

FIRST LIGHT 18 September 2025

#### RESEARCH

# [SECTOR REPORT] METALS & MINING

Growth momentum to continue, pricing to see improvement sustain

### **BOB ECONOMICS RESEARCH | TRADE TARIFFS**

Impact of Tariffs on stock markets

#### **BUILDING MATERIALS**

Positive trade flow across building material

## **GOODLUCK INDIA | NOT RATED**

Leveraging full lifecycle expertise to ride industry tailwinds

### **SUMMARY**

# [SECTOR REPORT] METALS & MINING

- Demand growth cycle to continue driven by government spend and growth in steel consuming sectors
- Companies with expansion projects and cost savings from captive mines to benefit more, relative to other players
- Initiate coverage on JSW Steel, Jindal Steel, TATA Steel & SAIL. Jindal Steel and Tata Steel our top picks

Click here for the full report.

## **INDIA ECONOMICS: TRADE TARIFFS**

The current calendar year (CY25) had a rough start, as the new US administration led by President Donald Trump started its term by announcing tariffs on its major trading partners and key commodities. Initially the tariffs were product based (automobiles and parts, steel, aluminium), which were later expanded to all the countries. As a response to these announcements, we have analysed how stock indices of some major economies reacted. We note that between Jan and Apr'25 when majority of these decisions were being announced, US markets struggled the most. Equity indices (Dow Jones and S&P500) posted negative returns, and their respective market cap fell. In the same period, only Hong Kong, Brazil, China and India gave positive returns.

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# **BUILDING MATERIALS**

- India's tiles net export was up 16.1% YoY in Jul'25 owing to a low base, but was down 20.8% over Jul'23
- India's laminates monthly net export volume/value was up 5.3%/9.5% YoY in Jul'25
- MDF and particleboard net imports fell sharply for the 5th consecutive month, due to BIS implementation in Feb'25

Click here for the full report.

## **GOODLUCK INDIA**

- Products spanning across engineering structures, forging products, precision pipes, auto tubes, CR coils and pipes
- Caters to high growth sectors like auto, infrastructure, railways, defence and solar
- Management aspires to double revenues in the next 4 years based on existing clientele and new business areas

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### **METALS & MINING**

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### Growth momentum to continue, pricing to see improvement

 Demand growth cycle to continue driven by government spend and growth in steel consuming sectors

 Companies with expansion projects and cost savings from captive mines to benefit more, relative to other players

Initiate coverage on JSW Steel, Jindal Steel, TATA Steel & SAIL.
 Jindal Steel and Tata Steel our top picks

**Sukhwinder Singh** research@bobcaps.in

**Demand drivers in place; expansion projects to benefit:** Indian steel industry is witnessing a good demand cycle, driven by a large public capex and continued growth in the underlying steel consuming sectors. To leverage this demand cycle, all major steel companies are adding capacity in next 5 years with estimated addition of 30mnt over FY25-FY30E period.

**Safeguard duty – a positive for pricing environment:** The imposition of 12% safeguard duty in April'25 has eased pricing pressure for domestic steel producers, especially ahead of the seasonally strong post-monsoon quarter. Now, the 12% duty will be in the 1st year, 11.5% in 2nd year and 11.0% in the 3rd. This move has led to lower imports and stabilised local steel prices. The benefit was seen in Q1FY26 with decline in steel imports by 27.3% YoY. This policy measure will help pricing growth for FY26E, FY27E and FY28E on demand growth and price hikes.

Initiating coverage on Steel and India's key players in the sector: We initiate coverage on JSW Steel, Jindal Steel, Tata Steel and Steel Authority of India (SAIL).

**JSW Steel – HOLD:** We value the company on 7x its Sept'27E EBITDA basis to arrive at TP of Rs1,074. Ongoing expansion projects of 7.7mnt and ramp-up in commissioned Vijayanagar 5.0mnt expansion, provides strong growth visibility on volume growth with est. 10% CAGR over FY25-FY28E.

**Jindal Steel – BUY:** We value the company on 6.5x its Sept'27E EBITDA basis to arrive at TP of Rs1,213. We estimate 14% CAGR volume growth over FY25-FY28E, aided by expansion, incremental savings from coal mines and pricing growth.

**Tata Steel – BUY:** We value the company on SoTP basis to arrive at TP of Rs202. We value the India business at 7x its Sept'27 EBITDA and value the Europe business at 5.5x its Sept'27E EBITDA. Ramp up in Kalinganagar project in India and cost savings programme across Netherlands & UK to drive Europe profitability.

**SAIL – SELL:** We value the company on 5.5x its Sept'27E EBITDA basis to arrive at TP of Rs121. Higher costs to keep EBITDA/t at a discount to peers.

## Recommendation snapshot

Ticker	Price	Target	Rating
JSP IN	1,034	1,213	BUY
JSTL IN	1,111	1,074	HOLD
SAIL IN	133	121	SELL
TATA IN	171	202	BUY

Price & Target in Rupees | Price as of 17 Sep 2025





## TRADE TARIFFS

17 September 2025

# Impact of Tariffs on stock markets

The current calendar year (CY25) had a rough start, as the new US administration led by President Donald Trump started its term by announcing tariffs on its major trading partners and key commodities. Initially the tariffs were product based (automobiles and parts, steel, aluminium), which were later expanded to all the countries. As a response to these announcements, we have analysed how stock indices of some major economies reacted. We note that between Jan and Apr'25 when majority of these decisions were being announced, US markets struggled the most. Equity indices (Dow Jones and S&P500) posted negative returns, and their respective market cap fell. In the same period, only Hong Kong, Brazil, China and India gave positive returns.

