

Industry Research Report on Steel Industry

11th August 2026

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1 Economic Outlook

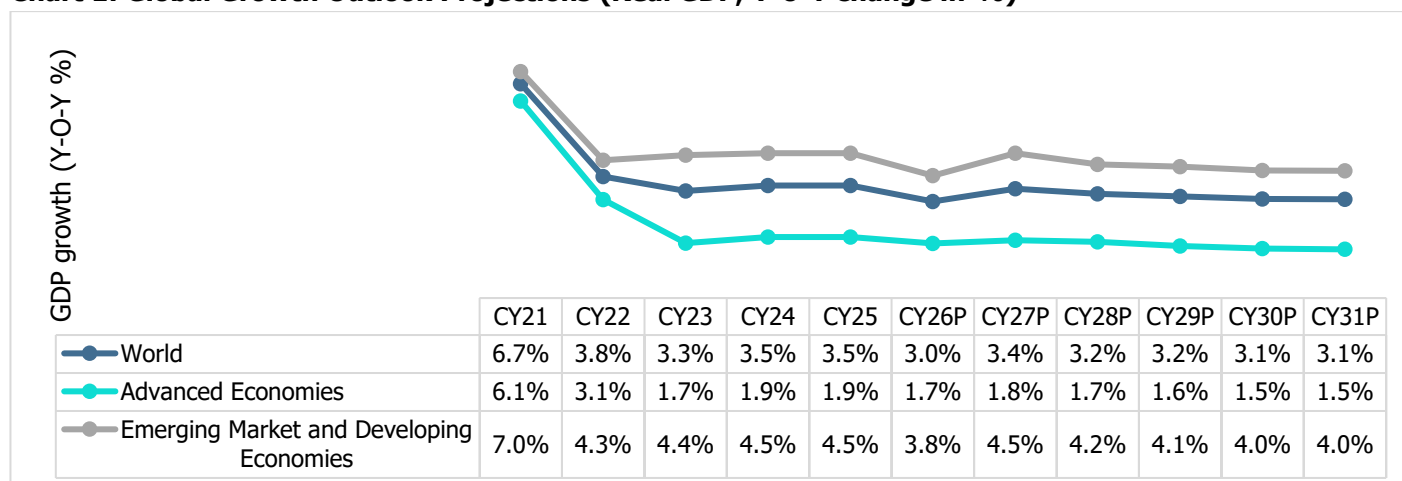
1.1 Review of Global GDP Growth and Outlook

Global economic growth expected to sustain at ~3% in near term

According to IMF, global economic growth is projected to moderate to around 3.0% in 2026, reflecting the impact of geopolitical tensions on energy and trade flows. The ongoing Middle East conflict poses downside risks, with prolonged disruptions potentially reducing growth further to 2.5%, or lower. However, supportive factors such as continued investment momentum and policy support are helping offset some of these pressures.

Among major economies, India is projected to sustain the fastest pace of expansion, with real GDP growth of 6.4% in CY26P, significantly outpacing the global average of 3%. China's growth is projected to moderate to 4.6% in CY26P, reflecting structural headwinds in the property sector and dampened domestic demand. The United States is projected to register growth of 2.3% in CY26P, while the Euro Area is expected to remain subdued at 0.9%. Indonesia and Saudi Arabia are projected at 5.0% and 1.7% respectively in CY26P.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Source: IMF – World Economic Outlook, January 2026; Note: E- Estimate, P-Projections

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)										
	CY21	CY22	CY23	CY24	CY25	CY26P	CY27P	CY28P	CY29P	CY30P	CY31P
India	9.7	7.6	7.2	7.1	7.7	6.4	6.7	6.5	6.5	6.5	6.5
China	8.6	3.1	5.4	5.0	5.0	4.6	4.1	4.0	3.7	3.3	3.3
Indonesia	3.7	5.3	5.0	5.0	5.1	5.0	5.1	5.2	5.2	5.2	5.2
Saudi Arabia	6.5	12.0	0.5	2.6	4.6	1.7	5.5	3.6	3.5	3.5	3.6
Middle East and Central Asia	4.7	6.4	2.6	3.1	3.7	0.7	6.5	4.0	4.0	3.8	3.8
Latin America	7.5	4.3	2.3	2.4	2.4	2.4	2.7	2.9	2.9	2.7	2.6
Brazil	4.8	3.0	3.2	3.4	2.3	2.4	2.2	2.4	2.5	2.5	2.5
Euro Area	6.4	3.6	0.4	1.0	1.4	0.9	1.2	1.4	1.2	1.1	1.1
United States	6.2	2.5	2.9	2.8	2.1	2.3	2.2	2.1	1.9	1.8	1.8

Source: IMF- World Economic Outlook Database (April 2026, July 2026)

Note: E-Estimate, P- Projections E-Estimated; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.

1.1.1 Drivers Impacting Growth of Global Economy

- **Technology and AI-led Investment Growth**

One of the strongest drivers of global economic growth is the rapid expansion of technology and artificial intelligence investments. According to the International Monetary Fund, rising investments in advanced technologies are boosting productivity, improving efficiency, and supporting new business models across industries. These investments are helping offset traditional growth constraints such as slowing trade and weak manufacturing cycles. Digital transformation across sectors ranging from finance to manufacturing has strengthened economic resilience and created new growth avenues. As firms adopt automation and data-driven processes, global output potential increases, making technology a key structural driver of long-term economic expansion.

- **Supportive Fiscal and Monetary Policies**

Government spending and accommodative monetary policies continue to play a crucial role in sustaining global growth. The International Monetary Fund highlights that policy support, including public investment and interest rate adjustments, has helped stabilise economies post-pandemic and during global uncertainties. Lower inflation trends are also allowing central banks to gradually ease monetary conditions, which supports consumption and investment. Fiscal measures in infrastructure, energy transition, and social sectors further stimulate economic activity. These coordinated policy responses across major economies have been instrumental in maintaining steady global growth despite external shocks.

- **Resilient Domestic Demand and Services Sector Growth**

Global growth is increasingly being driven by domestic consumption rather than exports. Strong services sector activity, particularly in emerging economies, has supported employment and income generation. The World Bank notes that domestic demand resilience is helping economies maintain momentum even as global trade growth slows. Rising middle-class consumption, urbanisation, and expansion in sectors like healthcare, finance, and tourism continue to underpin economic activity. This shift toward consumption-led growth provides stability and reduces dependence on volatile global trade cycles.

- **Improving Financial Conditions and Private Sector Adaptability**

Favourable financial conditions, including improved liquidity and access to credit, have supported business expansion globally. The International Monetary Fund also highlights the adaptability of the private sector as a key growth driver, with firms adjusting supply chains, diversifying markets, and adopting innovative practices. This adaptability has enabled businesses to navigate disruptions such as trade tensions and supply chain shifts. Strong corporate performance and investment activity continue to contribute to economic growth, reinforcing resilience in the global economy.

1.1.2 Key Issues Impacting Growth of Global Economy

- **Geopolitical Conflicts and Energy Price Volatility**

Geopolitical tensions, particularly conflicts in the Middle East, have emerged as major risks to global growth. The International Monetary Fund has warned that such conflicts can disrupt energy supplies, increase oil prices, and trigger inflationary pressures. Higher energy costs affect production, transportation, and household spending, thereby slowing economic activity. Prolonged conflicts could significantly reduce global growth and even lead to recessionary conditions in extreme scenarios. These uncertainties also impact investor confidence and global trade flows.

- **Trade Tensions and Tariff Barriers**

Rising protectionism and tariff measures continue to hinder global trade and economic integration. The World Bank highlights that elevated trade tensions and policy uncertainties are slowing trade growth and affecting investment decisions. Tariffs increase costs for businesses, disrupt supply chains, and reduce export competitiveness. While some

economies are adapting to these changes, persistent trade frictions remain a structural constraint on global growth, particularly for export-dependent economies.

- **Slowing Global Demand and Structural Weaknesses**

Global economic growth is moderating due to weaker demand in key economies and structural challenges such as ageing populations and productivity slowdowns. The International Monetary Fund notes that growth is expected to remain steady but subdued, reflecting these underlying issues. Slower industrial activity, particularly in major economies like China and Europe, further dampens global demand. These structural constraints limit long-term growth potential and create uneven recovery patterns across regions.

- **Inflationary Pressures and Financial Vulnerabilities**

Although inflation is gradually easing, it remains a concern for policymakers. Elevated inflation levels, especially when driven by energy shocks, reduce purchasing power and increase borrowing costs. The International Monetary Fund indicates that persistent inflation may require tighter monetary policies, which could slow investment and consumption. Additionally, high public debt levels and financial market volatility increase vulnerability to economic shocks. These factors create uncertainty and limit the ability of economies to sustain strong growth over the long term.

1.1.3 Global Economic Impact on the Steel Industry

The global economy has a direct and significant impact on the steel industry, as steel demand is closely linked to economic activity, particularly in construction, infrastructure, and manufacturing. During periods of strong global growth, increased industrial production and infrastructure investments lead to higher steel consumption and improved price realisations. Conversely, economic slowdowns reduce demand from key sectors, resulting in lower production and weaker prices. As highlighted by the OECD, global steel demand growth remains modest due to uneven economic recovery and declining demand in major economies such as China, especially amid a slowdown in construction activity.

In recent times, geopolitical tensions and economic uncertainties have further influenced the steel sector. The ongoing Iran–Israel conflict has impacted global growth by increasing energy prices and disrupting supply chains, which has raised input costs for steel producers. It has also led to a downward revision in global steel demand growth, reflecting weaker consumption in affected regions. Additionally, trade protection measures such as tariffs in regions like Europe have altered global trade flows, restricting imports and affecting export opportunities for steel-producing countries.

Moreover, high interest rates, inflationary pressures, and weak manufacturing activity in advanced economies have dampened steel demand in recent years. However, emerging economies, particularly India and Southeast Asia, continue to provide growth support through infrastructure expansion and urbanisation. Overall, the global economic environment shapes steel demand, pricing, and trade, making the industry highly sensitive to macroeconomic trends and geopolitical developments.

1.1.4 Impact of Free Trade Agreements (FTAs) on the Indian Steel Industry

Free Trade Agreements (FTAs) have a mixed impact on the Indian steel industry, influencing both trade opportunities and competitive pressures. On the positive side, FTAs enable Indian steel producers to access international markets at reduced or zero tariffs, thereby improving export competitiveness. For instance, ongoing agreements such as the India–EU FTA are expected to enhance steel trade flows and promote collaboration in areas like low-carbon steel production, thereby strengthening India's global positioning.

However, FTAs also pose challenges for domestic manufacturers. A significant proportion of India's steel imports comes from countries with which India has FTAs, notably Japan, South Korea, and ASEAN nations such as Vietnam, Malaysia, Thailand, and Indonesia, where steel imports often enter at zero duty. This limits the effectiveness of safeguard duties and exposes domestic producers to cheaper imports, particularly during periods of global overcapacity. Such import pressures can suppress domestic prices and impact profitability, especially for smaller players.

Additionally, FTAs can lead to concerns around circumvention, where steel from non-FTA countries is routed through partner countries to benefit from lower tariffs. This has prompted the government to strengthen rules of origin and monitoring mechanisms. At the same time, FTAs encourage domestic industry to become more competitive by improving efficiency, upgrading technology, and focusing on value-added steel products.

Overall, while FTAs support export growth and global integration of the Indian steel industry, they also intensify import competition. The net impact depends on how effectively domestic policies balance trade liberalisation with safeguards to protect local industry interests.

1.2 Indian Economic Outlook

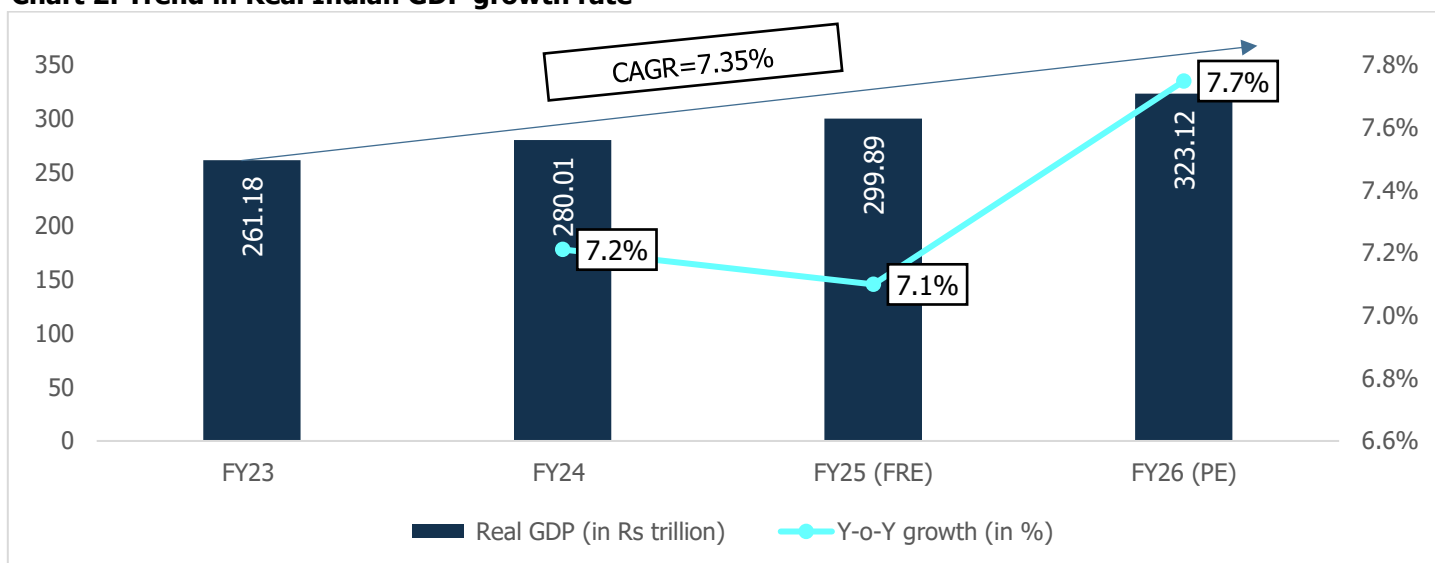
1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's economy continues to show rapid growth. As per Provisional Estimates, GDP in FY26 is expected to have grown by 7.7%, supported by rising rural demand, better job opportunities and favourable business conditions.

For FY25, First Revised Estimates show a growth of 7.1% (Rs 299.89 trillion), led by robust performance in manufacturing, construction and financial services. Consumer spending rose by 7.7%, and government spending increased by 5.5%, both contributing to the overall growth. In FY23, the real GDP stood at Rs 261.18 trillion and registered YoY growth of 7.2% in FY24 (Rs 280.01 trillion).

Chart 2: Trend in Real Indian GDP growth rate



Source: MOSPI; Note: PE – Provisional Estimates, FRE- First Revised Estimates

GDP Growth Outlook

FY27 GDP Outlook: The Reserve Bank of India (RBI) projects real GDP growth at 6.6% for 2026–27, supported by sustained momentum in the services sector, strong reservoir levels aiding the agricultural sector, and private consumption expected to remain uplifted by discretionary spending.

However, elevated energy and other commodity prices, cost pressures, as well as the travel disruptions in the Strait of Hormuz are likely to affect the growth this year. However, the government is working towards minimising the impact of the supply chain disruptions towards critical sectors to ensure limited interruptions.

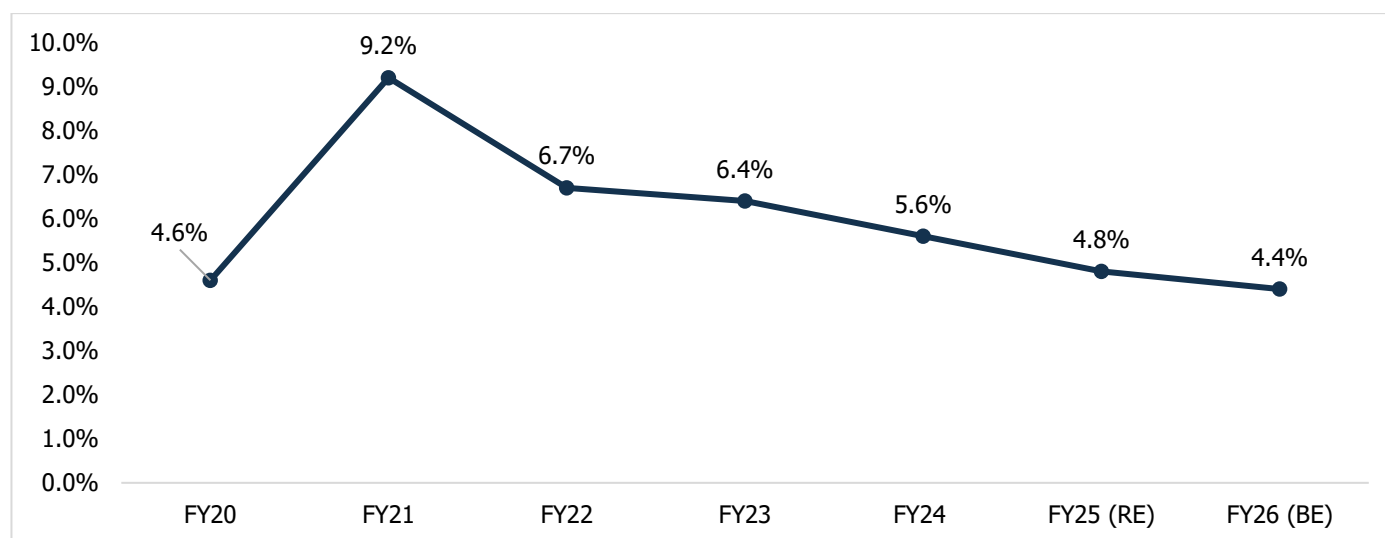
Table 2: RBI's GDP Growth Outlook (YoY %)

FY27P (Complete Year)	Q1FY27P	Q2FY27P	Q3FY27P	Q4FY27P
6.6%	6.6%	6.3%	6.5%	6.8%

Source: RBI; Note: P-Projected

1.2.2 Fiscal Deficit (as a % of GDP)

In FY21, India's fiscal deficit was 9.2% due to the impact of COVID-19, since then it has seen a steady improvement is expected to reduce to 4.8% of GDP FY25 (RE), driven by strong economic growth and higher tax and non-tax revenues. The government aims for further fiscal consolidation, setting a target of 4.4% of GDP for FY26 to maintain fiscal prudence.

