

STEEL



July 2021

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Executive summary

Strong growth opportunities

- Demand for steel from different sectors will drive this industry.
- Consumption of steel by India's infrastructure segment is expected to increase to 11% by FY26.
- Steel demand from the automotive sector is expected to increase due to rise in the demand for automobiles.
- The new Vehicle Scrappage policy will help in reducing steel prices as the policy enables recycling of materials used in old vehicles.
- On the healthcare front, key steel producers are now exceeding their capacities to produce oxygen cylinders for COVID patients.
- The Smart Cities' Affordable Housing and industrial corridors are a few government initiatives to boost the steel industry
- About 158 lakh metric tonnes (MT) of steel are likely to be consumed in the construction of houses sanctioned under the Pradhan Mantri Awas Yojana (Urban).



Second-largest producer of crude steel

- In FY21, the production of crude steel and finished steel stood at 102.49 MT and 94.66 MT, respectively.
- In May 2021, the production of crude steel in India stood at 9.2 MT (million tonnes).
- According to CARE Ratings, crude steel production is expected to reach 112-114 MT (million tonne), an increase of 8-9% YoY in FY22.
- In May 2021, finished steel production stood at 7.8 MT.
- In June 2021, SAIL's crude steel production stood at 1.30 MT and saleable steel production was 1.27 MT.
- SAIL reported 5.6% growth in crude steel production for the fourth quarter of FY21. The production stood at 4.55 MT against 4.31 MT in the same period in FY20.
- Moreover, capacity increased to 142.29 million tonnes (MT) in FY20, and the figure is anticipated to rise to 300 MT by 2030-31.

FDI in steel industry

- Policy allowing 100% FDI (via the automatic route) in the steel industry has boosted investments.
- Between April 2000 and March 2021, Indian metallurgical industries attracted FDI inflows of US\$ 14.74 billion.

Note: MTPA - Million Tonnes Per Annum, MT- million tonnes

Source: World Steel Association, Ministry of Steel, News Articles



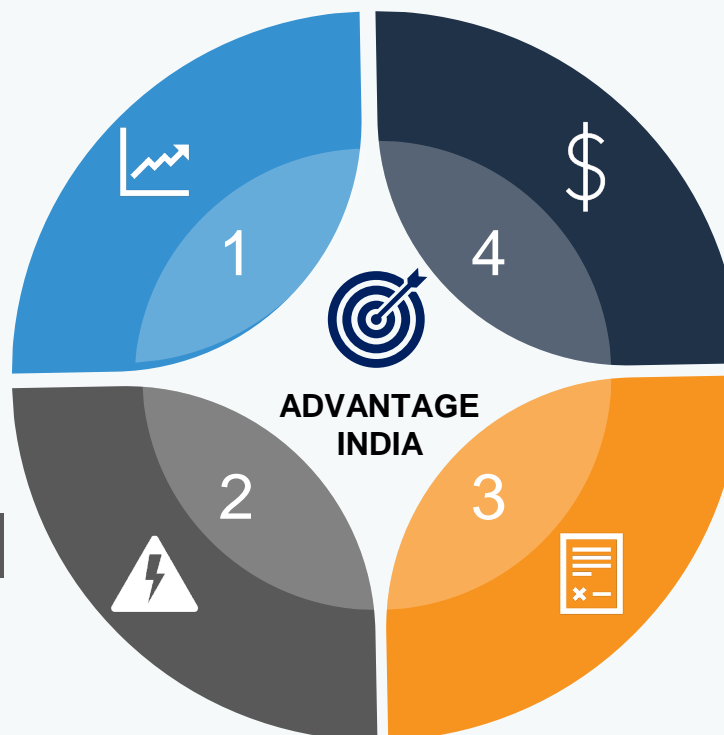
Advantage India

1. Robust Demand

- ▶ India's finished steel consumption is anticipated to increase to 230 MT by 2030-31 from 93.43 MT in 2020-21.
- ▶ In April 2021, India's finished steel consumption stood at 6.78 MT.
- ▶ To drive post COVID-19 economic recovery, for the government has planned investments in roads, railways, metro connectivity, industrial parks, industrial corridors, DFC, transportation of water, oil and gas, transmission towers, affordable housing. All these sectors will drive demand for steel.

2. Competitive Advantage

- ▶ As of May 2021, India was the world's second-largest producer of crude steel with production of 9.2 MT.
- ▶ Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global set up.
- ▶ India is home to fifth-highest reserves of iron ore in the world.



4. Increasing Investment

- ▶ To achieve steel capacity build-up of 300 MTPA by 2030, India would need to invest US\$ 156.08 billion by 2030-31.
- ▶ The industry is witnessing consolidation of players, which has led to investment by entities from other sectors. The ongoing consolidation also presents an opportunity to global players to enter the Indian market.

3. Policy Support

- ▶ The National Steel Policy (NSP) 2017 was implemented to encourage the industry to reach global benchmarks.
- ▶ Government introduced Steel Scrap Recycling Policy to reduce import.
- ▶ Export duty of 30% has been levied on iron ore* (lumps and fines) to ensure supply to domestic steel industry.
- ▶ The Government of India raised import duty on most steel items twice, each time by 2.5%, and imposed measures including anti-dumping and safeguard duties on iron and steel items.
- ▶ Under the Union Budget 2021-22, the government allocated Rs. 39.25 crore (US\$ 5.4 million) to the Ministry of Steel.

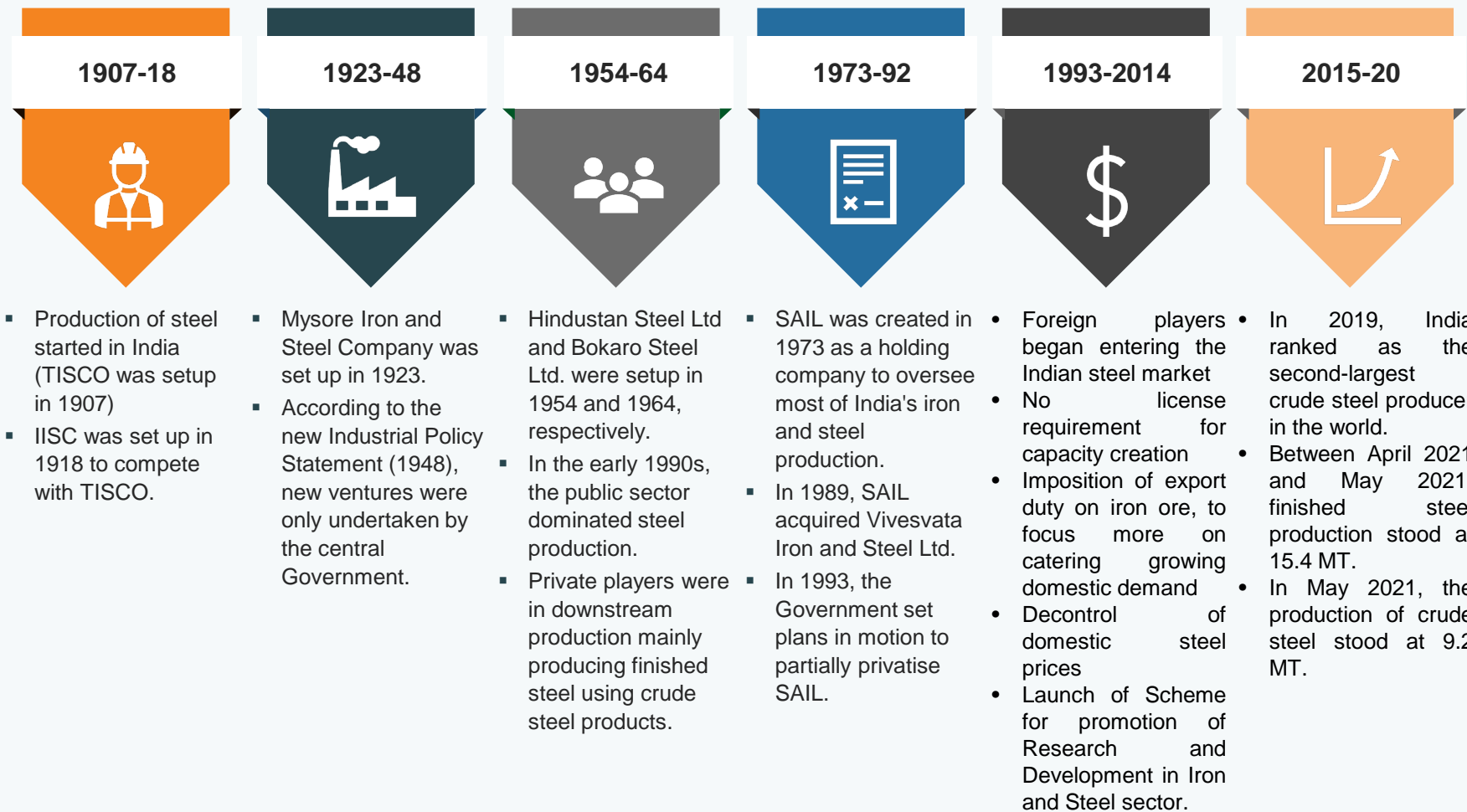
*Notes: MT - Million Tonnes, FDI - Foreign Direct Investment, ^National Steel Policy 2017, #USGS Mineral Commodity Summaries 2020, *except low grade (below 58%), MT - million tonnes, MoM - month over month*

