

Ferro alloys

Industry Code (as per CMIE Prowess): 0101013501250000'

June 2022

Overall Industry Risk Score: **11/20 | Marginally Favourable**

Sample Size: 9 Companies


Median Rating Value of sample size: A-

Individual Parameters Contributing to the Score

Demand & Supply Balance  **8/20**

Moderate Over Supply

The production of ferro alloys was impacted during FY21 due to the pandemic-related disruption in the first half. With the resumption in demand from the steel sector in the second half, the performance improved significantly, especially with a sharp rise in prices. As per CMIE data, the industry reported 31.3% y-o-y growth in sales revenue from Rs.23.9 billion in March 2021 quarter to Rs.29.9 billion during the quarter ended March 2022. The production of ferro alloys increased from 26.5 lac tonnes in FY21 to 37.8 lac tonnes in FY22. Imports from China will continue to meet a part of domestic demand. The imposition of export duties on steel will have an impact on steel sector volumes which may affect the volumes of the ferro alloy players.

Extent of Competition  **12/20**

Neutral

The industry remains highly fragmented with limited barriers and the presence of smaller players. It also faces competition from China & Malaysia. For ferro alloys, India also exports ferro alloys for which it faces competition from the players in other countries.

Regulatory Risk



12/20

Predictable Regulatory environment

The government support for the industry is significant as it is a critical raw material for the special steels industry. The industry also exports ferro alloys to countries like China and Japan.

Input related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

The industry is highly power intensive and high cost of power impacts the margins in the industry significantly. It is partly dependent on import of ores for certain ferro alloy products and therefore vulnerable to currency volatility and geo- political risks.