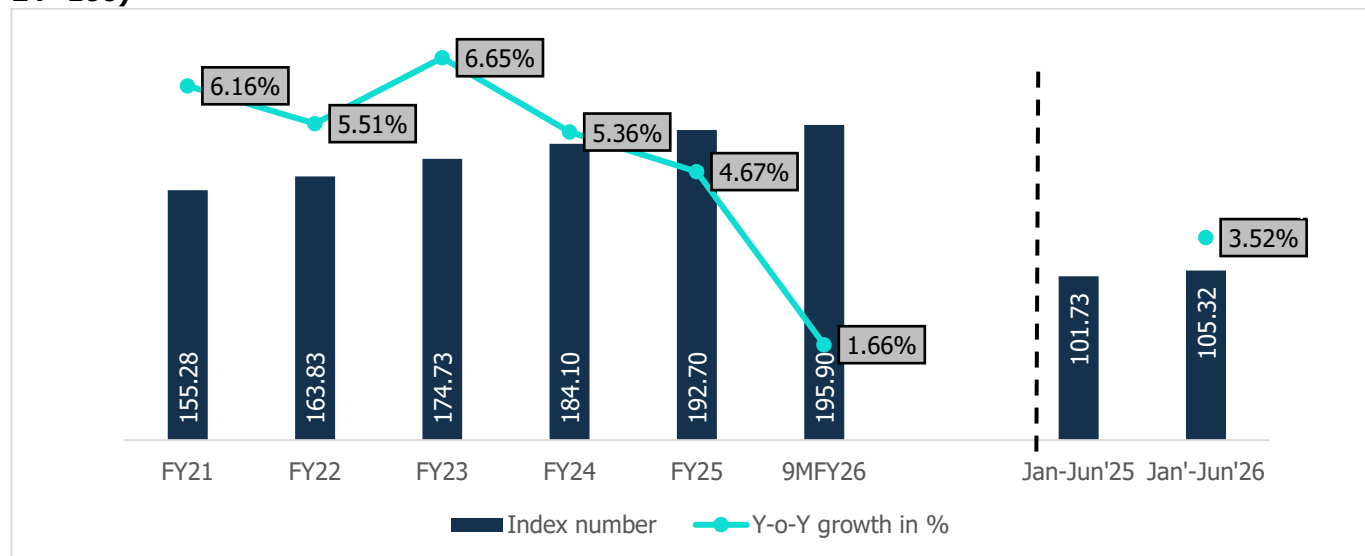
Chart 3: Gross Fiscal Deficit (% of GDP)

Source: RBI; Note: RE-Revised Estimates, BE-Budget Estimates

1.2.3 Trend in Consumer Price Index

Between January and June 2026, the inflation averaged around 3.50% across the Consumer Price Index. By June 2026, inflation increased to 4.38% on a year-on-year basis, compared with 3.93% in June 2025. Within this, the rural inflation rate stood at 4.74%, while the urban inflation rate was comparatively lower at 3.92%. This indicates an overall modest inflationary trend, with rural areas experiencing relatively higher price pressures than urban regions.

Chart 4: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100, 2023-24=100)

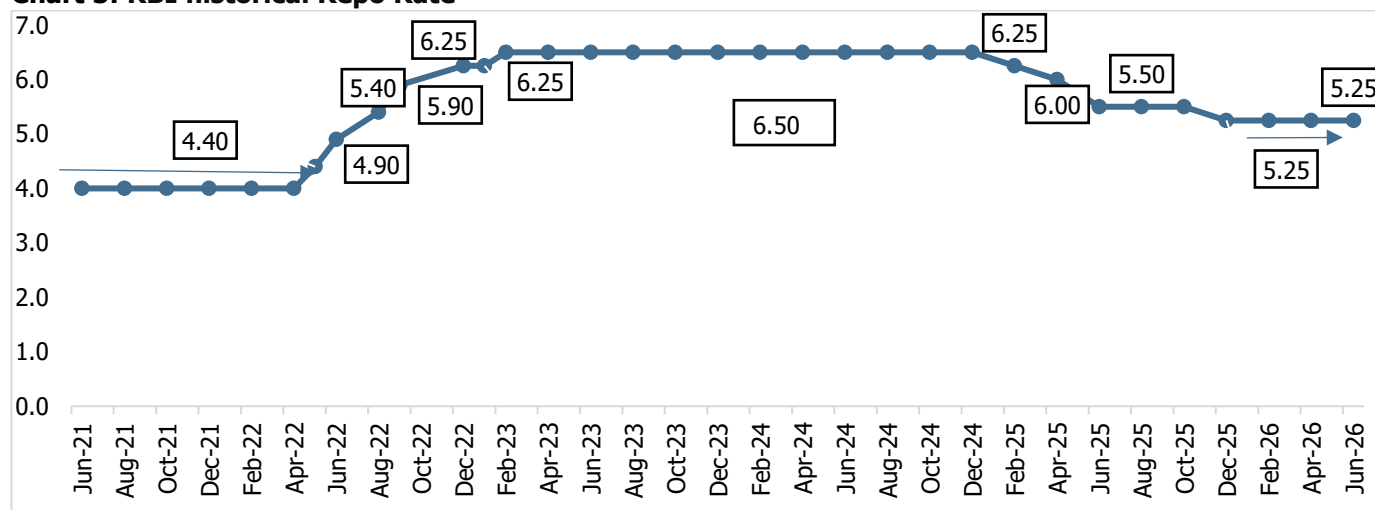


Source: MOSPI

The CPI is primarily factored in by the RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in June 2026, RBI projected inflation at 5.1% for FY27 with inflation during Q1FY27 at 4.2%, Q2FY27 at 5.1%, Q3FY27 at 5.9% and Q4FY27 at 5.4%.

Considering the current inflation situation, RBI has maintained the repo rate at 5.25% in the June 2026 meeting of the Monetary Policy Committee (MPC).

Chart 5: RBI historical Repo Rate



Source: RBI

RBI maintained a 'neutral' monetary policy stance, even as MPC noted an increase in geopolitical tensions. The growth is expected to be supported by robust private consumption and investment demand. RBI has adopted for a non-inflationary growth with the foundations of strong demand and supply with a good macroeconomic balance. With volatile trade conditions in view, the domestic growth and inflation curve requires the policies to be supportive.

The India Meteorological Department (IMD) expects a below normal monsoon, rains in most parts of the country, except in some areas of the northeast, southern peninsula, and northwest India which is likely to affect inflation levels.

The prices of petrol and diesel have increased marginally as the refineries have been absorbing the shocks by reducing the excise duty, despite high global crude oil prices. However, a further hike in prices remains monitorable due to high company losses. The rise in energy prices and weather disturbances affecting food prices are upside risks to inflation.

1.2.4 Trend in Gross Value Added (GVA) in the Industrial Sector

GVA is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption. GVA in FY25 was powered by a broad-based rebound across sectors.

In FY26 (PE), real GVA growth of 7.9% is primarily led by manufacturing, Trade, Hotels, Transport, Communication & Services related to Broadcasting. Industry is estimated at 8.5%, supported by a pickup in manufacturing and construction (10.7% and 7.4% respectively). The gap between GDP and GVA growth stood at 0.2 percentage point in FY26, with GDP growing at 7.7% and GVA at 7.9%.

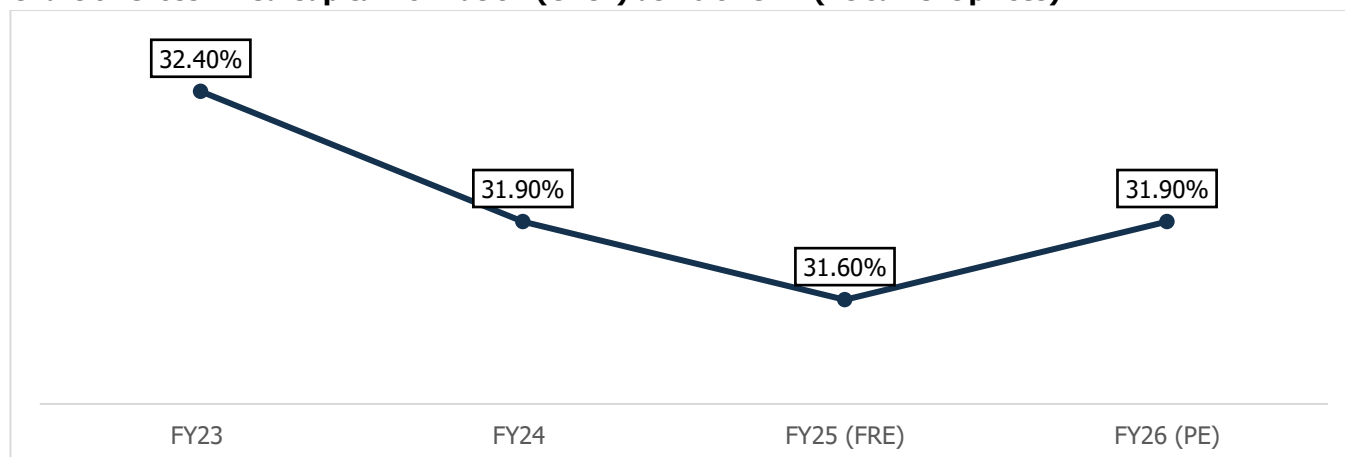
Table 3: Sectoral Growth (YoY % Growth) - at Constant Prices

At constant Prices	FY24	FY25 (FRE)	FY26 (PE)
Agriculture, Forestry & Fishing	2.6	4.2	3.0
Industry	10.9	8.3	8.5
Mining & Quarrying	2.4	11.7	5.2
Manufacturing	12.7	9.3	10.7
Electricity, Gas, Water Supply & Other Utility Services	10.7	2.9	1.7
Construction	9.9	7.3	7.4
Services	7.0	7.9	9.3
Trade, Hotels, Transport, Communication & Broadcasting	10.1	6.6	11.0
Financial, Real Estate & Professional Services	5.5	10.0	10.4
Public Administration, Defence and Other Services	6.8	5.0	5.0
GVA at Basic Price	7.2	7.3	7.9

Source: MOSPI; Note: FRE- First Revised Estimates, PE – Provisional Estimates;
The trend for FY24-FY26 is based on new series base year 2022-23.

1.2.5 Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF) is a measure of net increase in physical assets. GFCF as a share of GDP eased during FY23–FY25 and was estimated to be broadly stable in FY26. This pattern is aligned with a period in which nominal GDP expanded, while investment growth remained positive, it did not outpace the overall nominal expansion. GFCF rose by 8.9% in FY25 and 9.9% in FY26 in real terms, alongside continued growth in consumption, indicating that the movement in the ratio reflects relative GDP shares rather than a decline in investment activity.

Chart 6: Gross Fixed Capital Formation (GFCF) as % of GDP (At current prices)


Source: MOSPI; Note: FRE- First Revised Estimates, SAE- Second Advanced Estimates

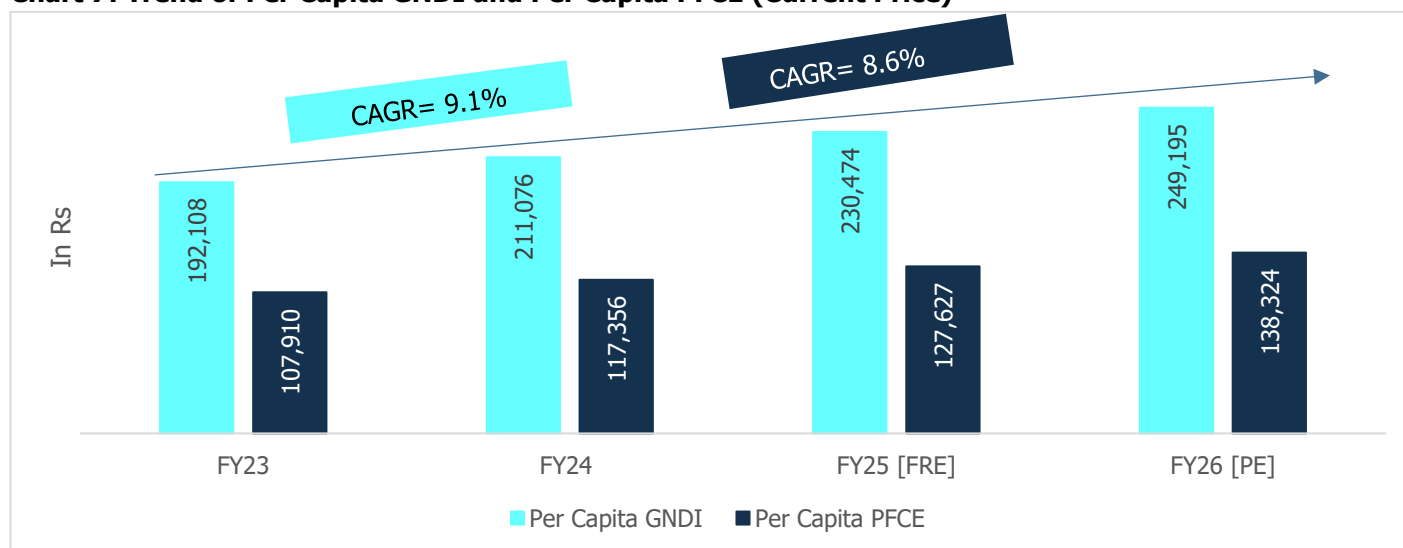
Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

1.2.6 Trend in Per capita PFCE and GNDI

Increasing Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY23 to FY26, per capita GNDI at current prices registered a CAGR of 9.1%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour of the country. Per capita Private Final Consumption Expenditure (PFCE), which is measure of consumer spending, has also shown significant growth from FY23 to FY26 at a CAGR of 8.6%.

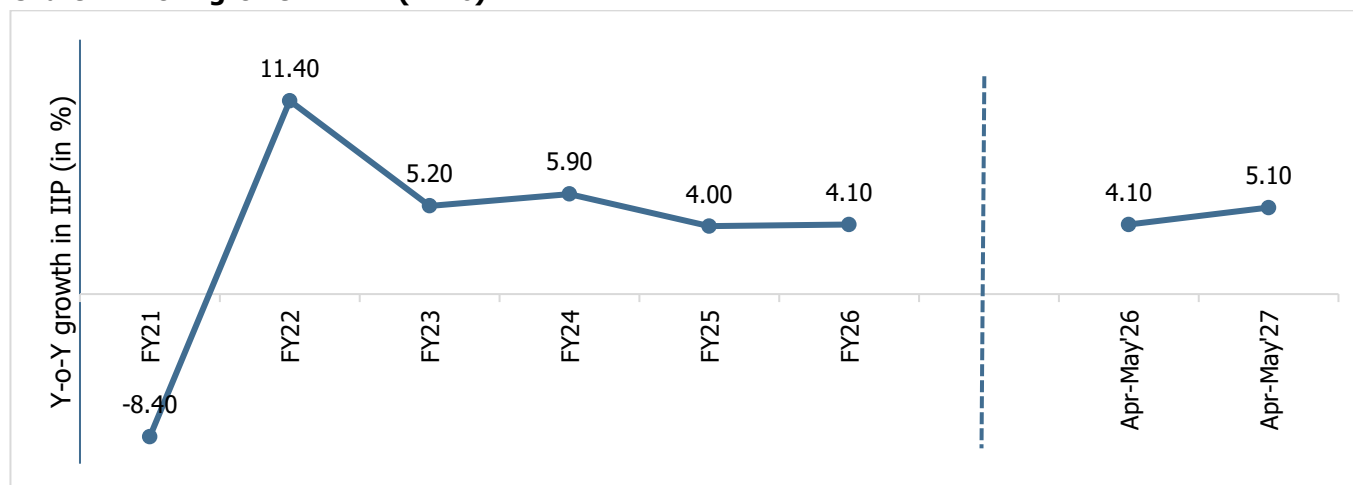
Chart 7: Trend of Per Capita GNDI and Per Capita PFCE (Current Price)


Source: MOSPI; Note: FRE – First Revised Estimates, SAE- Second Advanced Estimates
 The trend for FY23-FY26 is based on new series base year 2022-23.