Source: Metallurgical and Materials Engineering Division Board

Market Overview

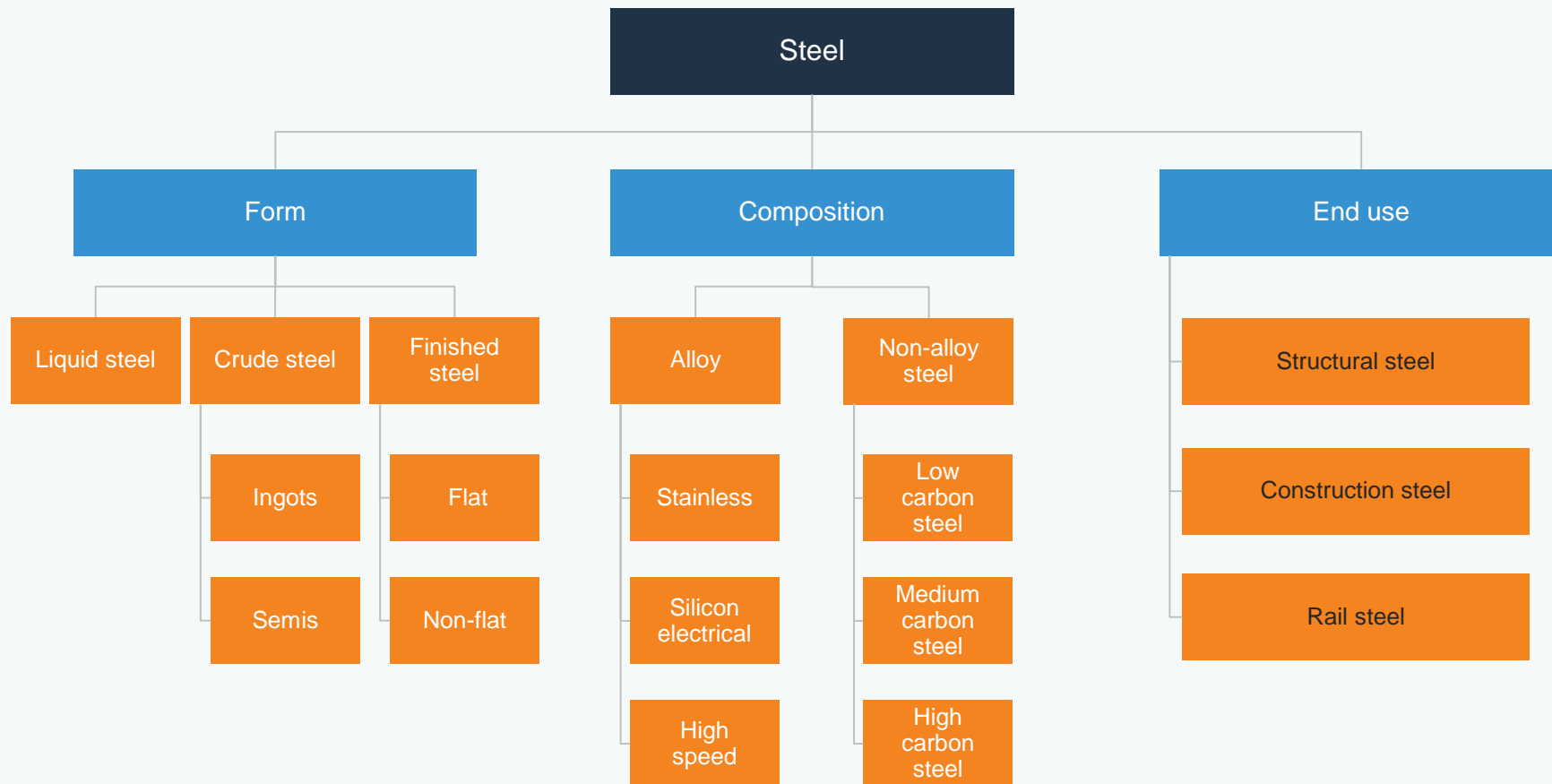


Evolution of the Indian steel sector



Notes: (1)TISCO - Tata Iron and Steel Company; IISC - Indian Iron and Steel Company; SAIL -Steel Authority of India Ltd; MT- million tonnes

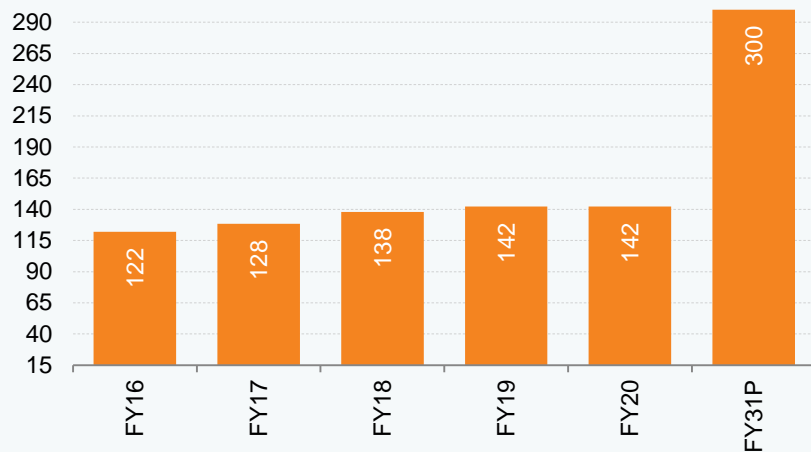
Structure of the steel sector



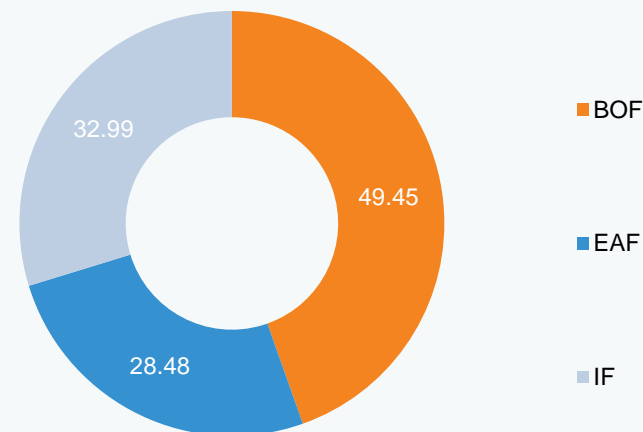
Source: Report on Indian steel industry by Competition Commission of India

