

Our Growth Drivers

Business Environment FY 2017-18

3.8%

Growth in Global GDP

Growth recovery primarily driven by :

- Increase in global manufacturing activity
- Resilient growth in China driven by supply side reforms
- Pickup in commodity prices
- Favourable financing conditions globally

6.7%

Growth in India's GDP

Consumption led growth influenced by Government policies and investments.

Macro-economic Indicators



1,587* MnT

Global Steel Demand

Grew at nearly 2% driven by

- Growth in India (5%)
- Growth in ASEAN and MENA (5-6%)
- Growth in China (2.9%)

82 MnT

Indian Steel Demand

Grew at 7.8% fuelled by growth in Auto (14.8%) and Construction (5.7%).

Finished Steel Demand



69 (\$/t)

Iron ore fine price

Cost and Freight (CFR) China

Led by resilient growth in China's steel demand due to supply side reforms.

198 (\$/t)

Hard Coking coal - QBM Price

Free on Board (FoB) Australia

Chinese policies and environmental restrictions led to increased seaborne trade of coking coal and firmed up prices.

Raw Materials



Implications for Steel industry during FY 2017-18

- Global macro environment was conducive to stability of steel industry
- Steel demand growth and higher raw material prices led to nearly 20% increase in steel price in FY18

QBM: Quarterly Benchmark, **GDP:** Gross Domestic Product, **ASEAN:** Association of Southeast Asian Nations, **MENA:** Middle East and North Africa

Source: IMF, World Bank, OECD, WSA, RBI, JPC, CMIE, Team Analysis

* Data for calendar year CY 2017

Outlook for FY 2018-19

3.9-4%

Growth in Global GDP

Extension of policy stimulus to sustain growth and increase in commodity prices especially in metals and crude oil expected.

7 - 7.5%

Growth in India's GDP

Driven by increased Government spending on infrastructure and thrust on developmental projects as well as consumption led growth coupled with strong growth in service sector.

1,616** MnT

Global Steel Demand

India, ASEAN and MENA – expected to grow at 5-6% to be a key driver.

87 MnT

Indian Steel Demand

Expected to revive with recovery in construction and capital goods sectors.

70 (\$/t)

Iron Ore Fine Price

Cost and Freight (CFR) China

Prices expected to be range bound, Fe premiums to remain at high levels.

198 (\$/t)

Coking coal - QBM Price Australia

Free on Board (FoB)

Price volatility expected to remain due to supply uncertainties arising from unpredictable extreme weather.

Demand from China will continue to be a key driver for seaborne prices.

Factors that make India an attractive region for steel

- Low per capita consumption of approximately 65 kgs (world average of 214 kgs, China 522 kgs)
- Conducive government stance towards the steel industry through policies focusing on 'Make in India', smart cities and infrastructure.
- Rapidly growing steel demand - Indian steel demand is expected to grow at a healthy rate of 6 – 7% with an expected GDP growth of 7-8% in the next decade
- Growth expected for some steel consuming sectors like Auto and Construction
- Contraction of domestic steel demand and cut in steel capacity in China expected over the next decade

Outlook for the Steel Industry for FY 2018-19

- Growth in demand and price stability expected for steel industry

** Data for calendar year CY 2018