1.2.7 Trend in Industrial Growth

The Index of Industrial Production (IIP) in India grew by 4.1% year-on-year from April-May 2026, showing steady but moderate industrial momentum, supported by 5.5% growth in Manufacturing sector and strong growth of 9.9% in Electricity & Gas Supply sector.

Chart 7: Y-o-Y growth in IIP (in %)

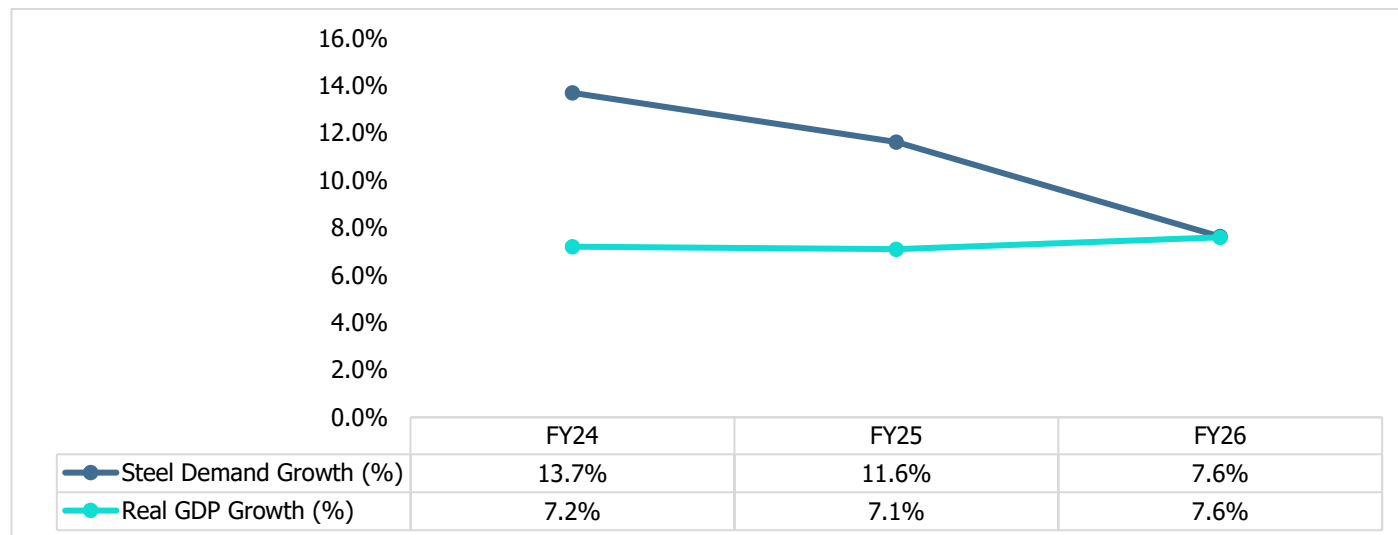


Source: MOSPI

1.2.8 Correlation of Steel Demand Growth with GDP Growth

India's domestic finished steel consumption has historically exhibited a strong positive correlation with real GDP growth, underpinned by the intensive use of steel across the country's priority end-user industries, including infrastructure and construction, manufacturing, automobiles, energy and power, oil and gas, defence and aerospace, shipbuilding, water infrastructure, chemicals and pharmaceuticals, food processing, medical and healthcare equipment, fasteners and industrial hardware, and architecture and interior applications. Growth in government capital expenditure, urbanisation, and the expansion of railways, airports, and metro rail networks has consistently translated into incremental steel demand. The automobile sector increasingly driven by electric vehicle (EV) adoption and rising two-wheeler and three-wheeler penetration provides further demand support.

Government initiatives including the PM Gati Shakti National Master Plan, Make in India, and production-linked incentives across manufacturing sectors are expected to maintain a healthy steel demand growth-to-GDP growth multiplier over the medium term. As India's investment cycle continues to gain traction on the back of strong public capital expenditure, improving private sector investment intent, and healthy rural demand domestic steel consumption growth is expected to remain structurally well-supported.

Chart 8: Growth in Steel Demand Vs Real GDP Growth


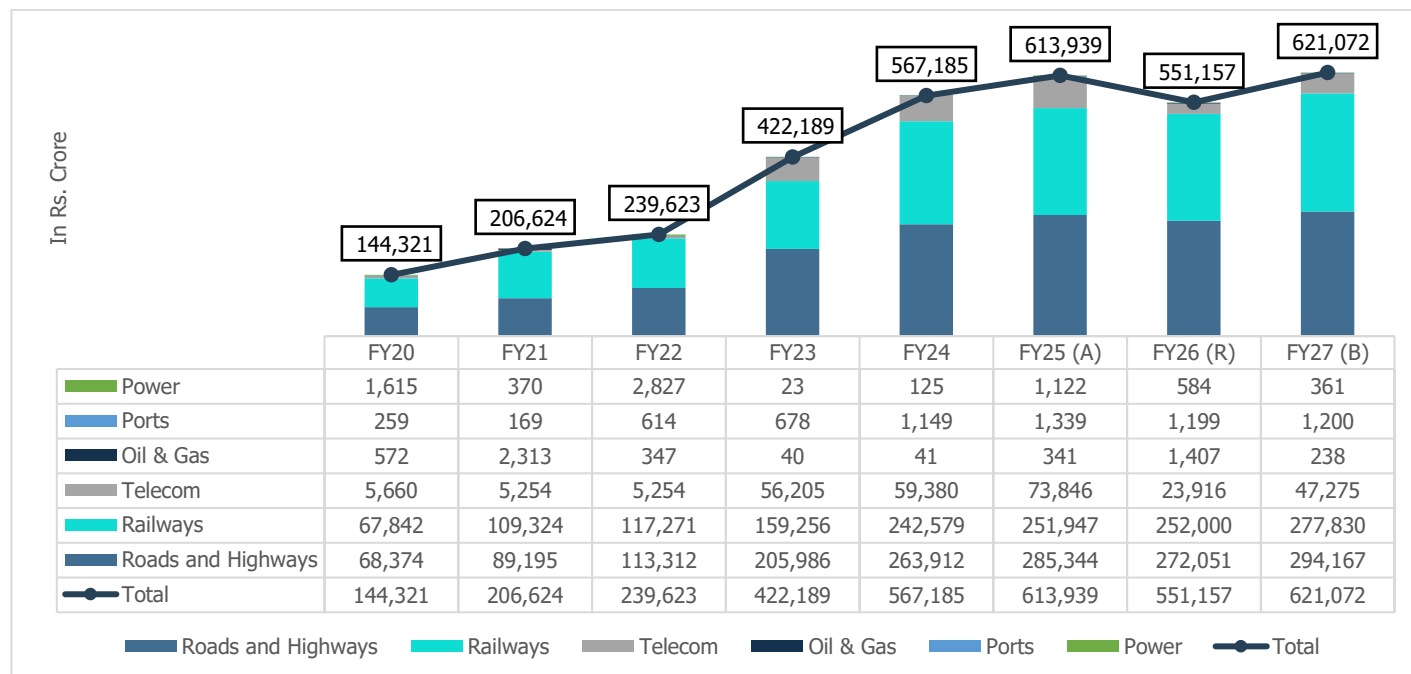
Source: MOSPI, CMIE

Note: Steel Demand Growth in FY26 refers to April 2025-February 2026

For Real GDP growth, FY25 is First Revised Estimates and FY26 is Second Advance Estimates

1.2.9 Budgetary Expenditure on Infrastructure

With the growing population, the long-term need for robust infrastructure is necessary for economic development. This generates the need for massive investments in the development and modernization of infrastructure facilities, which will not only cater to the growing demand but will also ensure competitiveness in the global market.

Chart 9: Budgetary outlay towards infrastructure


Source: Union Budget FY27 document; Note: A- Actual, R- Revised, B- Budgeted

Some of the key government infrastructure schemes include:

- **Infrastructure financing and asset monetization (Budget 2026-27)**
 - **Infrastructure Risk Guarantee Fund** announced to strengthen private developer confidence by addressing construction-phase risk.
 - **Dedicated REITs for CPSE assets** announced to accelerate recycling and monetisation of significant CPSE real estate assets, supporting capital redeployment into infrastructure.
 - **Public capex push** continues, with higher Central Government capital expenditure for FY 2026-27 to sustain infrastructure-led growth.
- **Urban infrastructure and city development (Budget 2026-27)**
 - **City Economic Regions (CER)** introduced to support competitive, region-based urban infrastructure and economic agglomerations (Tier II and Tier III focus), with multi-year funding support.
 - **Urban Rejuvenation Mission (including AMRUT and Smart Cities)** continues as the principal umbrella for water supply, sewerage and urban infrastructure investments, with FY 2026-27 allocations provided in the Budget documents.

PMAY-Urban 2.0 remains the primary affordable housing programme for urban areas, with FY27 allocations provided in the Budget documents.

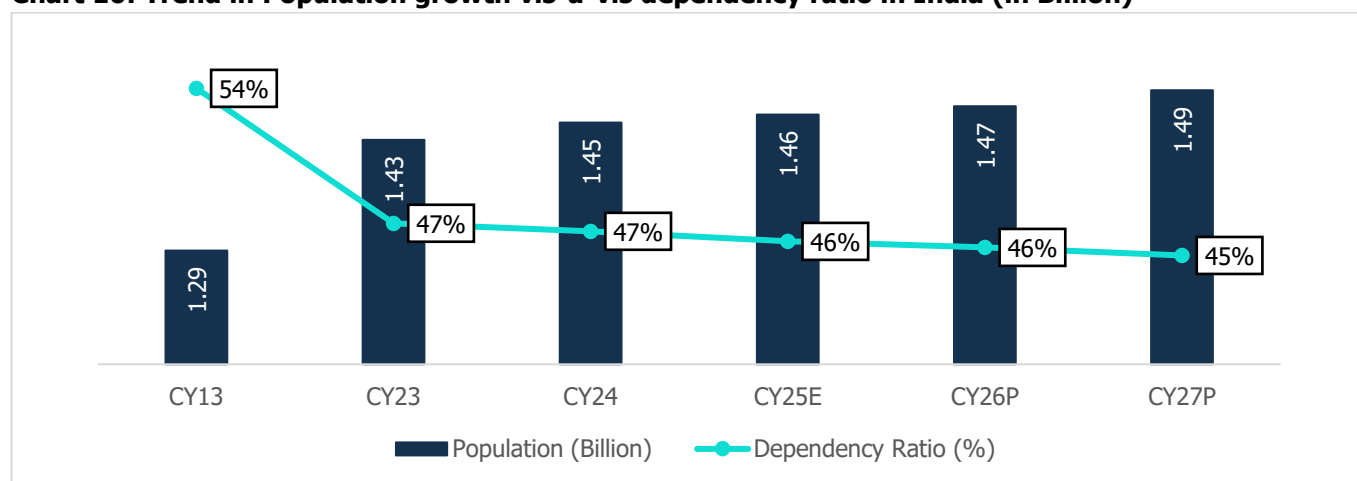
1.2.10 Key Demographic Drivers for Economic Growth

• Population growth and Urbanization

The trajectory of economic growth and private consumption in India is driven by socio-economic factors such as demographics and urbanisation. According to the World Bank, India's population in CY22 surpassed 1.42 billion, slightly higher than China's population (1.41 billion) and became the most populous country in the world.

The Age Dependency Ratio, which is the ratio of dependents to the working age population has been on a declining trend. The ratio covers age 15 to 64 years, wherein dependents are population younger than 15 and older than 64. Declining dependency ratio indicates that the country has an improving share of working-age population generating income, which is a good sign for the economy. It was as high as 76% in 1983, which has reduced to 47% in CY23. However, this ratio is expected to rise again to 54% by CY36, driven by an increase in the elderly population as life expectancy improves.

Chart 10: Trend in Population growth vis-à-vis dependency ratio in India (in Billion)

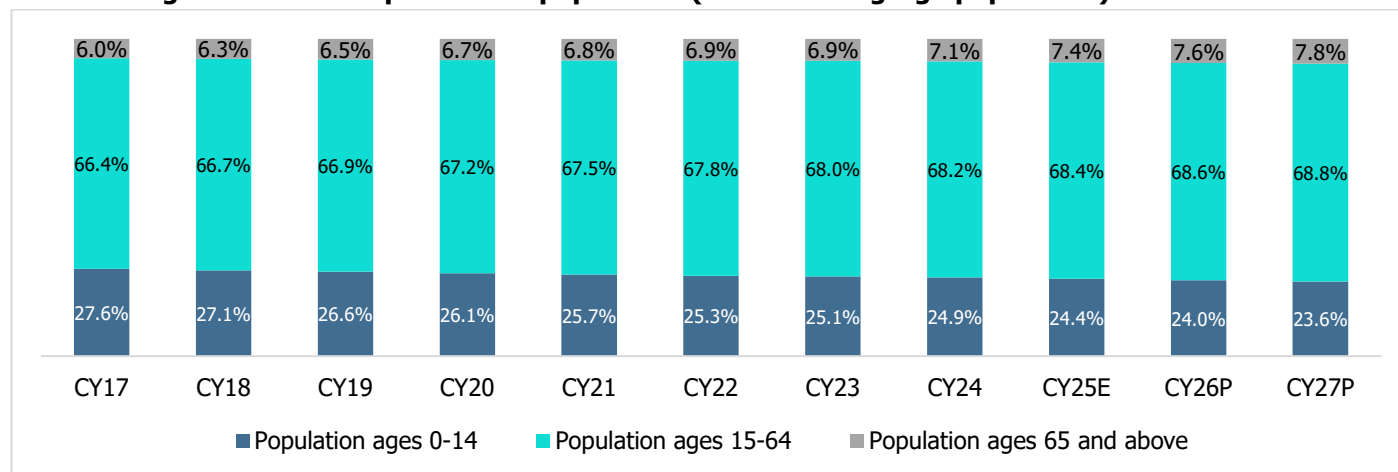


Source: World Bank Database, MOSPI; Note: E- Estimated, F- Forecasted

Despite a projected rise in the dependency ratio to 54% by CY36, India's young and growing workforce, especially in newly urbanised towns, will continue to drive income growth and consumer demand. This presents strong opportunities

for sectors like consumer electronics, transportation and railways. Rising employment, urbanisation, and government investment in rural development and digital infrastructure will further boost demand, while increased tech adoption supports long-term consumption growth across both urban and rural markets.

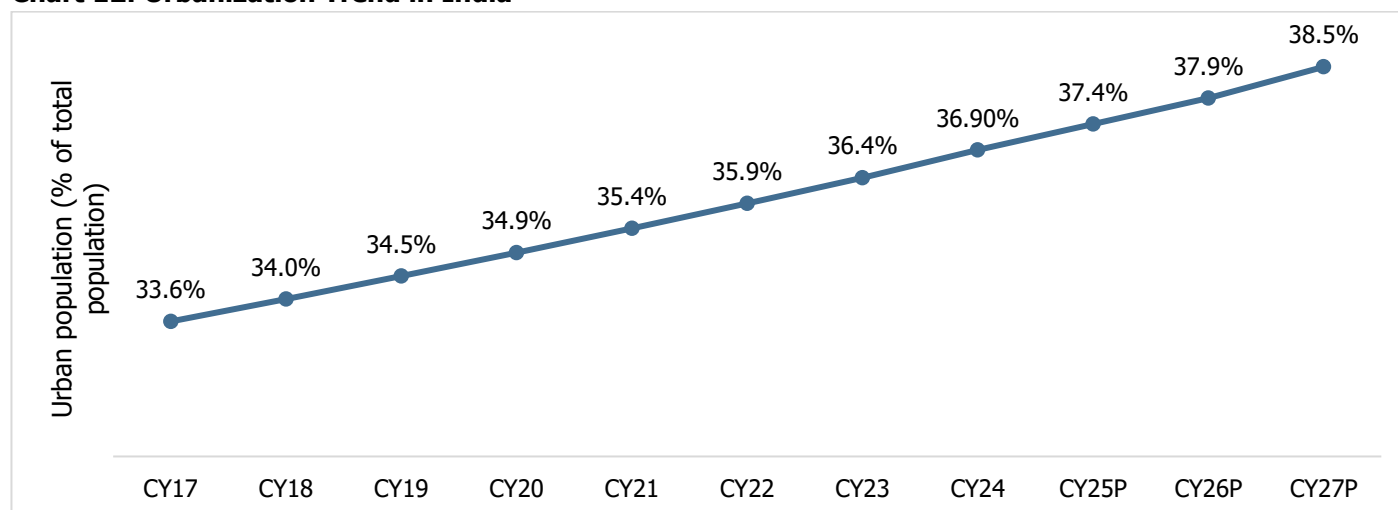
Chart 11: Age-Wise Break Up of Indian population (% of working-age population)



Source: World Bank Database; Note: E- Estimated, F- Forecasted

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in CY13 to 519.5 million (36.4% of total population) in the year CY23. India is undergoing a significant urban transformation, with the urban population projected to rise to 40% by CY36. This shift is driven by factors such as improved living standards, increased employment opportunities in urban areas, and government initiatives aimed at urban development. This rapid urbanisation might necessitate substantial investments in infrastructure, housing, and transportation.