Steel production capacity has expanded rapidly

Crude Steel Production Capacity (in million tonnes)



Crude Steel Production Capacity in FY19 – By Route (in million tonnes)



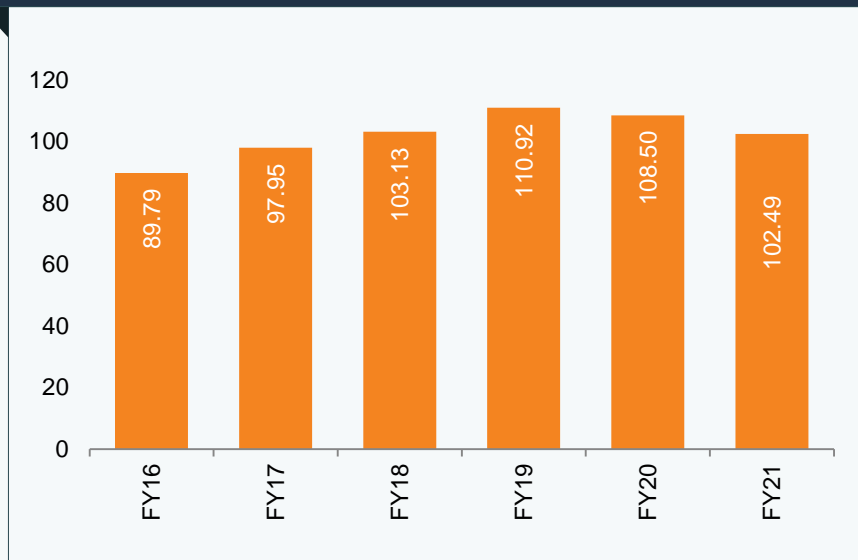
- India's steel production capacity has expanded rapidly over the past few years, growing at a CAGR of 3.93% from 122 MT in FY16 to 142 MT in FY20. The National Steel Policy 2017 has envisaged achieving up to 300 MT of production capacity by 2030-31.
- By FY22, India's total steel capacity is likely to increase to 150 MT annually.
- BF-BOF route is expected to contribute 65% of the capacity, while the remaining 35% is expected to come from EAF & IF routes.
- Expansion of production capacity to 300 MT will translate into additional investment of Rs. 10 lakh crore (US\$ 156.08 billion) by 2030-31.
- Steel companies are looking to restart expansion projects on the back of surging steel process with a capacity addition of 29 MT.

Note: P - Projection, BF-BOF - Blast Furnace-Blast Oxygen Furnace, EAF - Electric Arc Furnace, IF - Induction Furnace, MT- million tonnes

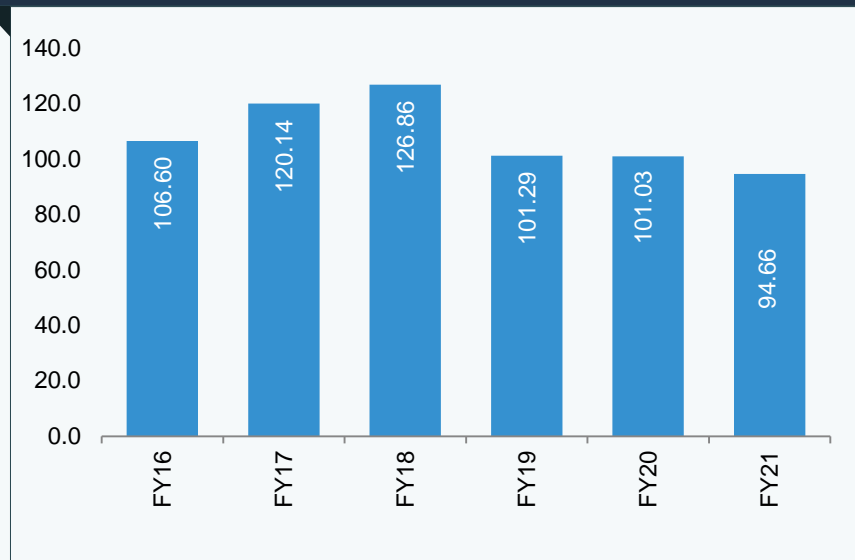
Source: Joint Plant Committee, Ministry of Steel, New articles

Steel production in India has been growing at a fast pace

Total crude steel production (million tonnes)



Total finished steel production (million tonnes)

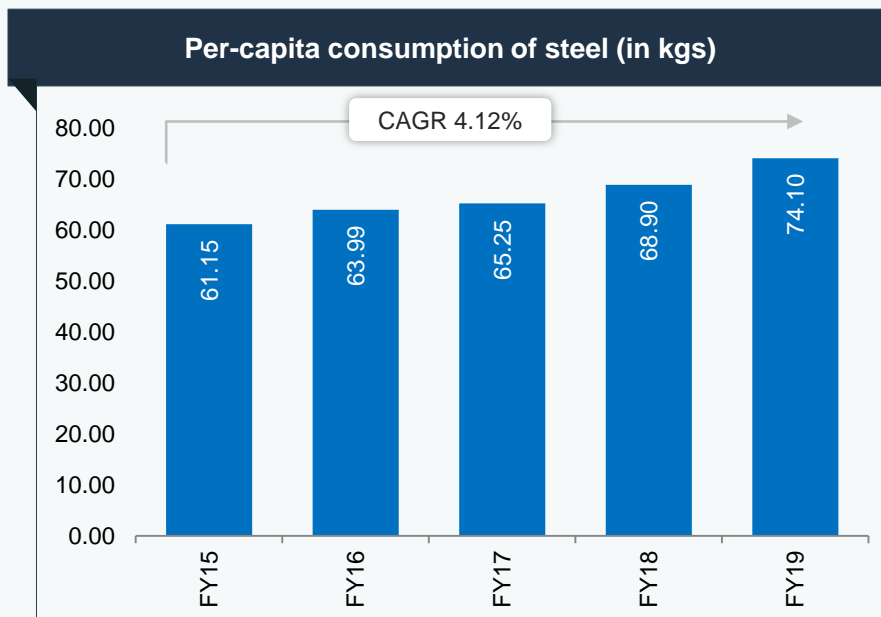
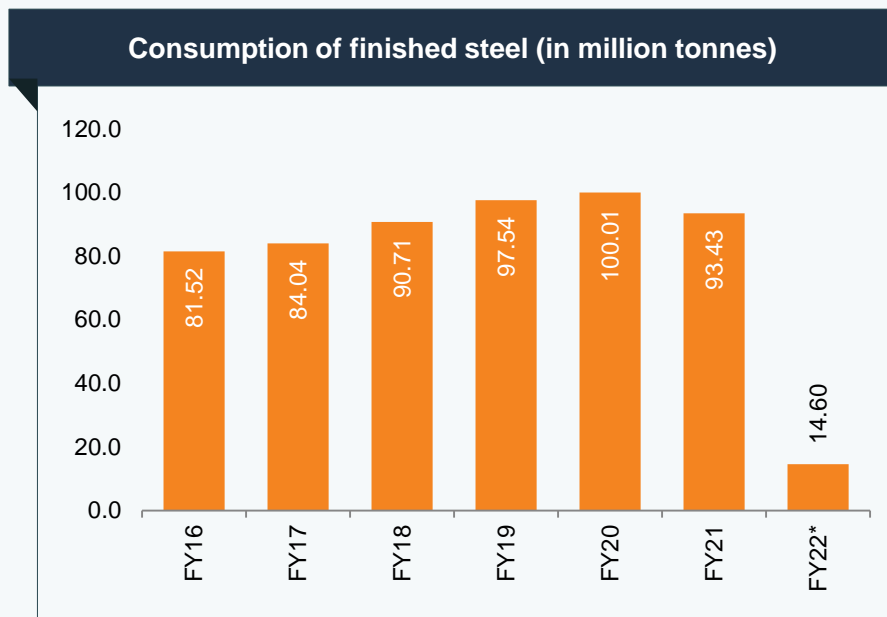


