

Iron & Steel Products

Industry Code (as per CMIE Prowess): 0101013501200000'

June 2022

Overall Industry Risk Score: **12/20 | Marginally Favourable**

Sample Size: 23 Companies

Median Rating Value of sample size: A

Individual Parameters Contributing to the Score

Demand & Supply Balance



12/20

DS Equilibrium

Domestic demand was impacted during FY21 mainly on account of lower offtake from user sectors like Oil & gas & infrastructure. Key categories include ERW pipes, Stainless Steel & (Submerged Arc Welded) pipes. Imposition of anti dumping duties on Chinese imports in segments like Seamless pipes act as a protection to domestic manufacturers. As per CMIE data, industry reported 29.7% y-o-y growth in sales to Rs.142.9 billion for March 2022 quarter as against Rs.110.6 billion for March 2021 quarter. The exports value increased by 20.8% to Rs.126.9 billion for FY22 as against Rs.105.1 billion for FY21. The demand for ERW segment is expected to be healthy on the back of infra spending in water & gas pipelines.

Extent of Competition



8/20

Fragmented Industry

The industry is highly fragmented and there is intense competition in the ERW and SAW pipes. The user sectors like oil and gas exhibit cyclicity. Hence, margins will trend to fluctuate based on volumes and impact of operating leverage.

Regulatory Risk 12/20

Predictable Regulatory environment

Imposition of anti-dumping duties on Indian steel pipes by EU and US pose significant risk to the sector's export potential. India's policies on imposition of anti-dumping duty on such pipes from China will support domestic manufacturers.

Input Related Risk 16/20

No supply disruptions / very narrow price band or fluctuations

Input cost is moderately stable; import of metallic scrap remains viable and supply is expected to be adequate; steel scrap policy is expected to reduce imports.