Chart 12: Urbanization Trend in India



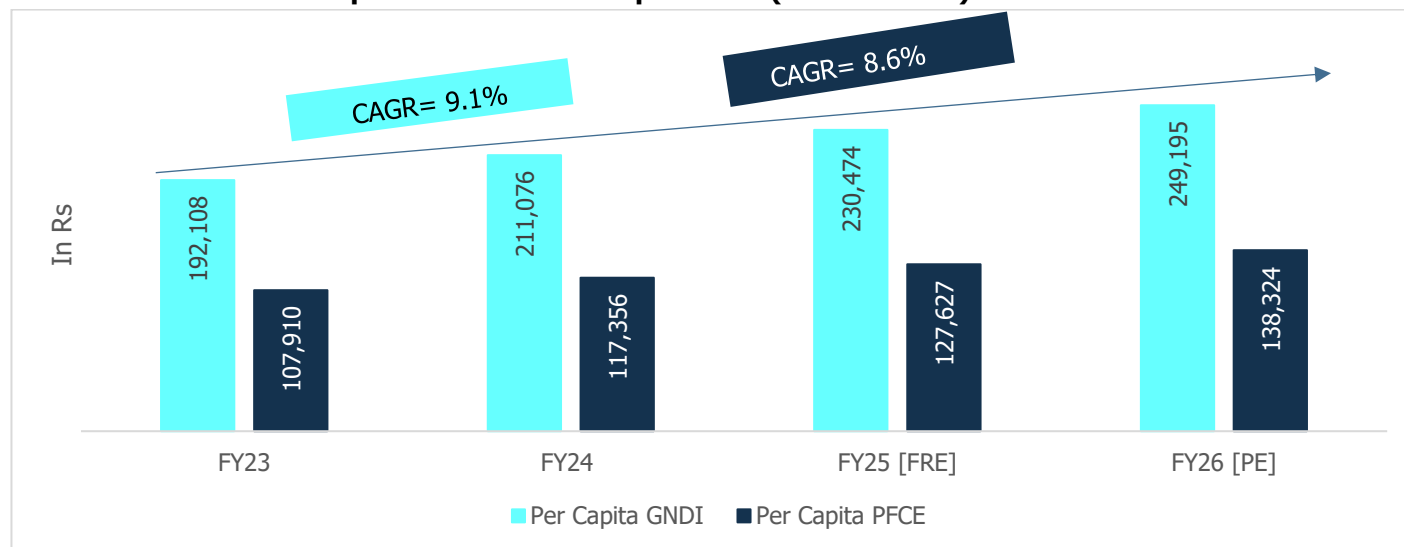
Source: World Bank Database; Note: E- Estimated, F- Forecasted

• Increasing Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY23 to FY26, per capita GNDI at current prices registered a CAGR of 9.1%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour of the country. Per capita Private Final Consumption Expenditure (PFCE), which is measure of consumer spending, has also shown significant growth from FY23 to FY26 at a CAGR of 8.6%.

Chart 13: Trend of Per Capita GNDI and Per Capita PFCE (Current Price)



Source: MOSPI; Note: FRE – First Revised Estimates, SAE- Second Advanced Estimates
 The trend for FY23-FY26 is based on new series base year 2022-23

1.2.11 Key Government Policies Driving Economic Growth

- Production Linked Incentive (PLI) Scheme**

The Production Linked Incentive (PLI) scheme has emerged as a major driver of India's manufacturing growth by incentivising companies based on incremental production. Covering multiple sectors such as electronics, pharmaceuticals, and automobiles, the scheme aims to boost domestic manufacturing, reduce import dependence, and enhance exports. Government data highlights that the PLI scheme has attracted significant investments, increased domestic value addition, and created employment opportunities across sectors. By improving global competitiveness and integrating India into global value chains, the scheme is playing a crucial role in strengthening industrial output and long-term economic growth.

- PM GatiShakti and Infrastructure Push**

The PM GatiShakti National Master Plan focuses on integrated infrastructure development across sectors such as roads, railways, ports, and logistics. This initiative aims to reduce logistics costs, improve connectivity, and enhance supply chain efficiency. Government insights indicate that large-scale infrastructure investments are critical for boosting productivity, attracting private investment, and supporting industrial growth. By accelerating project implementation and improving coordination among ministries, GatiShakti is helping create a strong foundation for sustained economic expansion and improving India's overall competitiveness.

- Make in India and Ease of Doing Business Reforms**

The "Make in India" initiative, along with continuous ease of doing business reforms, has significantly improved India's investment climate. Measures such as simplification of regulations, reduction in compliance burden, liberalisation of FDI norms, and implementation of the National Single Window System have encouraged both domestic and foreign investments. Government data highlights that these reforms have helped build a conducive ecosystem for industrial growth and entrepreneurship. By attracting investments and promoting domestic production, these policies are key contributors to India's economic growth trajectory.

- **Startup India and Digital Economy Initiatives**

The Startup India initiative, along with broader digital economy policies, has strengthened innovation and entrepreneurship in India. Government support through funding, credit guarantees, and incubation has enabled startups to scale across sectors such as technology, fintech, and e-commerce. Additionally, digital initiatives have improved financial inclusion, governance efficiency, and service delivery. As per official data, these policies have fostered a vibrant startup ecosystem and enhanced productivity across industries. This innovation-driven growth is playing a crucial role in shaping India's transition toward a knowledge-based and globally competitive economy.

1.3 Concluding Remarks

Global economic growth faces headwinds from geopolitical tensions, volatile commodity prices, high interest rates, inflation, financial market volatility, climate change, and rising public debt. However, India's economy remains relatively strong, with an IMF forecast of 6.4% GDP growth in CY26 (FY27 according to the fiscal year), compared to the global projection of 3.3%. Key drivers include strong domestic demand, government capital expenditure and moderating inflation.

Public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 12.20 lakh crores for FY27. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in south-west monsoon along with government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

The key sectors with potential exposure to changes in US tariff policy include engineering goods, electronics, gems and jewellery, pharmaceuticals, textiles and automobiles/auto components, given their material export linkages to the US market.

As of April 2026, the India-US interim trade agreement has not yet been finalized, and negotiations remain ongoing due to legal and policy uncertainties in the United States. In February 2026, the United States agreed to reduce reciprocal tariffs on Indian exports to 18% from 25% as part of an interim trade understanding. This reduction was intended to improve India's export competitiveness and was expected to lead to a formal agreement by March-April 2026.

India's relatively lower tariff structure enhances its attractiveness as a trade partner, and ongoing negotiations with the U.S., along with efforts to diversify export markets, including the EU and ASEAN, are likely to mitigate potential adverse effects. As India progressively positions itself as a competitive manufacturing hub, particularly in textiles, pharmaceuticals, electronics, and auto components, it remains more competitive than countries like China, Taiwan, Bangladesh, and Vietnam. This strengthens India's position as a viable alternative in global trade, particularly in sectors where it holds a comparative advantage. India's expanding manufacturing capacity, coupled with its skilled workforce, makes it an appealing investment destination for global companies. Sectors such as electronics and textiles, including the relocation of Apple's iPhone production, are likely to attract greater U.S. interest as businesses seek lower-tariff alternatives.

The Iran war has disrupted shipping through the Strait of Hormuz, a critical chokepoint for global oil and LPG trade, handling a significant share of India's energy imports and playing a vital role in maintaining stable supply chains. Any disruption in this region can affect shipping routes, increase freight and insurance costs, and create supply-side uncertainties for energy imports. Prolonged geopolitical tensions or conflict in the region could lead to sustained increases in crude oil and LPG prices, which may translate into higher input costs across industries and contribute to inflationary pressures in the Indian economy.

1.4 West Asia Crisis and its Impact on Stainless Steel Industry

The ongoing West Asia conflict has exerted upward pressure on energy costs and introduced logistical complexity across India's industrial supply chains. However, targeted government interventions spanning fuel supply prioritisation, excise duty reductions, and port-level transshipment facilitation have thus far buffered the impact on domestic manufacturing sectors, including stainless steel.

Trade and Logistics

Indian ports have reported no significant congestion attributable to the conflict-driven rerouting of container traffic. Official data indicates that of approximately 3,383 West Asia-bound container TEUs, 3,228 have been returned with 155 pending. An India-flagged LPG tanker (approximately 20,400 MT) completed a safe passage through the Strait of Hormuz on 11 April 2026, confirming continued transit access. The government has implemented flexible port transshipment rules to facilitate the continuity of export flows. Subsequent government updates confirmed that the LPG vessels SYMI and NV Sunshine also completed safe transits, with their deliveries to Kandla and New Mangalore remaining on schedule. On 29 May 2026, the Government reported that Nissos Keros, carrying approximately 270,000 metric tonnes of crude oil for India, had safely crossed the Strait and was expected to reach Visakhapatnam on 3 June.

Energy and Input Costs

Crude oil prices have risen, but the Ministry of Petroleum and Natural Gas has confirmed adequate domestic crude stocks (approximately two months of supply cover). The Central Government reduced excise duties by Rs 10 per litre on petrol and diesel to shield consumers, while concurrently imposing diesel and aviation turbine fuel export levies to ensure domestic availability. Domestic LPG output was ramped up approximately 25% from early March 2026. Government communications confirm 100% supply continuity for domestic LPG, PNG, and CNG, with priority allocation to critical industrial sectors including steel.

Supply-Chain Assessment

Official sources have not reported shortages of stainless steel raw materials including nickel, chromium, ferrochrome, or scrap attributable to the conflict. Policy focus has remained on logistical and fuel-related interventions rather than metal input availability. Industrial gas supply conditions for steelmaking have not been officially quantified at this stage.

Near-to-Medium-Term Outlook. In the short term, steel producers are facing higher fuel and freight input costs, partially offset by government fuel prioritisation and duty relief. No official guidance on stainless steel production margins or trade balances in the context of the conflict has been published. Should the conflict escalate, prolonged disruption to the Strait of Hormuz a critical transit route for India's crude oil and LPG imports could translate into sustained input cost pressure and inflationary spillover across industrial sectors. Conversely, post-conflict reconstruction activity in the region is anticipated by some industry observers to generate incremental demand for steel across infrastructure applications, though no government projections have been published in this regard.

1.5 Concluding Remarks

From a macroeconomic standpoint, India remains one of the most resilient large economies despite an uncertain global environment. The IMF projects India's GDP growth at 6.4% in CY26, significantly higher than the global average, supported by strong domestic demand, policy stability, and sustained capital expenditure. However, global growth continues to face headwinds from geopolitical conflicts, trade uncertainties, and commodity price volatility.

Ongoing India–U.S. trade negotiations and the proposed Bilateral Trade Agreement (BTA) are expected to strengthen trade relations, although sectors such as engineering goods, electronics, pharmaceuticals, textiles, gems and jewellery, and automobiles remain exposed to changes in U.S. tariff policies. At the same time, India continues to diversify its trade

partnerships through free trade agreements and deeper integration into global supply chains, enhancing export competitiveness.

Geopolitical tensions in the Middle East, particularly the ongoing Iran conflict, have increased risks relating to crude oil prices, freight costs, and supply chain disruptions, potentially raising input costs and inflationary pressures across industries. Domestically, weather-related risks, including below-normal monsoon conditions in certain regions, may contribute to food inflation and moderate discretionary consumption.

Nevertheless, continued policy support through tax reforms, GST rationalisation, higher public capital expenditure, and infrastructure development, together with resilient domestic consumption, improving rural demand, and rising private investment, are expected to support India's long-term economic growth and manufacturing competitiveness.

Strategic Insights

India's structural economic growth story characterised by a projected real GDP CAGR of approximately 6.5% through CY31P, government infrastructure capital expenditure of Rs 12.20 lakh crore in FY27 alone, and a steel demand-to-GDP multiplier that has historically tracked above the overall growth rate creates a particularly supportive macroeconomic environment for domestic specialty steel manufacturers.

The manufacturing sector's FY26 growth of 10.7% on-year, rising per capita disposable income (GNDI CAGR of 9.1% over FY23–FY26), and sustained public investment in railways (Rs 2.78 lakh crore allocation) and roads (Rs 3.09 lakh crore) directly underpin demand for specialty and high-performance steel grades across precision engineering, defence, transportation, and critical infrastructure applications. The PLI scheme's explicit inclusion of stainless steel long and flat products, alloy forgings, and super alloys in Round 1.2 (November 2025) further signals the government's strategic intent to develop domestic specialty steel manufacturing capabilities and reduce import dependence in high-value grade categories.

The domestic specialty stainless steel sector includes manufacturers with integrated capabilities across melting, refining, casting, rolling, finishing and testing, as well as the ability to manufacture high-performance and application-specific grades. Such capabilities may enable manufacturers to address requirements across defence, oil and gas, energy, automotive and precision-engineering applications. Public infrastructure expenditure, growth in domestic manufacturing and increasing localisation of specialty-steel production may support demand for such products, subject to prevailing demand-supply conditions, customer approvals, competitive intensity and regulatory requirements.

2 Global Steel Industry

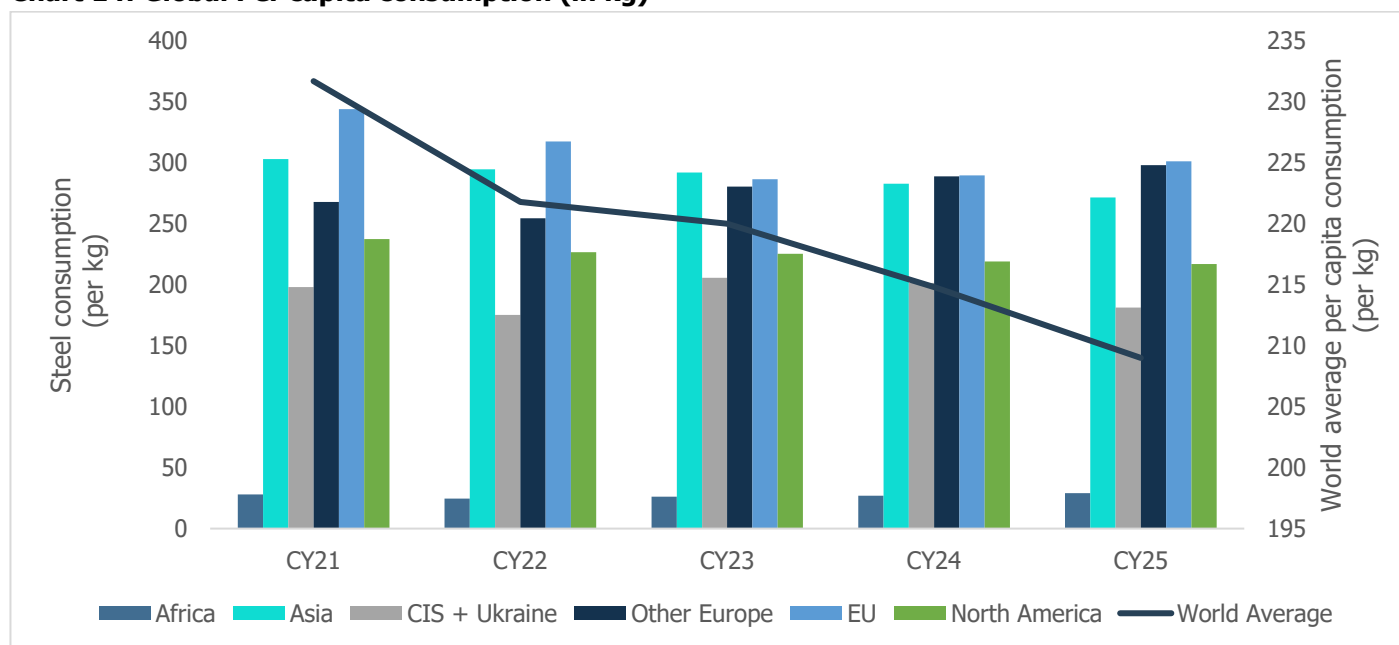
2.1 Overview of the Global Steel Industry

Steel plays a pivotal role in construction and engineering, serving a wide range of industries including automotive, infrastructure, consumer goods, mechanical and medical equipment, packaging, and household utensils. Industry professionals consistently prefer steel as a building material due to its widespread availability, cost-effectiveness, strength, durability, ductility, and recyclability. According to the World Steel Association, manufacturers across the globe produce over 3,500 grades of steel, each offering distinct physical, chemical, and environmental properties tailored to specific applications.