- The steel sector contributes over 2% to India's GDP. Also, it employs 500,000 people directly and 2.50 million indirectly.
- In June 2021, SAIL's crude steel production stood at 1.30 MT and saleable steel production was 1.27 MT.
- In FY21, production of crude steel and finished steel stood at 102.49 MT and 94.66 MT, respectively.
- To support MSMEs, the government has reduced customs duty on stainless steel to 7.5%.
- According to CARE Ratings, crude steel production is expected to reach 112-114 MT, an increase of 8-9% YoY, in FY22. This demand will be supported by economic recovery, government spending and enhanced liquidity.
 - The Union Budget 2021-22 has a 34.5% YoY increase in allocation for capex at 5.54 lakh crore (US\$ 74.60 billion). The budget's focus is on creating infrastructure and manufacturing to propel the economy. In addition, enhanced outlays for key sectors such as defence services, railways, and roads, transport and highways would provide impetus to steel consumption.

Notes: FY - Indian Financial Year (April - March), MT - Million Tonnes

Source: Joint Plant Committee, News Articles, Ministry of Steel, World Steel Association, CARE Ratings

Demand has outpaced supply over the last five years



- Between April 2021 and May 2021, finished steel consumption stood at 14.6 MT.
- In April 2021, India's finished steel consumption stood at 6.78 MT. The National Steel Policy aims to increase per capita steel consumption to 160 kgs by 2030-31.
- It is expected that consumption per capita would increase, supported by rapid growth in the industrial sector and rising infra expenditure projects in railways, roads and highways, etc.
- The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

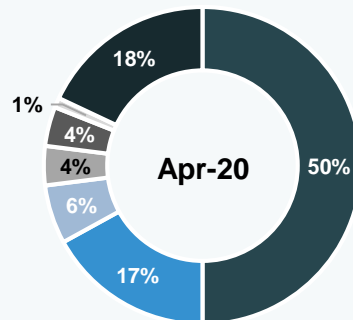
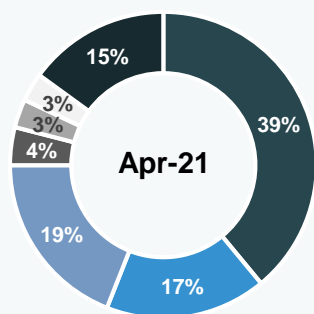
Note: MT - Million Tonnes, kg – kilograms, *FY22: From April 2021 to May 2021

Source: JPC India Steel, Ministry of Steel, World Steel Association

Trends in import and export of steel

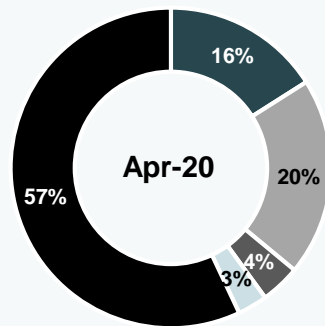
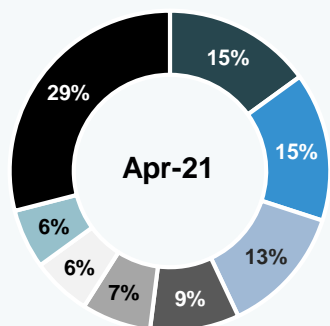
- Exports and imports of finished steel stood at 10.79 MT and 4.75 MT, respectively, in FY21. In April 2021, India's export rose by 121.6% YoY, compared with 2020. In FY20, India exported 8.24 MT of finished steel.

Import destinations of finished steel from India: Apr-21 vs. Apr-20



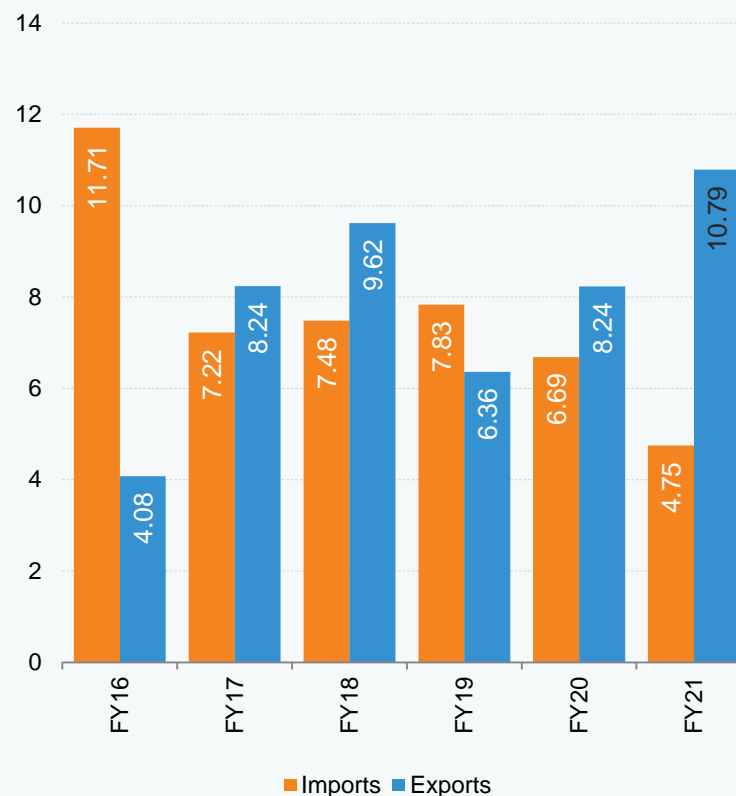
■ Korea ■ China ■ Japan ■ Taiwan ■ Germany ■ Vietnam ■ Others

Finished steel export source countries to India: Apr-21 vs. Apr-20



■ Begium ■ Italy ■ Turkey ■ Spain ■ Vietnam ■ Hongkong ■ Nepal ■ Others









Finished steel export and import (in million tonnes)