Sonal Badhan Economist

Post Apr'25 and until Sep'25 (till 15 Sep), stock indices have rebounded sharply, and significant gains have been made to their market capitalization. This could be attributed to a period of 90-day pause announced by the US in Apr'25, number of bilateral trade deals negotiated with the US (UK, Japan, Indonesia, Vietnam) and ongoing truce between US and China.

In these uncertain times, Indian markets fared well, until additional 25% tariff was imposed by the US on Indian imports. However, the impact of this was cushioned by strong domestic fundamentals, which have been supported by robust domestic consumption and announcement of GST 2.0 to provide further boost to growth. We believe markets have now priced in the uncertainty around tariff related decisions.

# Background:

In the current year, stock markets have seen considerable volatility given the everchanging tariff landscape and ongoing geo-political tensions. For the purpose of this note, we have analysed how global stock indices reacted to certain key tariff announcements. To provide some backdrop, on 20 Jan 2025 when President Donald Trump took oath as the US President for the second time, he highlighted that changes to current trade policies will be his administration's first priority. Consequently, major announcements were made, the timeline for which is provided below.

- On 1 Feb 2025, tariffs on Canada, China and Mexico were announced, which were later put on hold.
- US imposed 25% tariff on steel and aluminium imports on 10 Feb 2025, which went into effect on 12 Mar 2025.





## **BUILDING MATERIALS**

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## Positive trade flow across building material

 India's tiles net export was up 16.1% YoY in Jul'25 owing to a low base, but was down 20.8% over Jul'23 **Utkarsh Nopany** research@bobcaps.in

- India's laminates monthly net export volume/value was up 5.3%/9.5%
  YoY in Jul'25
- MDF and particleboard net imports fell sharply for the 5th consecutive month, due to BIS implementation in Feb'25

Key takeaways from the Ministry of Commerce trade statistics for the building materials (BM) sector for Jul'25.

**Tiles:** India's tiles net export was up 16.1% YoY to Rs 15.4bn in Jul'25, owing to low base, but was down 20.8% over Jul'23. With a steep rise in tariff by the US on Indian products, we believe the Indian tiles industry exports could remain weak in the near term. US accounts for 7.2% of Indian tiles exports in FY25. Going forward, we expect the pricing scenario in the tiles sector to improve once we see a sharp recovery in tile exports.

**Laminates:** India's laminates monthly net export volume/value run rate grew by 5.3%/9.5% YoY in Jul'25. Exports form roughly 30-50% of the total sales of major domestic laminate companies.

**MDF:** India remains a net MDF exporter for the 5th consecutive month (with net exports of 5,866 CBM in Jul'25 vs net monthly import of 16,288 CBM in Jan-Feb'25), due to the impact of BIS implementation in Feb'25. However, pricing scenario in the domestic market has not improved in Q2FY26, due to supply side pressure in the domestic market. If MDF imports remain restricted at such low levels, we believe the MDF industry margin could sharply improve over the next one year in anticipation of quick ramp-up of new capacities (which would improve the pricing power in the sector over the next 3-4 quarters) and moderation in timber prices.

**Particleboard:** India remains a net exporter of particleboard for the 3rd consecutive month (with net export of 465 CBM in Jul'25 vs net import of 946 CBM in June'24) due to the impact of BIS implementation in Feb'25. However, we believe the recovery in particleboard industry margin to normal level would take longer as compared to the MDF segment, owing to large capacity additions in the domestic market over the past two quarters.





#### **NOT RATED**

**GOODLUCK INDIA** 

Steel Pipes & Tubes

17 September 2025

## Leveraging wide product portfolio to cater to growing sectors

- Products spanning across engineering structures, forging products, precision pipes, auto tubes, CR coils and pipes
- Caters to high growth sectors like auto, infrastructure, railways, defence and solar
- Management aspires to double revenues in the next 4 years based on existing clientele and new business areas

**Sukhwinder Singh** research@bobcaps.in

Diversified business model catering to key consuming sectors: Goodluck India is in the business of manufacturing engineering structures, forging products, precision pipes & auto tubes and CR coils, pipes & tubes. These products find applications in varied segments of auto, infra, railways, defence and solar. Wide applications protect its business from getting impacted due to slowdown in any one sector of the economy. Diversified model and long-term relationship with OEMs place the company in a better position vs pure pipe and tube players. Incorporated in 1986, the company is promoted by Mahesh Chandra Garg (an IIT Roorkee alumni). It has plants situated at Bulandsher in UP, Dadri in UP and Bhachau in Gujarat.

Goodluck India well positioned to benefit from its product portfolio, strong clientele and new business drivers: Goodluck India has a wide product portfolio of ERW Steel Pipes (Black, Red Painted & Galvanized), Hollow Sections, CR Coils, CRCA Sheets and Pipes, Galvanised Coils, CDW Tubes, Forgings & Flanges, Telecom & Transmission Line Towers, Substation Structure, Bridges for Roads & Railways. This helps expand customer base to 600+ customers spread across 100 countries. Exports share stands at 25% while domestic at 75%. Goodluck India expanded overall capacity from 364,000 tonnes in FY23 to 500,000 tonnes in FY25, which is associated with utilisation of 89% in FY25.

Investment in Hydraulic tube plant that is import substitution product and increased commitment to Defence will yield incremental benefits in the next 2-3years. Thus, the company is well positioned for business growth and expansion in margins in coming years.

Based on existing clientele and growth from new business areas, the management aspires to double revenues in the next 4 years from FY25 revenues of Rs39,359mn.





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BUY - Expected return >+15%

HOLD - Expected return from -6% to +15%

SELL - Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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