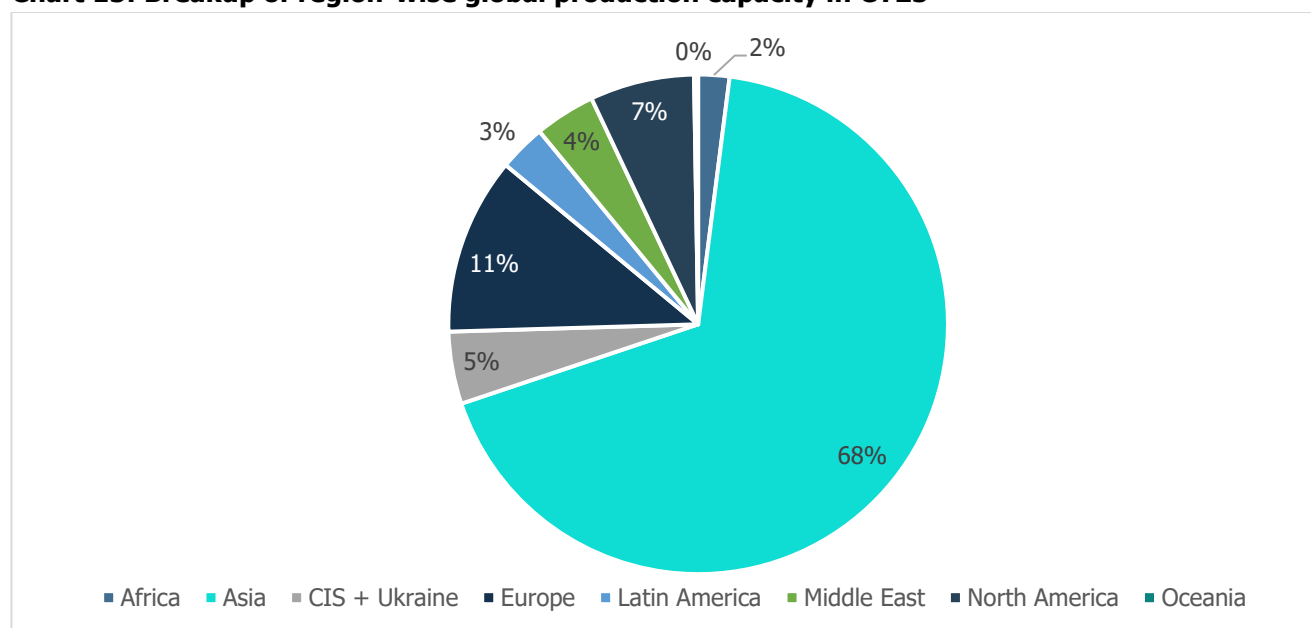
Global per capita steel consumption has declined steadily since calendar year 2021 (CY21). By CY25, consumption dropped to 209 kg, down from 214.8 kg in CY24. This downward trend reflects weakened construction activity, reduced demand from China's real estate sector, and sluggish global manufacturing. Demographic changes and tighter economic conditions have further suppressed demand for infrastructure and consumer durable goods, contributing to lower steel usage per person worldwide. In CY24, global per capita consumption fell to 214.8 kg from 232 kg in CY21, underscoring the prolonged impact of geopolitical instability, volatile energy prices, persistent inflation, and a subdued global economic outlook.

Regionally, the European Union led global per capita steel consumption in CY25 at 301 kg, driven primarily by high usage in countries such as Czechia and Italy. Other Europe followed at 298 kg, with Asia close behind at 272 kg.

Chart 14: Global Per capita consumption (in kg)



Source: World Steel Association

Chart 15: Breakup of region-wise global production capacity in CY25


Source: Organisation for Economic Co-operation and Development (OECD)

In 2025, global steel producers operated with a combined production capacity of 2,445.1 million metric tonnes (MT), with Asia accounting for the largest share at 68%. China led the global steel industry, dominating capacity, production, and consumption. It maintained the highest steel production capacity worldwide, followed by India, Japan, and South Korea. Producers in the European Union, North America, the Commonwealth of Independent States (CIS), Latin America, and the Middle East also contributed significantly to global steel production capacity.

2.1.1 India's Position in the Global Steel Industry

India has emerged as a key player in the global steel industry, strengthening its position as the world's second-largest crude steel producer. The country's growth has been driven by a combination of rising domestic demand, expanding production capacity, and supportive government policies. India's crude steel production increased from 109 million tonnes (MT) in FY20 to 168 MT in FY26. During the same period, crude steel capacity also rose reflecting more efficient use of installed infrastructure.

On the demand side, finished steel consumption grew significantly from 100 MT in FY20 to 164 MT in FY26. This highlights the strong role of domestic sectors such as infrastructure, construction, automotive, and capital goods in driving steel demand. Unlike many global steel-producing nations that rely heavily on exports, India's steel industry is largely consumption-driven, which provides resilience against global demand fluctuations.

Finished steel production stood at 161 MT in FY26, while consumption slightly exceeded production at 164 MT. This indicates sustained demand momentum and positions India as one of the fastest-growing steel markets globally. However, India remained a net importer of finished steel in FY26 suggesting scope for further value addition and import substitution.

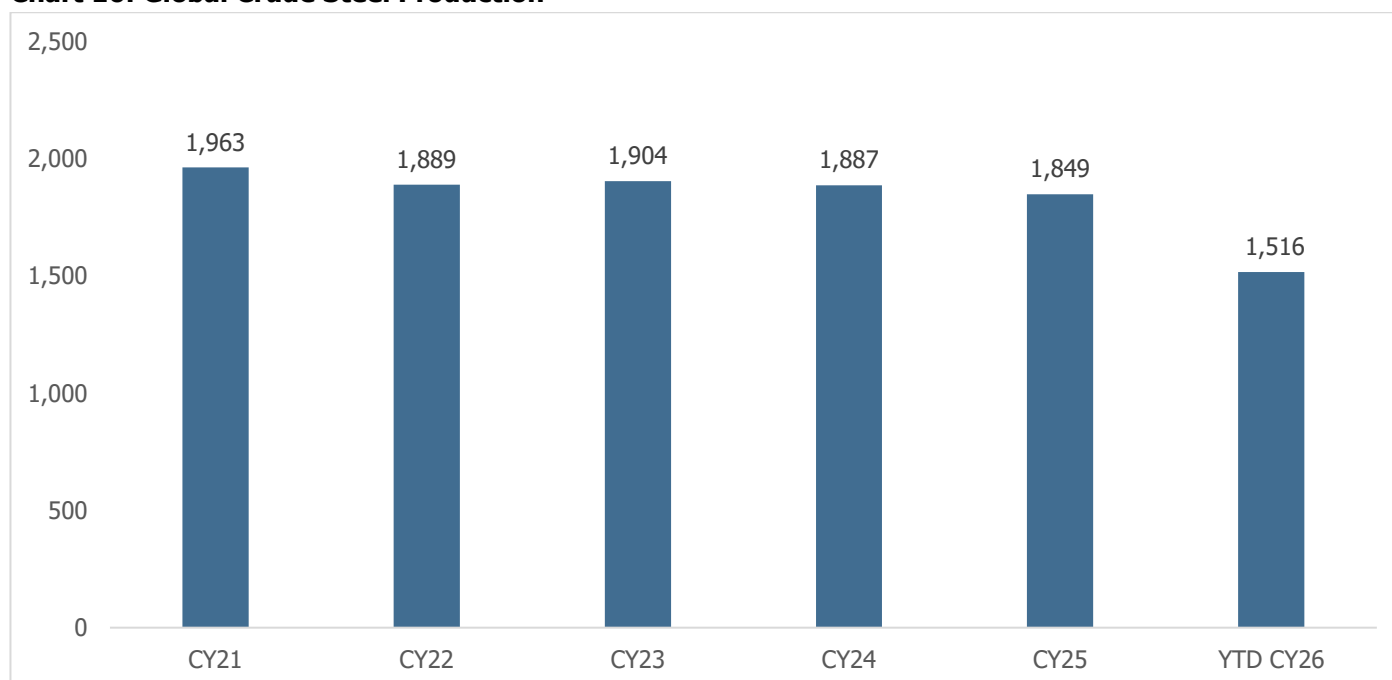
Government initiatives such as the National Steel Policy 2017 and the Production Linked Incentive (PLI) scheme for specialty steel are aimed at enhancing domestic capabilities, particularly in high-grade steel segments. Overall, India's position in the global steel industry is defined not just by scale, but by strong consumption fundamentals, expanding capacity, and a clear policy push toward self-reliance and global competitiveness.

2.2 Global Production of Steel

Global crude steel production grew at a compound annual growth rate (CAGR) of -0.4% over the past six years, decreasing from 1,883 million tonnes (MT) in CY20 to 1,849 MT in CY25. Global crude steel production declined by around 2% in CY25, mainly due to reduced output in major producing regions such as China and Europe. China witnessed a notable drop in production amid a prolonged slowdown in its real estate sector, which weakened construction-led steel demand. At the same time, sluggish industrial activity and weak manufacturing demand in Europe further contributed to the decline. Additionally, persistent global overcapacity and cautious production strategies by steelmakers, in response to uncertain demand conditions, limited output growth.

Global crude steel output experienced a brief rebound in CY23, rising by 0.8% compared to the previous year. That was after a steep 4% decline in CY22, during which time output declined from 1,963 MT in CY21. That decline was powered by China's slowdown, US and European monetary tightening, through-the-roof input prices due to inflation, and general supply chain disruptions resulting from the Russia-Ukraine war.

Chart 16: Global Crude Steel Production



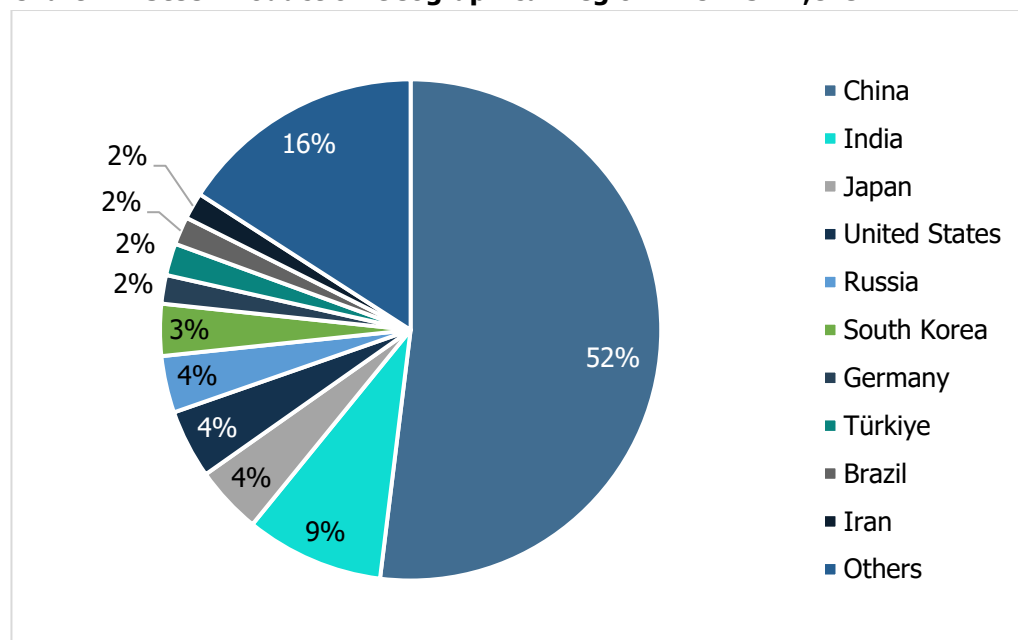
Source: World Steel Association

Note: YTD CY26 refers to the period from January 2026 - June 2026

In CY25, global crude steel production totalled 1,849 MT. China retained its position as the largest producer, contributing 52% of the total output. However, Chinese production declined by 4.4% year-on-year to 961 MT, down from 1,005 MT in CY24. This reduction resulted from persistent global overcapacity and cautious production strategies by steelmakers, in response to uncertain demand conditions.

India ranked as the second-largest producer in CY25, accounting for 9% of global output. The United States, Japan, and Russia followed, each contributing approximately 4% to total production.

Global crude steel production is likely to see modest growth in the next few years due to economic uncertainty and geopolitical risks. China's output may remain muted due to its real estate slowdown and environmental policies, while India is expected to drive growth, backed by rising infrastructure and construction demand. Longer-term, green steel initiatives and decarbonisation efforts could reshape the industry, particularly in advanced economies.

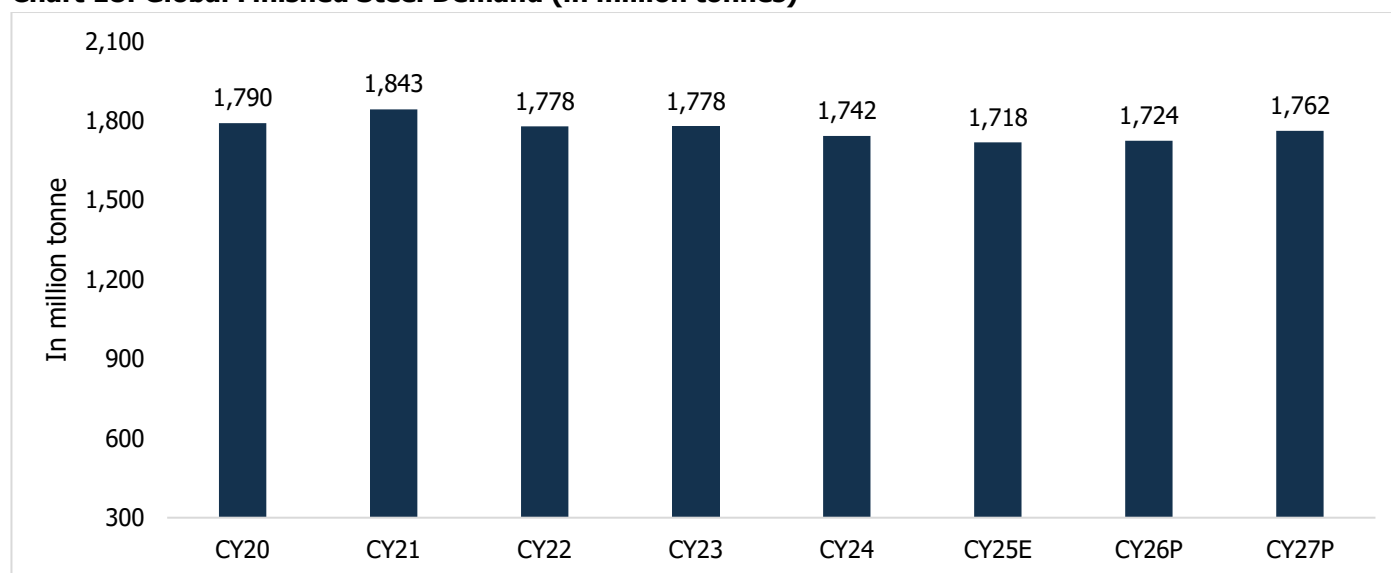
Chart 17: Steel Production Geographical Region in CY25– 1,849 MT


Source: World Steel Association

2.3 Global Steel Demand

Industries such as energy, construction, automotive, transportation, infrastructure, packaging, and machinery rely heavily on steel for their operations. In CY24, global finished steel consumption declined by 2% year-on-year to 1,742 million tonnes (MT), as macroeconomic uncertainties and weak demand across key regions including the European Union, the United States, and China continued to weigh on the market. In contrast, India sustained strong demand, with finished steel consumption remaining robust due to infrastructure investments and supportive government policies. Key sectors such as automobiles, consumer durables, capital goods, and real estate contributed significantly to India's resilience.

In CY23, global finished steel consumption remained flat at 1,778 MT. The consumption declined by 3.5% year-on-year in CY22, mainly due to China's economic slowdown, monetary tightening in the U.S. and Europe, inflation-driven cost escalations, and supply chain disruptions linked to the Russia-Ukraine war.

Chart 18: Global Finished Steel Demand (in million tonnes)


Source: World Steel Association; Note: E-Estimate, P-Projection

Global finished steel consumption is expected to recover gradually over the next few years, driven by infrastructure spending, energy transition projects, and automotive recovery in several regions. While China's demand outlook remains cautious due to real estate headwinds and environmental constraints, India is positioned for strong growth, supported by government's infrastructure programs and industrial expansion. Additionally, green technologies, renewable energy projects, and electric vehicles (EVs) are likely to create new avenues for steel demand globally. However, near-term growth may remain moderate given geopolitical tensions and persistent economic uncertainty in developed markets.

2.4 Global Steel Prices Trend

Global steel prices in the March 2026 quarter remained largely stable with a mild recovery trend with prices hovering around USD 508 per tonne. This stability follows a weaker phase in late 2025 and early 2026, when prices had declined due to subdued demand and excess supply conditions. The slight firming can be attributed to reduced global production, particularly in China, which helped ease oversupply pressures and support prices. Additionally, expectations of gradual demand recovery in 2026 and improved infrastructure activity in key economies provided a floor to prices. However, prices remained range-bound due to persistent global overcapacity and cautious buying sentiment.

During the December 2025 quarter remained subdued with a slight downward bias, reflecting weak global demand conditions and adequate supply in key markets. Factors such as slower industrial activity, particularly in major economies, and continued pressure from excess capacity weighed on prices, as also observed in global steel market assessments by organizations such as the World Steel Association. Additionally, easing raw material costs contributed to the soft pricing environment.

