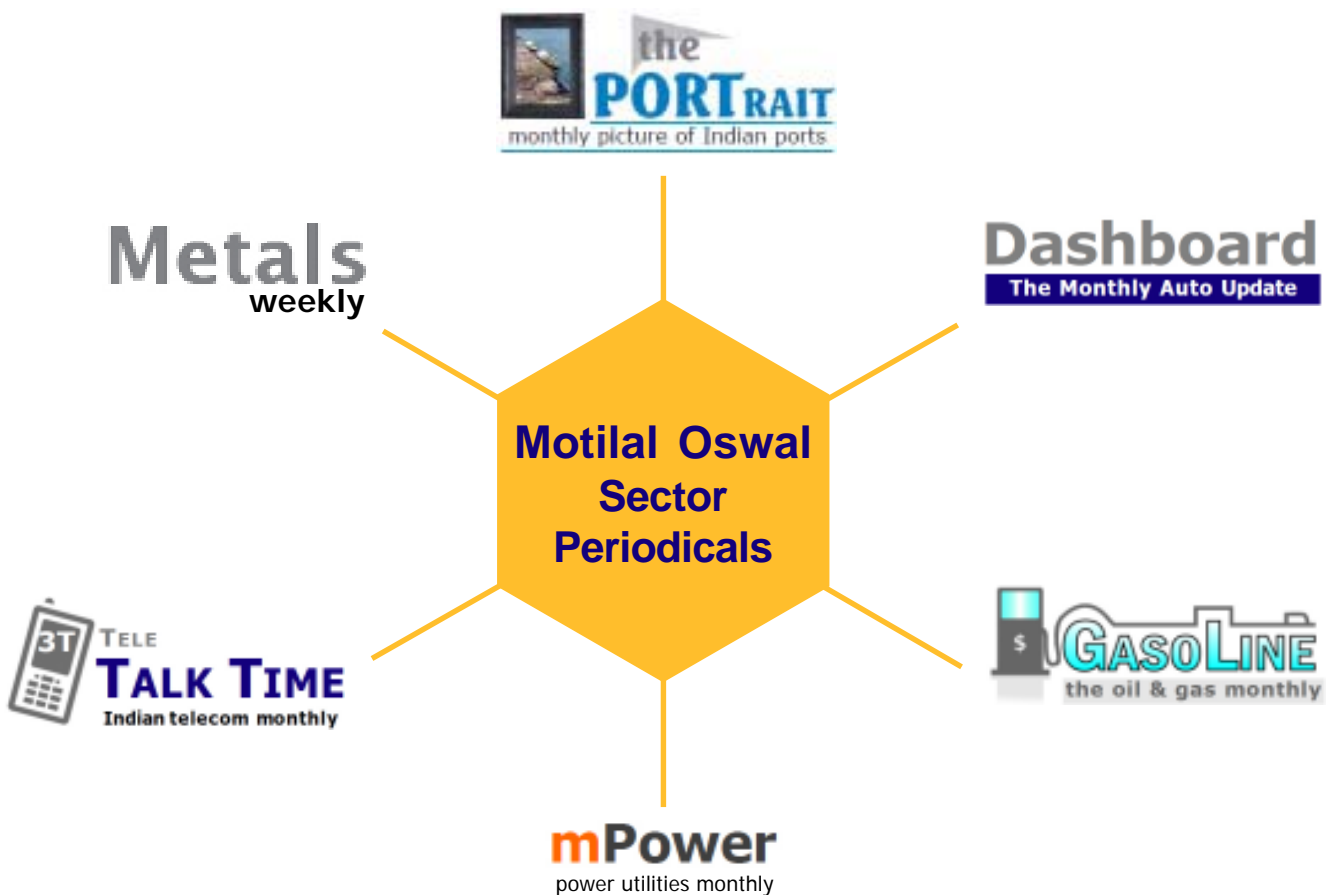
	Absolute Perf (%)				
	1week	1month	3 months	6 months	12 months
Mining					
Rio Tinto	3.3	10.3	10.4	-6.5	-6.7
BHP Billiton	1.7	2.6	7.5	-5.0	-5.8
Vale	1.5	4.0	4.0	-17.0	-27.9
FMG	-1.0	13.0	-8.2	-29.0	-14.9
Xstrata	2.1	2.9	18.6	-14.1	-1.3
Anglo American	0.2	3.3	4.5	-18.4	-17.8
Vedanta	2.9	11.3	28.7	-3.8	-9.1
Steel					
US Steel	-1.5	9.7	-1.0	-26.6	-21.5
Nucor	1.0	7.5	5.6	4.2	5.5
Arcelor Mittal	-0.9	6.0	0.0	-7.5	-19.0
Bao Steel	2.0	2.2	10.4	-7.9	-12.7
Posco	-1.3	-7.7	-8.3	-10.2	-10.1
JFE Holdings	2.4	13.0	12.5	-20.4	-18.4
Nippon	3.5	11.9	14.1	-7.8	-8.7
Thyssen Krupp	0.1	5.9	23.4	1.5	-16.1
Voest Alpine	3.9	2.2	19.3	3.1	-1.3
Gerdau	0.1	-7.3	-1.6	-6.2	-2.7
Aluminium					
Alcoa	0.0	-2.3	5.7	-11.1	-20.4
Rusal	0.9	-0.9	6.5	-19.1	-32.2
Chalco	2.4	7.8	9.1	-8.0	-20.1

■ Best performer ■ Worst performer

Source: MOSL, Bloomberg

Among global mining companies, FMG was the best performer while BHP Billiton was the worst performing stock over the last one month

Among global steel majors, JFE Holding was the best performer while Posco was the worst performing stock over the last one month



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