Note: FY - Indian Financial Year (April - March), MT- million tonnes

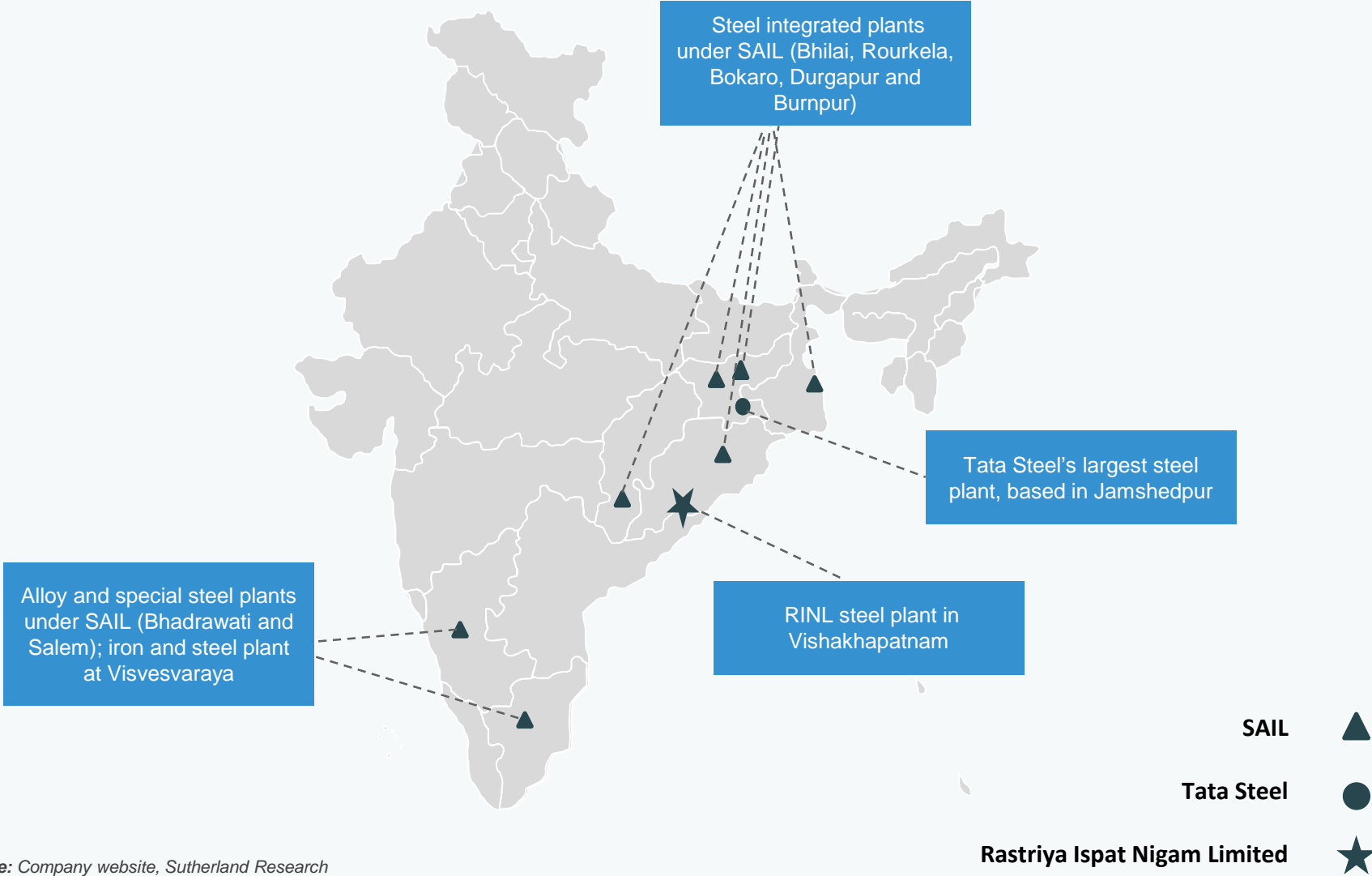
Source: Ministry of Steel

Key players of the industry

	Company	Products
	Tata Steel Ltd.	Finished steel (non-alloy steel)
	SAIL	Finished steel (non-alloy steel)
	JSW Steel Ltd.	Hot-rolled coils, strips and sheets
	Jindal Steel and Power Ltd.	Iron and steel
	Welspun-Gujarat Stahl Rohren Ltd.	Tubes and pipes
	Visa Steel Ltd.	Ferro Chrome, coke and special steel
	Essar Steel	Hot Rolled, Cold Rolled, Galvanized, Colour-Coated products, extra wide plates and pipes
	RINL Powergrid TLT Pvt Ltd.	Forged Rounds, Rebars, Rounds, Wire Rod coil, rounds, billets

Source: Sutherland Research

Key steel plants in India



Source: Company website, Sutherland Research

Steel SEZs in India

Developer	Location	Product
Tata Steel Special Economic Zone (TSSEZ)	Gopalpur, Odisha	Steel and allied downstream industries

Source: Formal approvals granted in the Board of Approvals after the SEZ rules coming into force, Special Economic Zones in India website, www.sezindia.nic.in

Recent Trends and Strategies



Notable trends in the Indian steel industry... (1/3)

1

Growing investment

- In June 2021, AM/NS India, a joint venture between ArcelorMittal and Nippon Steel, announced plans to increase its capacity to 30 MT with an investment of Rs. 85,000 crore (US\$ 11.40 billion).
- Between April 2000 and March 2021, Indian metallurgical industries attracted FDIs of US\$ 14.74 billion.
- In the next three years from June 2021, JSW Steel is planning to invest Rs. 47,457 crore (US\$ 6.36 billion) to increase Vijayanagar's steel plant capacity by 5 MTPA and establish a mining infrastructure in Odisha.
- In June 2021, Mr. T.V. Narendran, the newly elected CII president and MD of Tata Steel, in an interview with The Telegraph, stated that steel companies have firmed their plans to invest ~Rs. 60,000 crore (US\$ 8.09 billion) over the next three years—this is was the biggest private sector investment plan announced in recent times.
- In April 2021, in a virtual roundtable conference organised by the Indian Chamber of Commerce, Mr. Shin Bongkil, the South Korean Ambassador to India, announced that POSCO, the South Korean steel giant, is planning to set up an integrated steel plant in Odisha at an investment of US\$ 12 billion, which would make it the country's biggest FDI project.
- In March 2021, Arcelor Mittal Steel signed Rs 50,000 crore deal with Odisha government to setup a steel plant in the state.
- The production capacity of SAIL is expected to increase from 13 MTPA to 50 MTPA in 2025 with total investment of US\$ 24.88 billion.

2

Strategic alliances

- In June 2021, JSW Steel, CSIR-National Chemical Lab (NCL), Scottish Development International (SDI) and India H2 Alliance (IH2A) joined forces to commercialise hydrogen in steel and cement sectors.
- In May 2021, JSW Steel signed a Memorandum of Understanding (MOU) to conduct a feasibility study with its strategic alliance partner JFE Steel Corporation to establish a Grain Oriented Electrical Steel Sheet Manufacturing and Sales Joint-Venture Company in India.
- In March 2021, JSW Steel completed its takeover of debt-ridden Bhushan Power and Steel Ltd. This boosted its overall output to 21.5 mtpa.

Notes: MTPA - Million Tonnes Per Annum

Source: Ministry of Steel, News Sources, DPIIT

Notable trends in the Indian steel industry... (2/3)

3

Entry of international companies

- Attracted by the growth potential of the Indian steel industry, several global steel players have been planning to enter the market.
- In February 2020, GFG Alliance acquired Adhunik Metaliks and its arm, Zion Steel, for Rs. 425 crore (US\$ 60.81 million), marking its entry into the Indian steel market.
- CarVal Investors, the investment arm of US-based agri group, Cargill, has offered around Rs. 2,000 crore (US\$ 277.20 million) along with Asset Reconstruction Company (India) Ltd. for the purchase of Uttam Value Steels and Uttam Galva Metalics.

4

Increased emphasis on technological innovations

- In the wake of COVID-19 pandemic, Tata Steel has geo-fenced its plant premises to track the movement of employees to track and manage any COVID-19 cases amongst its employees.
- Companies are attempting coal gasification and gas-based direct-reduced iron (DRI) production. Other alternative technologies such as Hismelt, Finex and ITmk3 being adopted to produce hot metal.
 - Provisional Worldsteel report indicates that the global DRI output stood at 15.31 MT from January to February 2021, up 0.9% over same period last year, driven by India (6.4 MT, 42% share) at the number one spot.
- The Ministry of Steel has issued necessary direction to the steel companies to frame a strategy for taking up more R&D projects by spending at least 1% of their sales turnover to facilitate technological innovations in the steel sector.
- The Ministry has established a task force to identify the need for technology development and R&D.
- The Ministry has adopted energy efficiency improvement projects for mills operating with obsolete technologies.
- In January 2021, the Ministry of Steel, signed a Memorandum of Cooperation with the Ministry of Economy, Trade and Industry, Government of Japan, to boost the steel sector through joint activities under the framework of India–Japan Steel Dialogue.
- In February 2021, Tata Steel BSL collaborated with FarEye, a software logistics firm, to improve its digital transformation process.