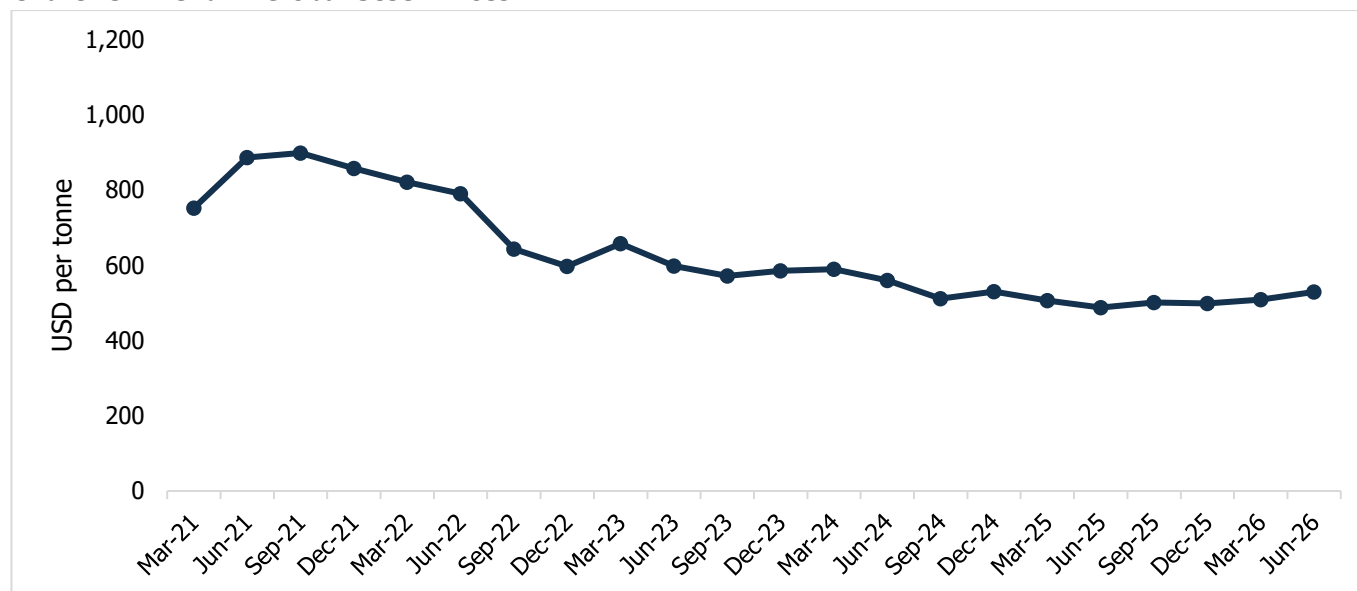
In the September 2025 quarter, prices were relatively stable with mild fluctuations, supported by steady demand from infrastructure and manufacturing sectors, while supply remained balanced. However, the absence of strong demand triggers and cautious buying sentiment limited any significant upward movement. Overall, the trend across both quarters indicates a shift from stability to slight softening, driven by weakening global demand and comfortable supply conditions.

As of June 2025, international steel prices have stabilized at relatively low levels of around USD 500 per tonne, reflecting subdued global demand, weak industrial activity, and cautious buying sentiment. Prices have remained under pressure through 2024 and 2025, weighed down by slower economic growth, tighter monetary policies, and weak construction

activity in major consuming regions such as China and Europe. Despite intermittent restocking and infrastructure-driven demand in emerging economies, overall market momentum has stayed muted.

This stabilization follows a prolonged decline from the highs reached in 2021–2022, when steel prices peaked at around USD 900–1,000 per tonne. The surge then was driven by strong post-pandemic recovery and later by supply disruptions following the Russia–Ukraine war. However, as demand weakened and production normalized, prices began their downward trajectory from mid-2022 onwards.

Chart 19: Trend in Global Steel Prices



Source: CMIE

3 Indian Steel Industry

3.1 Overview of the Indian Steel Industry

As of FY27 (April–June 2026, provisional), India's installed steel production capacity stood at 222 MTPA, making it the second-largest steel producer and the second-largest consumer of finished steel globally, with domestic consumption reaching 164 MT in FY26. According to Press Information Bureau, the sector exerts an output multiplier of 1.4x on GDP and an employment multiplier of 6.8x, reflecting deep linkages with upstream and downstream industries.

This growth stems from the domestic availability of key raw materials such as iron ore, cost-effective labour, and strong demand from sectors like construction, consumer durables, capital goods, railways, real estate, and automobiles. Additionally, India's extensive coastline has facilitated both exports and imports, positioning the country as a major player in the global steel industry.

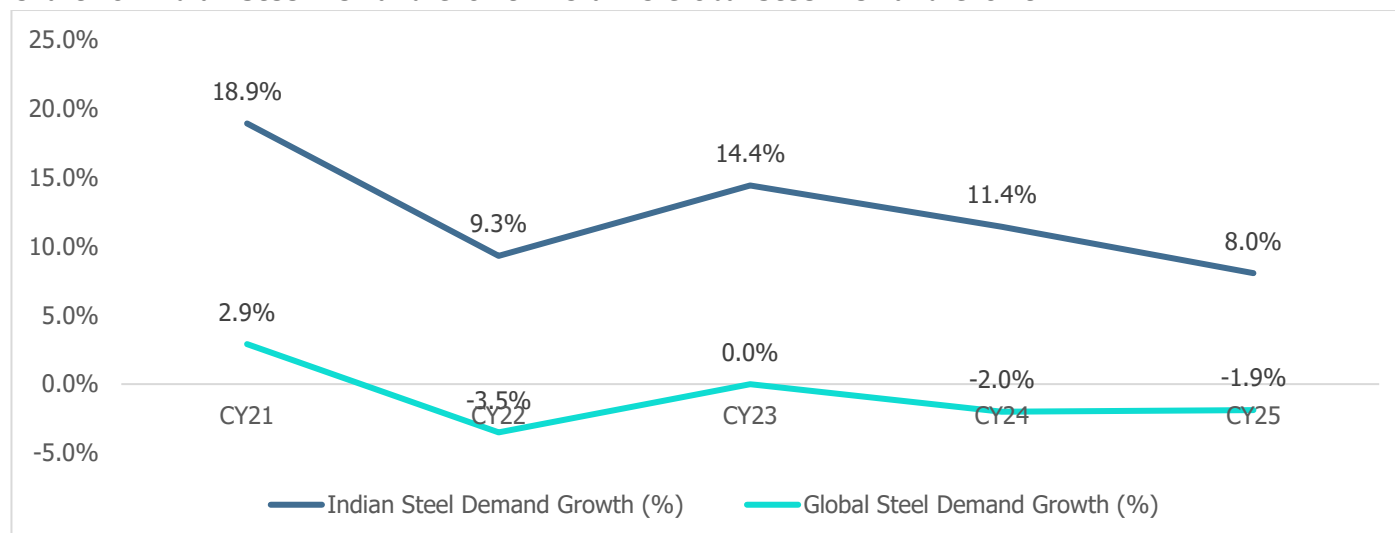
In CY25, India's per capita finished steel consumption stood at 109.2 kg, well below the global average of 209 kg. To address this gap, the Government of India, under its Atmanirbhar Bharat vision, introduced the National Steel Policy 2017. The policy targets a steel-making capacity of 300 MT by CY30 and aims to raise per capita steel consumption to 160 kg. These goals highlight the sector's untapped domestic potential and its critical role in driving India's future economic growth. India has attracted substantial investment into its steel sector through initiatives such as joint ventures and 100% foreign direct investment (FDI). These efforts have accelerated the industry's expansion and integration into global value chains.

The steel industry contributes meaningfully to all facets of the economy including GDP growth, industrial output, and infrastructure development. It generates a strong economic ripple effect, with an output multiplier of 1.4x on GDP and an employment multiplier of 6.8x.

Steel plays a vital and versatile role in modern life, significantly enhancing convenience and serving as a foundational material across manufacturing sectors. As a core input for infrastructure and industrial development, steel underpins national economic growth and often acts as a barometer of economic progress.

India's steel demand growth appears to be relatively more resilient and domestically anchored compared to the global trend. This divergence indicates that India's consumption is being supported by structural end-use drivers such as infrastructure, construction, and manufacturing-led demand rather than being predominantly dependent on global trade cycles. In contrast, the global pattern reflects greater sensitivity to macroeconomic slowdowns, policy uncertainty, and demand moderation in major steel-consuming regions, leading to weaker or inconsistent momentum.

From an industry standpoint, this relative strength in India may imply improved demand visibility for producers and downstream players, potentially supporting capacity utilisation and planned expansions. However, the sustainability of such momentum remains subject to execution risks, including delays in project implementation, variations in public and private capital expenditure, input cost volatility, and broader economic conditions.

Chart 20: Indian Steel Demand Growth vis-à-vis Global Steel Demand Growth


Source: World Steel Association

3.2 Journey of Indian Steel Industry

The evolution of India's steel industry mirrors the country's broader economic transformation from a colonial, resource-based economy to a globally competitive industrial powerhouse. Steel has historically been considered a core indicator of economic development, given its central role in infrastructure, manufacturing, and capital goods sectors.



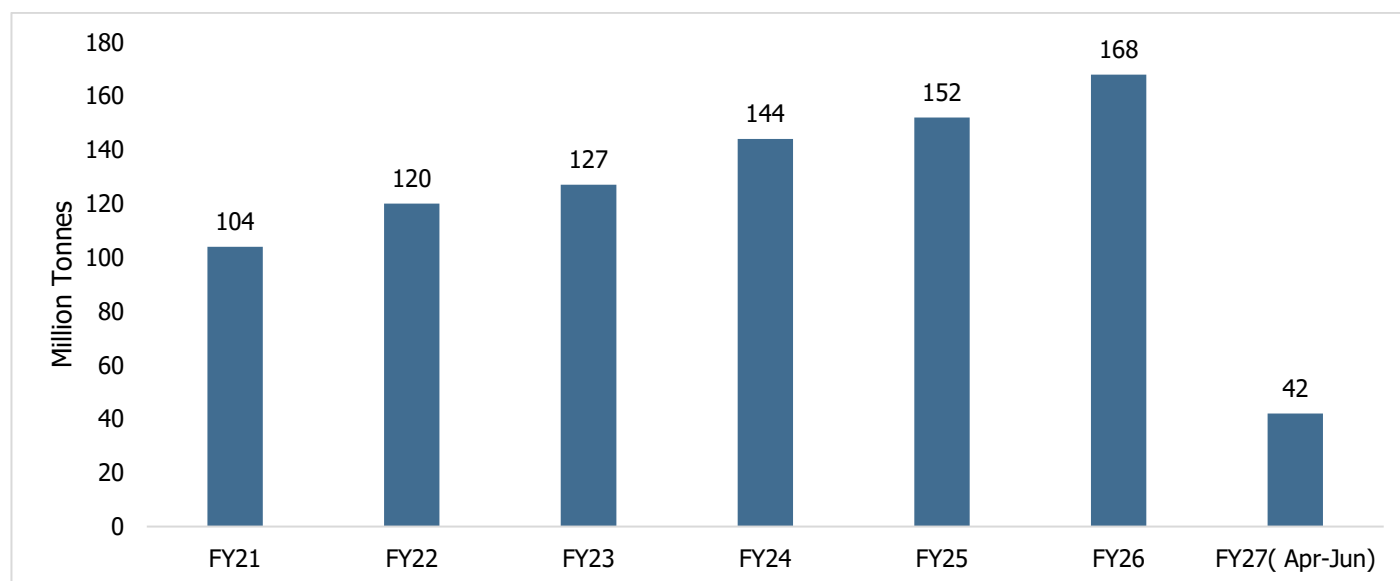
3.3 Indian Crude Steel Production

India's domestic crude steel producers expanded output at a compound annual growth rate (CAGR) of 7.5% over the past seven years, increasing production from 109 million tonnes (MT) in FY20 to 168 MT in FY26. In FY26, crude steel production rose by 10.7% to reach 168 MT, supported by sustained infrastructure development, industrial expansion, and rising manufacturing activity.

Government-led initiatives including capacity-enhancement schemes and policy incentives played a key role in driving output growth. Steel manufacturers also expanded plant capacities, with large players achieving 81% capacity utilisation in FY24. Most major producers have announced plans to further increase crude steel capacity, backed by improved financial health across the industry. This financial stability has positioned companies to comfortably undertake capital expenditure for future expansion.

Under the National Steel Policy 2017, the government aims to scale production capacity from 179.5 MT in FY24 to 300 MT by FY31, to meet the projected steel demand of 230 MT. This ambitious target reflects the sector's strategic importance in supporting India's long-term economic growth.

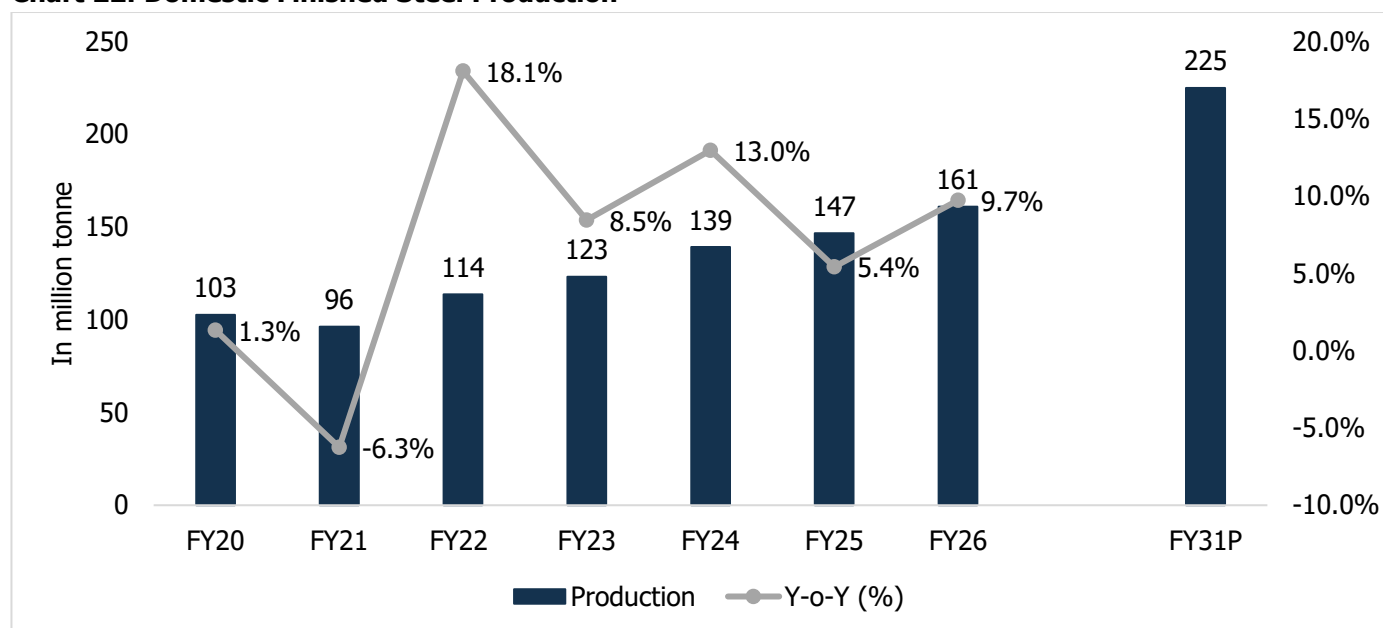
Chart 21: Domestic Crude Steel Production



Source: CMIE

3.4 Indian Finished Steel Production and Consumption

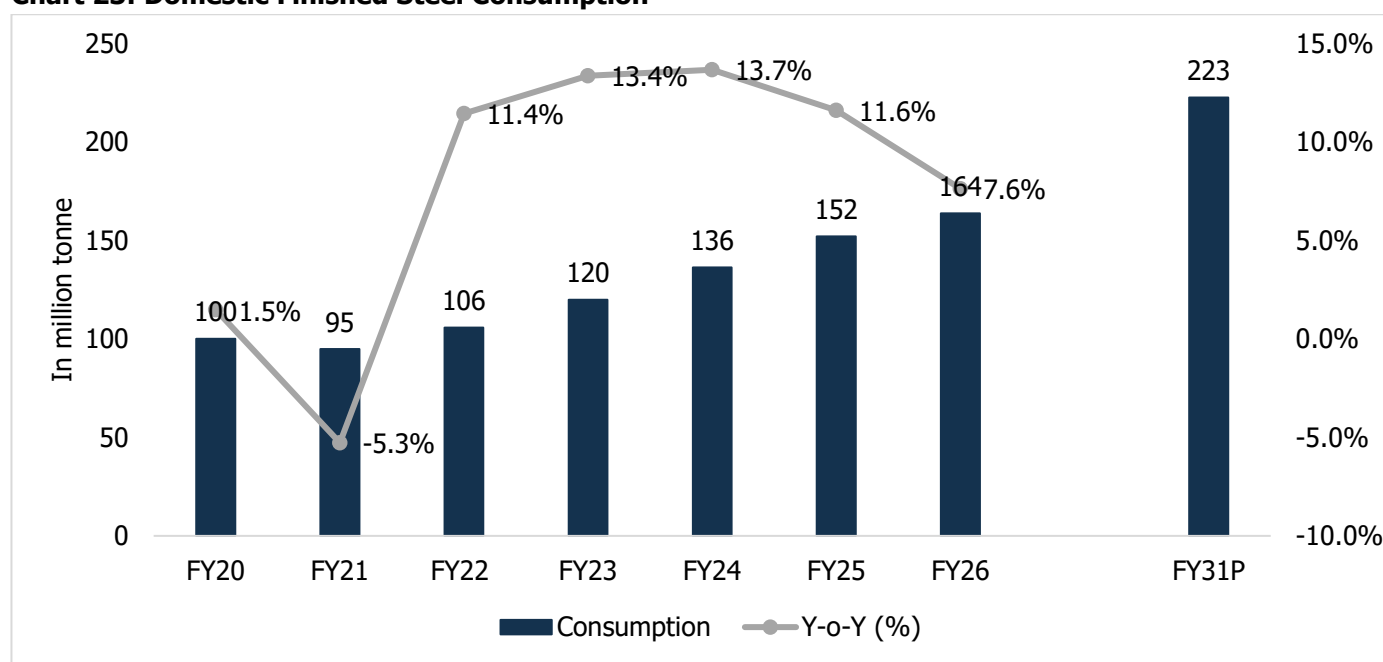
India's finished steel producers expanded output at a compound annual growth rate (CAGR) of 7.8% over the past seven years, increasing production from 103 million tonnes (MT) in FY20 to 161 MT in FY26. This growth was primarily driven by robust domestic demand, particularly from infrastructure, construction, railways, and manufacturing sector. Large-scale public infrastructure spending and urbanisation initiatives supported higher steel consumption, which in turn incentivised producers to expand output.

