

Iron & Steel

Industry Code (as per CMIE Prowess): 0101013501100000'

June 2022

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

Sample Size: 77 Companies


Median Rating Value of sample size: BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **8/20**

Moderate Over Supply

The demand was impacted especially in the first quarter of FY21 due to strict lockdowns exhibiting a gradual resumption in subsequent quarters. As per IBEF data, the overall crude steel production was 98.4 MT for the period April-January 2022 (Previous period 92.8 MT). The finished steel production for the said period was 92.8 MT (Previous period 85.6 MT). Overall exports of finished steel during the period was 12.2 MT (Previous period 9.5 MT) and imports were 4.3 MT (Previous period 4.2 MT). The steel prices have increased considerably over FY22 & are expected to remain firm on the back of demand from sectors like infrastructure and construction, automotive and consumer durables sectors. The imposition of export duties on steel exports has caused certain disruptions in the upward price trajectory.

Extent of Competition  **12/20**

Neutral

Intense competition with presence of several units in unorganised as well as large organised units. Besides domestic trade, there is significant import and export of steel products.

Regulatory Risk



16/20

Stable Regulatory environment

The National Steel Policy enshrines the vision of the Government in providing an impetus to the steel sector. The Policy comprises several initiatives which are aimed at achieving self sufficiency and global competitiveness in the steel sector.

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 raw material access is largely favourable with easy availability of iron ore and coal. Policies are expected to enhance domestic availability of scrap. The Russia-Ukraine war has impacted the input costs and will continue to have bearing in the near term as both countries are major suppliers of steel & steel-making raw materials.