Source: Ministry of Steel, News Sources

5

Vehicle Scrappage Policy to reduce steel prices

- India is spreading its wings further to foray into another highly potential, yet untapped metal industry.
- The recently announced 'Vehicle Scrappage Policy' intends to de-clutter the country of its huge automobile and white goods waste through recycling.
- This proposed policy seeks to phase out unfit vehicles to reduce vehicular pollution, meet the climate commitments, improve road safety and fuel efficiency, formalise the vehicle scrapping industry and recover low-cost materials for the automotive, steel and electronics industries.
- Primarily, this new policy aims to boost new vehicles sales, which will stimulate the economy. Automobile manufacturers and the allied industry will benefit from this policy.
- With the scrapping of old vehicles, raw materials such as plastic, copper, aluminium, steel and rubber will be recycled. This will bring down the cost component and help the industry become more cost competitive.

6

Steel plants as heroes tackling India's oxygen scarcity

- Steel plants across the country ramped up supply of essential liquid medical oxygen from 538 metric tonnes per day in April 2021, to >4,000 metric tonnes, with supplies touching 4,435 metric tonnes, as of May 17, 2021.
- In April 2021, India faced a severe shortage of oxygen cylinders for COVID patients.
- It was only a year ago that the central government, for the first time ever, permitted manufacturers of industrial oxygen to produce and sell gas for medical use. The decision proved to be a life saver during the pandemic.
- Currently, 28 oxygen units located in major public and private sector steel plants are supplying ~1,500 metric tonnes of medical oxygen per day (MTPD) across the country, as per data by the Ministry of Steel.
- Some steel plants are also filling oxygen cylinders and supplying to the states and hospitals.

Source: News Sources



CAPACITY EXPANSION

- Tata Steel is planning to expand its annual capacity in India from 34 MTPA to 55 MTPA by 2030.
- Companies in the steel industry are investing heavily in expanding their capacity. Major public and private companies, including Tata Steel, SAIL and JSW Steel, are expanding their production capacity.
- In September 2020, the state-owned steel major SAIL reported doubling of capacity in 5 of its plants. It had undertaken modernisation and expansion at its steel plants at Bhilai, Bokaro, Rourkela, Durgapur, and Burnpur. Crude steel capacity has increased from 12.8 million tonnes per annum (MTPA) to 21.4 MTPA.
- A long-term perspective is to achieve capacity of 300 MTPA by 2030 as per National Steel Policy 2017.
- Tata Steel is expanding the capacity of its Kalinganagar plant from 3 MTPA to 8 MTPA with an estimated investment of Rs. 23,500 crore (US\$ 36.46 billion). The expansion is likely to be completed by 2021 or early 2022. It is expected to improve margins and lead to cost effectiveness. The company is planning to increase its overall installed capacity to 30 MTPA by 2025 from the current 18.5 MTPA.
- In JSW Steel has undertaken capacity expansion at its Dolvi unit in Maharashtra. It is investing around Rs. 15,000 crore (US\$ 2.24 billion) to double the capacity of its plant to 10 MT. The plans have been delayed due to unavailability of labour due to COVID-19 lockdowns. The company now expects to finish the expansion by first half of 2022.
- In May 2021, JSW Steel announced the steel-making expansion at its Vijayanagar plant by 5 MT every year to 17 MT every year, by the financial year ending March 2024.



EXPANSION THROUGH BROWNFIELD INVESTMENT

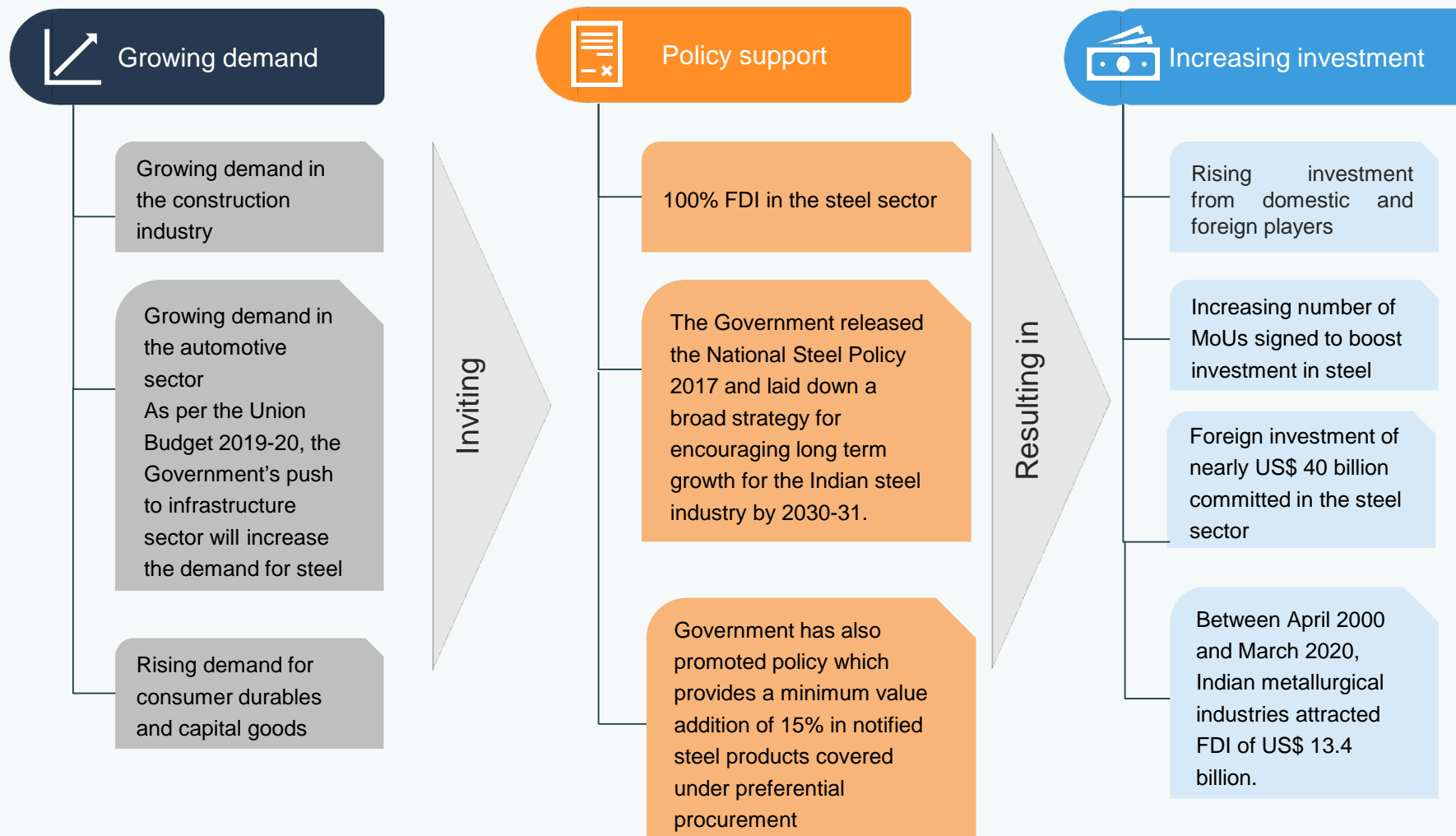
- The steel sector is going through a phase of consolidation and companies operating in the sector are expected to undertake brownfield investments for expansion.
- In June 2021, Shyam Metals and Energy Ltd. (SMEL) announced that the company is planning to double its production capacity at an estimated investment of ~Rs. 2,894 crore (US\$ 389.72 million) through brownfield expansion at two of its units in the next 3-4 years.
- In March 2019, ArcelorMittal was declared as the winning bidder to acquire Essar Steel for a consideration of Rs. 42,000 crore (US\$ 5.82 billion).