Chart 22: Domestic Finished Steel Production


Source: CMIE; Note: P-Projected

Finished steel consumption also surged, growing at a CAGR of 8.5% to reach 164 MT in FY26 from 100 MT in FY20. In FY26 alone, consumption rose by 11.6% year-on-year, driven by strong domestic demand, rise supported by increased activity in infrastructure, construction, railways, and manufacturing sectors.

The government's continued focus on large-scale infrastructure development, urbanisation, and capital expenditure played a crucial role in boosting steel demand. Additionally, sustained industrial momentum and expansion in end-use sectors ensured stable consumption growth.

Chart 23: Domestic Finished Steel Consumption


Source: CMIE; Note: P-Projected

3.5 Trend in Steel Trade

Exports:

India's steel trade dynamics have shifted significantly in recent years. During FY26, Indian steel exporters increased shipments by 35.9% y-o-y. This rise was driven by improved global competitiveness of Indian steel and diversification into key markets such as the Middle East, Europe, and Southeast Asia. Additionally, a sharp decline in imports and better price realisations supported higher export volumes. Furthermore, sustained capacity expansion and strong production growth enabled surplus availability for exports.

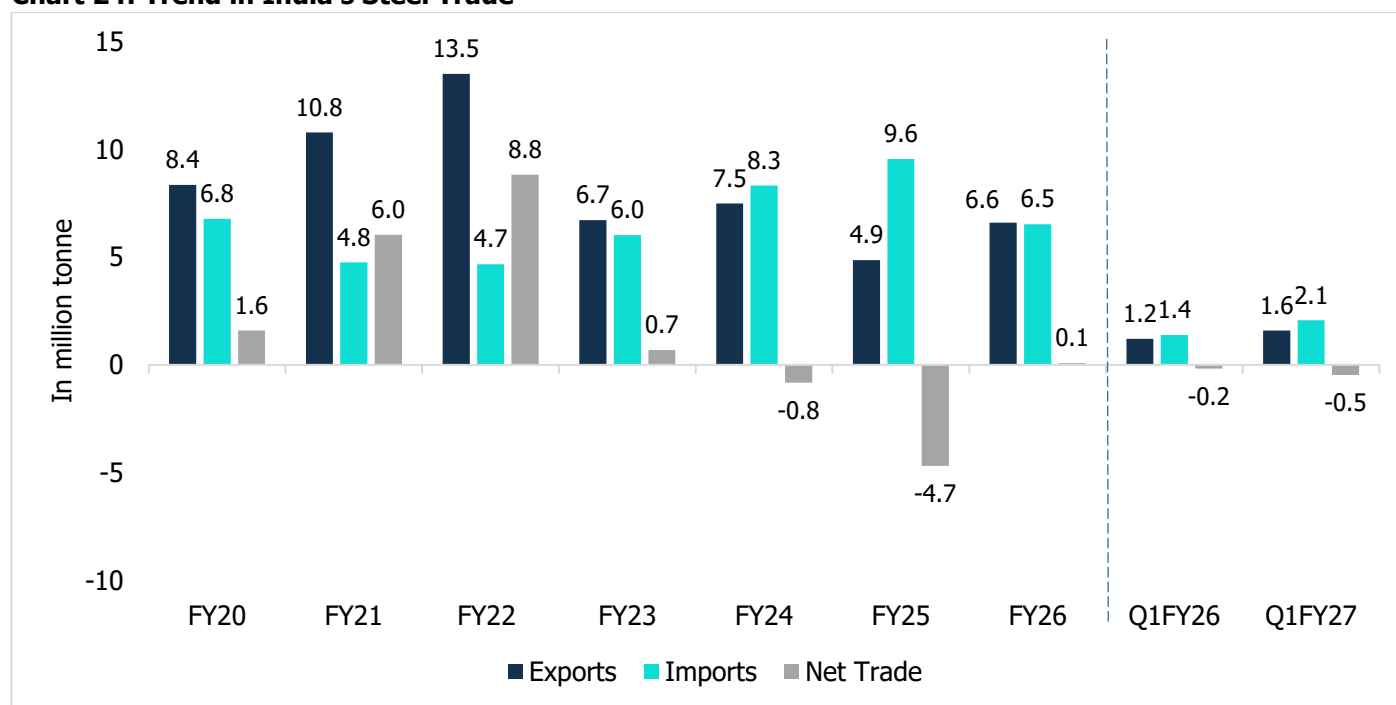
In FY25, exports fell sharply by 35.1% year-on-year. Weak foreign demand, intensified competition from low-priced Chinese steel particularly in the Middle East and Vietnam and declining shipments to key markets like Italy drove this decline.

Imports:

During FY26, import volumes fell by 31.7% y-o-y, driven primarily by policy interventions and improving domestic competitiveness. The government imposed safeguard duties of around 12% on certain steel products and strengthened quality control measures, which discouraged cheaper imports. Additionally, a narrowing price gap between imported and domestic steel made local products more attractive. Strong domestic production growth also reduced reliance on imports.

In FY25, Indian importers increased steel imports by 14.8% y-o-y, supported by a surge in low-cost flat steel products and specialty grades.

Chart 24: Trend in India's Steel Trade



Source: CMIE

Note: Q1FY26 refers to April – June 2025

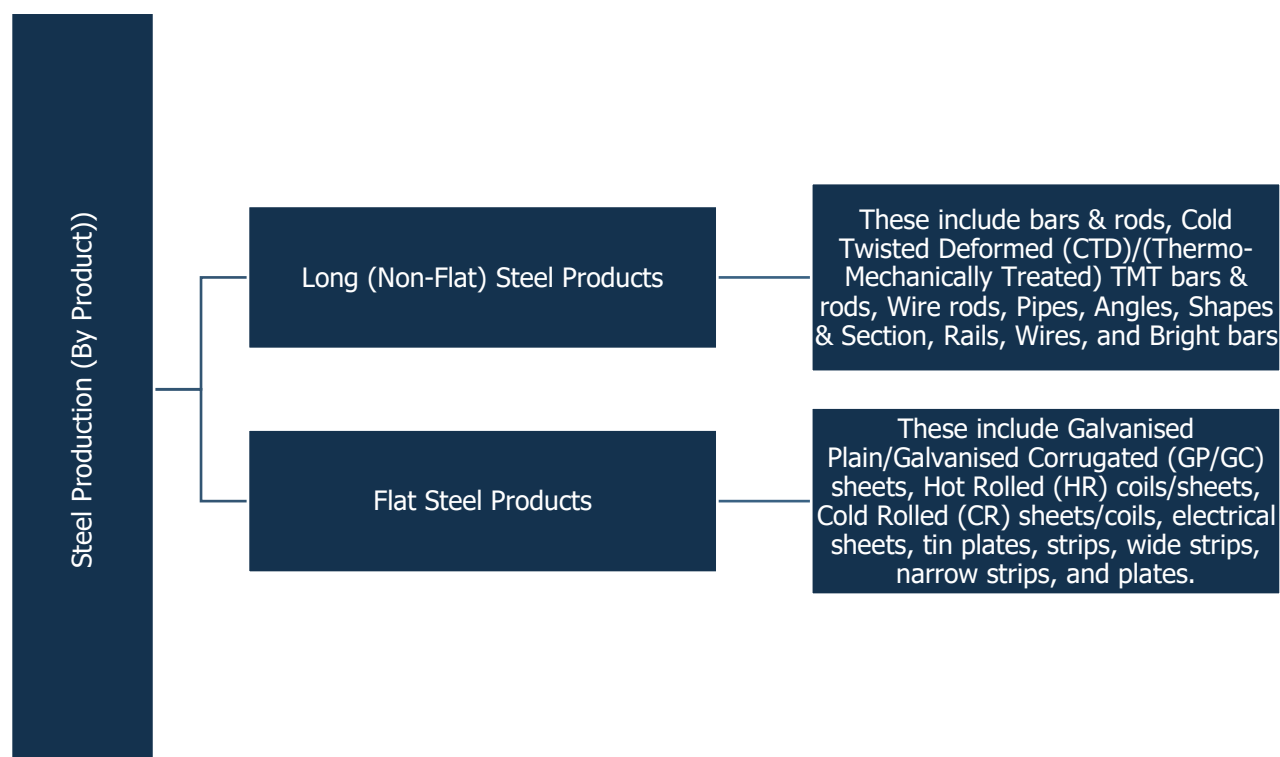
Q1FY27 refers to April – June 2026

3.6 Types of Steel

3.6.1 By Product

By product, steel can be divided into long (non-flat) and flat products, both of which have either a hot-rolled, cold-formed, or coated surface.

- Long (Non-Flat) Steel products:** Long steel products encompass a variety of forms primarily used in construction, mechanical engineering, and energy sectors. Typically, available in straight lengths or custom-cut sizes, with wire rods being the exception, often wound in irregular coils, these products undergo shaping or sizing processes from hot-rolled or forged blooms, billets, or pencil ingots to achieve their final form. Different types of long products include bars & rods, CTD/TMT bars & rods, Wire rods, Angles, Shapes & Section, Rails, Wires, and bright bars for railways. These versatile materials offer durability and structural integrity, serving as essential components in various infrastructure projects and industrial applications worldwide.
- Flat Steel products:** Flat steel products are the result of processing slabs or thin slabs in rolling mills using flat rolls, offering versatility in applications across automotive and truck manufacturing, heavy machinery, construction, packaging, and appliances. These finished steel products, supplied in Hot Rolled (HR), Cold Rolled (CR), or coated conditions, cater to diverse needs. The product range encompasses Galvanised Plain/Galvanised Corrugated (GP/GC) sheets, Hot Rolled (HR) coils/sheets, Cold Rolled (CR) sheets/coils, pipes, electrical sheets, tin plates, strips, wide strips, narrow strips, and plates. Whether it's providing structural support, corrosion resistance, or electrical conductivity, flat steel products play a crucial role in various industries globally, ensuring durability and reliability in a multitude of applications.

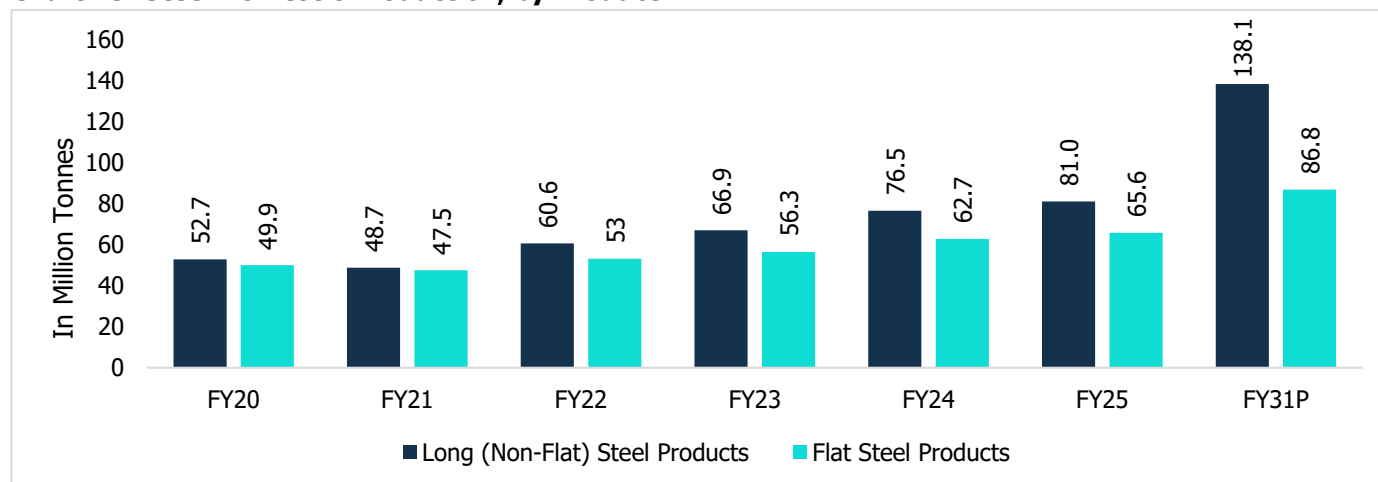


The growing production for Long Steel products vis-à-vis Flat Steel products can be attributed to the growing demand from construction and infrastructure sector in India. The production of both Long (Non-Flat) Steel Products and Flat Steel Products experienced consistent growth, registering a Compound Annual Growth Rate (CAGR) of 9.0% and 5.6%

respectively, from FY20 to FY25. This robust growth can be attributed to factors such as increased infrastructure development, urbanization, and strong demand from sectors like construction and automotive.

By FY31, it is projected that long steel products will continue to be the dominant segment in steel industry.

Chart 25: Steel Domestic Production, by Product



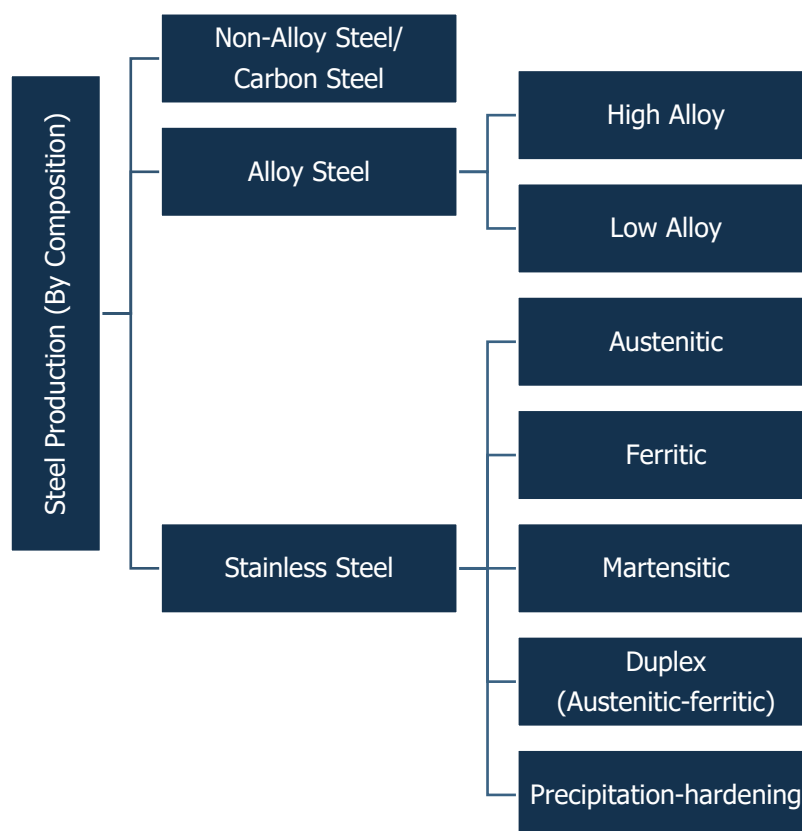
Source: JPC; Note: P-Projected

3.6.2 By Composition

Steel production, by composition, can be divided into Non-Alloy, Alloy, and Stainless-Steel products.