Note: GDP - Gross Domestic Product, MTPA - Million tonnes per annum

Source: CCI, Ministry of External Affairs

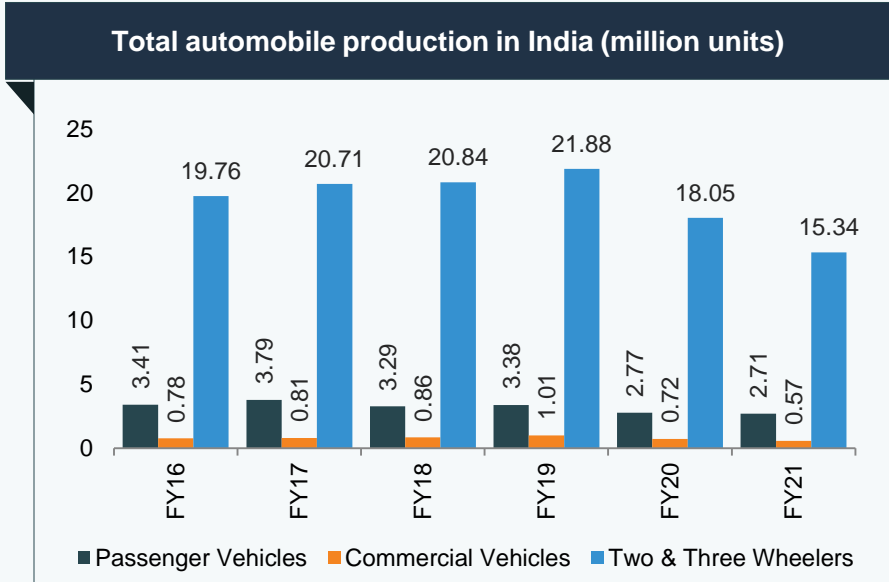
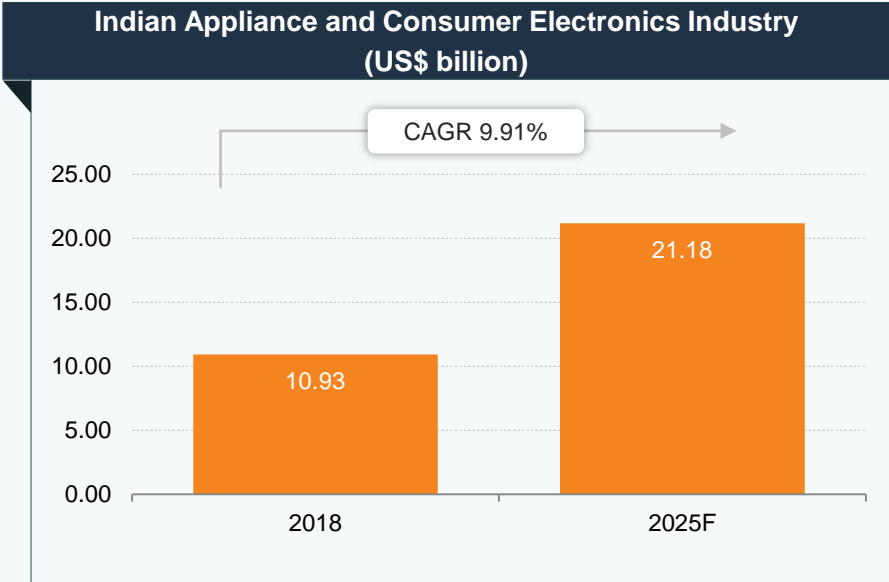


Strong demand and policy support driving investments



Notes: FDI - Foreign Direct Investment, MOU - Memorandum of Understanding

Capital goods, consumer durables and automotive further driving steel growth



- Between 2018-25F, the appliance and consumer electronics (ACE) sector will expand at a CAGR of 9.91%, contributing to the growth of the steel industry.
- Growth in automobile production is also expected to augment growth in steel production. Automobile production in India stood at 18.6 million units in FY21. According to ICRA, the Indian passenger vehicle (PV) industry is expected to post a growth of 22-25% in FY22.
 - In March 2021, India Ratings and Research (Ind-Ra) revised the outlook for the auto sector to 'improving for FY22' from negative, backed by likely revival across segments, positive consumer sentiments amid macroeconomic tailwinds after recovering from the COVID-19 pandemic. The rating agency expects auto volumes to increase by 16-20% YoY in FY22 after recording a decline of ~14% YoY in FY21.
- Gross Value Added (GVA) of the construction industry at current prices increased at a CAGR of 8.4% between FY16 and FY20. Since construction industry is a major consumer of steel, expansion across construction industry will translate into growth of steel sector.

Notes: F - Forecast, FY - Indian Financial Year (April - March), *Provisional Estimates of National Income, * - As per 2nd advanced estimate

Source: SIAM, PwC, CEAMA

Policy support aiding growth in the steel sector... (1/2)

Steel Clusters

- In September 2020, the Ministry of Steel prepared a draft framework policy for development of steel clusters in the country.
- The draft framework policy is aimed at facilitating and establishing greenfield steel clusters, along with development and expansion of the existing steel clusters.

National Steel Policy 2017

- New National Steel Policy was formulated by the Ministry of Steel in 2016 to retain the objectives included in National Steel Policy (NSP) 2005. It aimed at covering broader aspects of steel sector across the country including environment and facilitation of new steel projects, growth of steel demand in India and raw materials
- Under the policy, the central Government stated that all the Government tenders will give preference to domestically manufactured steel and iron products. Moreover, Indian steel makers importing intermediate products or raw materials can claim benefits of domestic procurement provision by adding minimum of 15% value to the product.
- The National steel policy, 2017 aspired to achieve 300MT of steel making capacity by 2030-31. This would translate into additional investments of Rs. 10 lakh crore (US\$ 156.08 billion).
- Further, it aimed to increase per capita steel consumption to 160 kgs by 2030-31.

R&D and innovation

- The scheme for the promotion of R&D in iron and steel sector has been continued under the 14th Finance Commission (FY20). Under the scheme, 26 projects have been approved with financial assistance of Rs. 161 crore (US\$ 24.98 million) from the Ministry of Steel.
- Ministry of Steel is setting up industry driven institutional mechanism - Steel Research & Technology Mission of India (SRTMI) - with an initial corpus of US\$ 30.89 million. The institute will facilitate joint collaborative research projects in the sector.
- In December 2020, the Minister for Petroleum & Natural Gas and Steel, Mr. Dharmendra Pradhan, has appealed to the scientific community to Innovate for India (I4I) and create competitive advantages to make India 'Aatmanirbhar'.

FDI

- 100% FDI through the automatic route is allowed in the Indian steel sector.

Rise in export duty

- The Government hiked the export duty on iron ore to 50% ad valorem on all varieties of iron ore (except pellets).

Note: MT - Million tonnes

Source: Ministry of Steel, Press Information Bureau

Policy support aiding growth in the steel sector... (2/2)

Duty drawback benefits

- In October 2020, Directorate General of Foreign Trade announced that steel manufacturers in the country can avail duty drawback benefits on steel supplied through their service centres, distributors, dealers and stock yards

Push due to Make in India initiative

- Going forward, the Make in India initiative and policy decisions taken under it are expected to augment the country's steel production capacity and resolve issues related to the mining industry.

Reduction in custom duty on plants and equipment

- The Government has reduced the basic custom duty on the plants and equipment required for initial set up or expansion of iron ore pellets plants and iron ore beneficiation plants from 7.5/5% to 2.5% .
- Customs duty on imported flat-rolled stainless-steel products has been increased to 15% from 7.5% .
- Basic customs duty on steel grade dolomite and steel grade limestone is being reduced from 5% to 2.5% . Basic customs duty is being reduced from 10% to 5% on forged steel rings used in the manufacture of bearings of wind-operated electricity generators.

Production-linked Incentive (PLI) Scheme

- In November 2020, Union Cabinet approved the production-linked incentive (PLI) scheme in 10 key sectors (including electronics and white goods) to boost India's manufacturing capabilities and exports and promote the 'Atmanirbhar Bharat' initiative.
- India is a net exporter of finished steel and has the potential to become a frontrunner in certain grades of steel. PLI scheme has been approved for specialty steel with a financial outlay of Rs. 6,322 crore (US\$ 858.50 million) over a five-year period

Steel sector boosting in Eastern India

- In June 2021, Minister of Steel & Petroleum and Natural Gas Mr. Dharmendra Pradhan addressed the webinar on 'Making Eastern India a manufacturing hub with respect to metallurgical industries', organised by the Indian Institute of Metals.
- In 2020, 'Mission Purvodaya' was launched to accelerate development of the eastern states of India ((Odisha, Jharkhand, Chhattisgarh, West Bengal and the northern part of Andhra Pradesh) through establishment of an integrated steel hub in Kolkata, West Bengal. Eastern India has the potential to add >75% of the country's incremental steel capacity. It is expected that of the 300 MT capacity by 2030-31, >200 MT can come from this region alone, driven by Industry 4.0.
- The Ministry of Steel plans to invest US\$ 70 billion in the eastern region of the country.

The sector witnessed rising investments in the last decade

Date announced	Acquirer name	Target name	Value of deal (US\$ million)
Jan-21	Nithia Capital and CarVal Investors	Uttam Galva Metallics Limited (UGML) and Uttam Value Steel Limited (UVSL)	273.00
Oct-20	JSW Steel Ltd.	Asian Colour Coated Ispat	211.89
Mar-20	Arcelor Mittal Nippon Steel India	Bhander Power plant	-
Feb-20	JSW Steel Ltd.	Bhushan Power and Steel	2,818.72
Mar-19	ArcelorMittal	Essar steel	5,821.21
Sep-18	Tata Steel	Usha Martin Ltd (Specialty Steel Business)	641.41-701.07
Aug-18	Nippon Steel and Sumitomo Metal Corp.	Sanyo Special Steel Co Ltd.	-
Jul-18	Aion Investments-JSW Steel	Monnet Ispat and Energy	428.85
Jul-18	Liberty House	Adhunik Metals	58.42
Jun-18	Vedanta Star Ltd.	Electrosteel Steels	825.45
May-18	Tata Steel Ltd.	Bhushan Steel	5,461.60
Dec-17	Tata Steel Ltd.	Bhubaneshwar Power	39.5
Jan-17	Tata Steel Ltd.	Creative Port Development Pvt Ltd.	-
Aug-16	JSW Steel Ltd.	Praxair Oxygen Pvt. Ltd.	36
Aug-16	Kirloskar Ferrous Industries Ltd.	VSL Steels Ltd.	23.68
Aug-14	JSW Steel Ltd.	Welspun Maxsteel Ltd.	165.85
Apr-14	JSW Steel Ltd.	Vallabh Tinsplate Pvt Ltd.	7.63
Mar-14	Lalitanjali Group Pvt Ltd.	Centom Industries Ltd.	-
Dec-13	Venus Insec Pvt Ltd.	Goodluck Steel Tubes Ltd.	23.73

Cumulative FDI Inflows

Period: From April 2000 to March 2021

Sector

Metallurgical industries

US\$ 14.74 billion

Source: Thomson ONE Banker, Department for Promotion of Industry and Internal Trade (DPIIT). News Articles

Opportunities



OPPORTUNITIES

Opportunities... (1/2)

Automotive

- The automotive industry is forecast to reach US\$ 260-300 billion by 2026.
- The industry accounts for around 10% of the demand for steel in India.
- With increasing capacity addition in the automotive industry, demand for steel from the sector is expected to be robust.

Capital goods

- The capital goods sector accounts for 11% of the total steel consumption and is expected to increase 14-15% by 2025-26. It has the potential to increase in tonnage and market share.
- Corporate India's capex is expected to grow and generate greater demand for steel.

Infrastructure

- The infrastructure sector accounts for 9% of steel consumption and is expected to increase to 11% by 2025-26.
- Due to rising investment in infrastructure the demand for steel products would increase in the years ahead.
- 70% of the country's infrastructure, estimated at Rs. 6 lakh crore (US\$ 89.50 billion), is yet to come up. Thus, a significant growth potential for steel sector is present.*
- For various infrastructure sectors, including real estate and power, the Ministry of Finance planning to set up a stress fund.

Airports

- More and more modern and private airports are expected to be set up.
- In FY19, passenger traffic at Indian airports stood at 344.69 million.
- The number of operational airports stood at 103 as on 31 March 2019.
- Development of tier II city airports will sustain consumption growth.
- Estimated steel consumption in constructing airports is likely to grow more than 20% over the next few years.

- The Government of India has allocated Rs. 111 lakh crore (US\$1.4 trillion) under the National Infrastructure Pipeline (NIP) for FY2019-25. Sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) account for ~71% of the projected infrastructure investments in India.

*Note: Capex - Capital Expenditure, P - Provisional, *According to Mr. Chaudhary Birender Singh, Minister of Steel*

Source: Make In India, SIAM, Ministry of Steel, Airport Authority of India

Opportunities... (2/2)

Railways

- The Dedicated Rail Freight Corridor (DRFC) network expansion would be enhanced in the future.
- Introduction of high-speed bullet trains and metro trains will increase steel usage.
- Gauge conversion, setting up of new lines and electrification would drive demand for steel.
- The Indian Railways is planning to procure over 11 lakh tons of steel from the Steel Authority of India Limited (SAIL) for track renewal and laying new lines across the country.

Oil and gas

- India's primary energy consumption of oil and gas is expected to increase to 10 mbpd and 14 bcfd, respectively, by 2040.
- This would lead to an increase in demand of steel tubes and pipes, providing a lucrative opportunity for the steel industry.

Power

- The Government has envisaged capacity addition of 58,384 MW from conventional sources between 2017-22*. Also, the Government is targeting to achieve 175 GW of renewable power generation capacity by 2022.
- This will lead to enhancement in both transmission and distribution capabilities, thereby raising steel demand from the sector.

Rural India

- Rural India is expected to reach per capita consumption of 12-14 kgs of finished steel by 2020.
- Policies like Pradhan Mantri Awa Yojana and Pradhan Mantri Gram Sadak Yojana are driving growing demand for steel in rural India.
- In FY19, per capita consumption of steel in rural India was estimated to be between 10-15 kgs.





Note: RE - Revised Estimates, mbpd - million barrels per day, bcfd - billion cubic feet per day, *National Electricity Plan 2018

Source: Make In India, Ministry of Power

Key Industry Contacts



Key industry contacts

Agency	Contact Information
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Glossary

- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
 - So FY10 implies April 2009 to March 2010
- JV: Joint Venture
- MoU: Memorandum of Understanding
- MT: Million Tonnes
- MTPA: Million Tonnes Per Annum
- NPAT: Net Profit After Tax
- SEZ: Special Economic Zone
- TMT: Thermo Mechanically Treated
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021*	74.26

Note: As of June 2021

Source: Reserve Bank of India, Average for the year

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