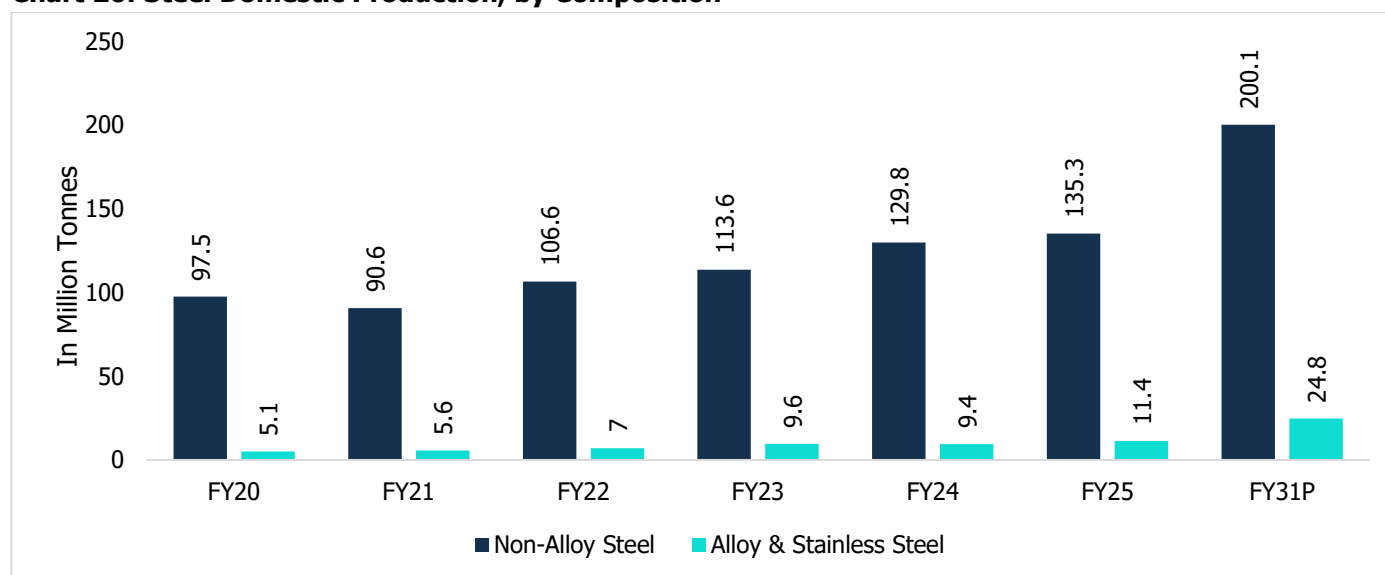
- **Non-Alloy Steel/ Carbon Steel:** Non-alloy steel does not contain specified proportions of alloying elements beyond what is found in commercially produced steel. Devoid of additional elements beyond iron and carbon, has a higher carbon content compared to alloy steel. This results in increased hardness but also brittleness. It finds use in applications where strength and hardness are essential, without requiring additional elements like corrosion resistance. It is commonly utilized in automotive components such as axles and drive shafts, as well as construction materials like rebar and structural beams.
- **Alloy Steel:** Alloy steel is produced by combining carbon with specific proportions of alloying elements like manganese, silicon, nickel, lead, copper, chromium, tungsten, molybdenum, niobium, and vanadium to alter its physical, mechanical, metallurgical, and electrical properties. This blend of metals enhances strength, corrosion resistance, wear resistance, and heat resistance beyond what each component could achieve alone. It is primarily used in applications where specific mechanical properties are needed. By percentage of alloy, it is categorised into High Alloy and Low Alloy Steel.
 - **High Alloy Steel** contain higher percentage of alloying elements and can be expensive to manufacture and difficult to process. Due to their greater hardness, toughness, and corrosion resistance, they are used in automotive applications, chemical processing, and power generating equipment.
 - **Low-Alloy Steel** contain low percentage, usually 1 to 5 percent, of alloying elements and are cost effective to produce. They are used in military vehicles, construction equipment, ships, pipelines, pressure vessel oil drilling platforms, and in structural components.

Stainless Steel: Stainless steel is a variant of alloy steel primarily consisting of chromium (typically over 10.5%) with optional additions of nickel, molybdenum, or titanium. It is resistant to staining and corrosion, retains strength even in high-temperature environments, and can be easily moulded into varying shapes. Stainless Steel can be classified into five different types: Austenitic, Ferritic, Martensitic, Duplex (Austenitic-ferritic), or Precipitation-hardening. Because of its strength, flexibility, and resistance to corrosion, it is widely used in Utensils, Architecture, Industrial applications viz automotive & food processing equipment as well as medical & health equipment.



The production of Non-Alloy Steel and Alloy & Stainless Steel experienced consistent growth, registering a Compound Annual Growth Rate (CAGR) of 6.8% and 17.5% respectively from FY20 to FY25 due to rising infrastructure investments, manufacturing resurgence, and rapid urbanization. Technological advancements and government initiatives also boosted demand for these steel products. Additionally, increasing consumer demand for durable goods and sustainability considerations further supported this growth.

By FY31, it is projected that Alloy & Stainless Steel will continue to be the dominant segment in steel industry, even though market share for non-alloy steel be rising vis-à-vis alloy & stainless steel.

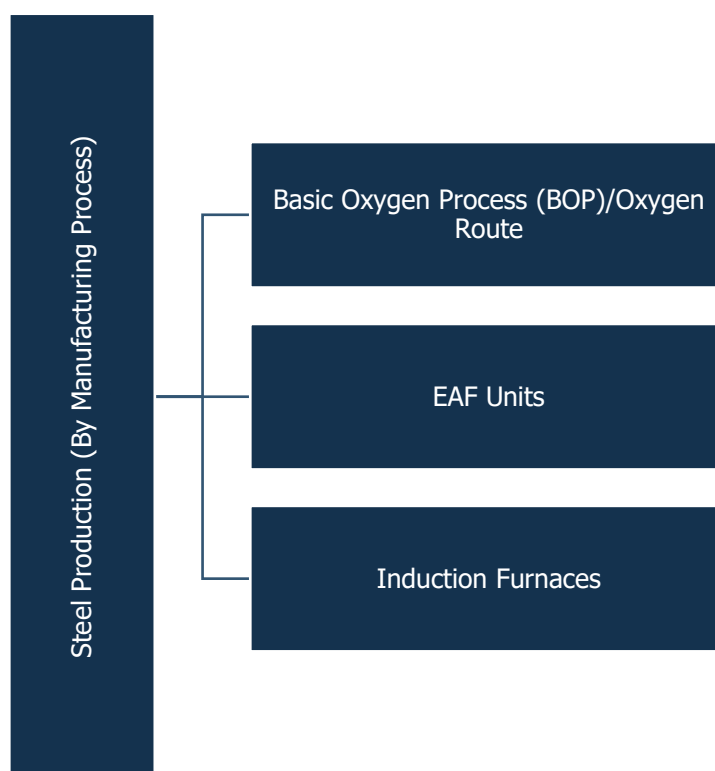
Chart 26: Steel Domestic Production, by Composition


Source: JPC; Note: P-Projected

3.6.3 By Manufacturing Process

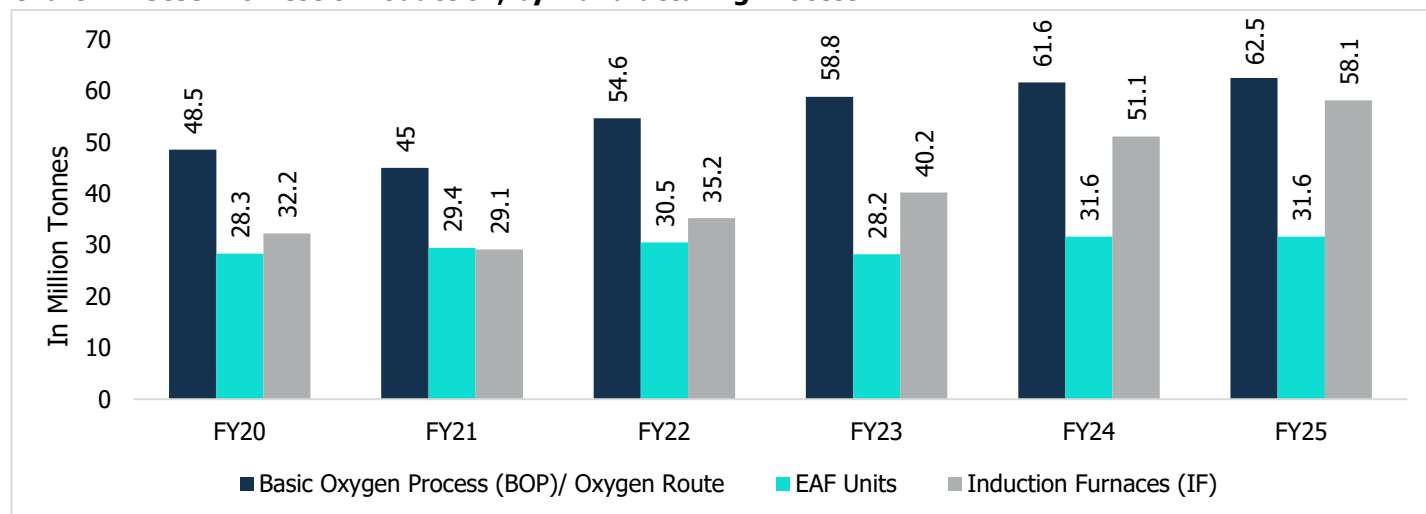
Steel is produced using three different production processes: Oxygen Route, Electric Arc Furnace (EAF) units, and Induction Furnace.

- Basic Oxygen Process (BOP)/Oxygen Route:** The Basic Oxygen Process (BOP), a prominent method in steelmaking, involves injecting pure oxygen into a mixture of molten blast-furnace iron and scrap steel, initiating exothermic reactions that eliminate impurities like carbon, silicon, phosphorus, and manganese. Also referred to as oxygen conversion steelmaking, it alters the carbon ratio of steel by leveraging oxygen. Initially, pig iron is smelted in a blast furnace, then transferred to a ladle for oxygen pre-treatment. Ingredients essential for steel, including carbon and other elements, are charged into the furnace. Pure oxygen is subsequently injected into the molten steel via a lance, facilitating carbon dissolution and generating high temperatures exceeding 3,000 degrees Fahrenheit. Fluxes are introduced to produce slag, which absorbs impurities, before being separated from the steel. Finally, the steel is allowed to cool. It is a low-cost process.
- EAF Units:** The Electric Arc Furnace (EAF) serves as a key method for smelting and refining steel products, particularly in recycling scrap steel and producing high-grade alloy steel, as well as other metals like aluminium, copper, and lead. This batch melting process involves several steps within its tap-to-tap cycle, including furnace charging, melting, refining, de-slagging, tapping, and furnace turn-around, aiming for tap-to-tap times under 60 minutes, with some twin-shell EAFs achieving times as low as 35 to 40 minutes. The EAF operates by heating and melting steel scrap through electric arcs generated between furnace electrodes and the metal bath, utilizing either direct (DC) or alternating (AC) electric currents.
- Induction Furnaces (IF):** The induction furnace is a steelmaking technology powered by electrical energy, comprising one of the two main methods of electrical steel production. This process utilizes the induction electrothermal effect to heat and melt metals. Comprising a crucible to contain the metal and an induction coil generating a high-frequency electromagnetic field, these furnaces operate by inducing an electric current in the metal. This induced electric current results in the metal's heating and melting. Known for their efficiency, induction furnaces can melt various metals like steel, iron, copper, and aluminum, finding widespread use in foundries and metal processing facilities.



Steel production is carried out through different methods, including the Basic Oxygen Process (BOP) or Oxygen Route, Electric Arc Furnace (EAF) Units, and Induction Furnaces (IF). Between FY20 and FY25, steel production via the Basic Oxygen Process saw a growth at a CAGR of 5.2%. Similarly, the EAF Units and Induction Furnaces experienced growth rates of 2.2% and 12.5% CAGR, respectively, during the same period. EAF growth is moderate due to its reliance on scrap availability, which can be affected by market prices and demand fluctuations. Additionally, BOP's efficiency in producing high-quality steel and favourable government policies often draw more investment and capacity expansion. The overall growth can be attributed to factors such as increasing demand for steel across various sectors, advancements in production technology, and favourable government policies promoting infrastructure and industrial development.

Chart 27: Steel Domestic Production, by Manufacturing Process



Source: JPC

3.7 Indian Mild Steel Products Industry

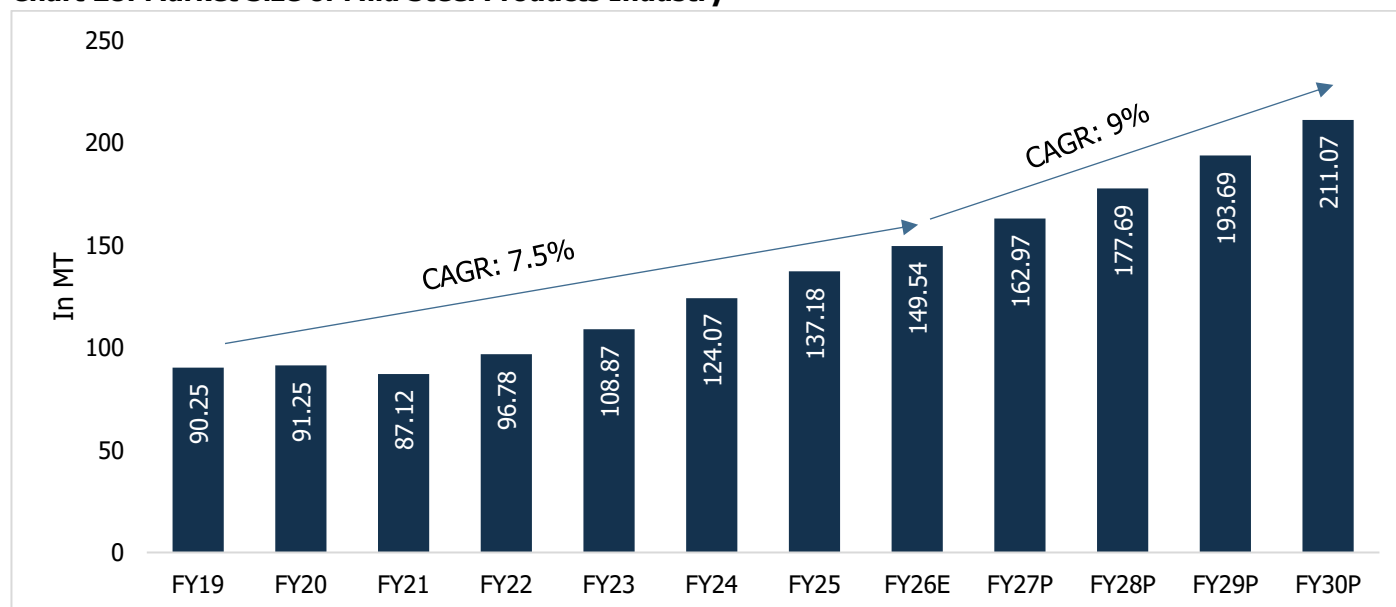
3.7.1 Market Size

The mild steel products industry in India has witnessed steady growth over the years, supported by strong underlying demand from core sectors. The increase in market size reflects rising consumption driven primarily by infrastructure and construction activity. Government data highlights that domestic steel demand has been growing consistently, led by sectors such as infrastructure, railways, construction, and manufacturing. Mild steel products, being widely used in structural applications, fabrication, and engineering, directly benefit from this broad-based demand. Additionally, urbanisation and housing initiatives have further supported consumption, as mild steel remains a cost-effective and versatile material for large-scale construction.

Another key reason for growth has been the expansion of industrial and manufacturing activity under initiatives such as "Make in India." Steel-intensive sectors like automotive, capital goods, and defense have contributed to rising demand for mild steel products. Increasing investments in capacity expansion and improved utilisation levels have also enabled producers to meet this growing demand efficiently.

Looking ahead, the industry is expected to maintain a strong growth trajectory. Government projections indicate that steel demand will continue to rise, driven by sustained infrastructure investments and urbanisation trends. Future growth drivers include large-scale infrastructure projects, increasing manufacturing output, and rising per capita steel consumption. Additionally, policy support such as the National Steel Policy and Production Linked Incentive (PLI) scheme for specialty steel is expected to enhance domestic capabilities and value addition. Overall, the mild steel products industry is poised for long-term growth, backed by strong domestic fundamentals and policy-driven demand expansion.

Chart 28: Market Size of Mild Steel Products Industry



Source: JPC, CareEdge Estimates; Note: E-Estimated, P-Projected

3.7.2 Growth Drivers

- Infrastructure and Construction Demand**

India's continued focus on infrastructure development remains a primary growth driver for the mild steel products industry. Large-scale investments in roads, railways, metro projects, ports, and urban infrastructure significantly increase

demand for products such as TMT bars, beams, and structural sections. Government initiatives like affordable housing, smart cities, and industrial corridors further accelerate consumption. As infrastructure projects are steel-intensive and long-term in nature, they provide sustained demand visibility for mild steel producers. Additionally, increased budgetary allocation toward capital expenditure has strengthened project execution, ensuring steady off-take of steel products. This structural demand trend is expected to continue, making infrastructure one of the most reliable growth pillars for the industry.

- **Industrial and Manufacturing Expansion**

The expansion of core manufacturing sectors such as automotive, engineering, capital goods, and heavy machinery is significantly boosting demand for mild steel products. These industries rely heavily on mild steel due to its strength, machinability, and cost-effectiveness. Government initiatives like "Make in India" and Production Linked Incentive (PLI) schemes are encouraging domestic manufacturing, leading to higher steel consumption. Growth in sectors such as renewable energy equipment, railways, and defense manufacturing further contributes to demand. As India strengthens its position as a manufacturing hub, the requirement for fabricated steel components and intermediate products continues to rise, supporting long-term growth in the mild steel segment.

- **Urbanisation and Real Estate Growth**

Rapid urbanisation and rising population are driving increased demand for residential, commercial, and institutional construction, thereby boosting consumption of mild steel products. The need for housing, office spaces, retail complexes, and urban infrastructure translates into sustained demand for reinforcement bars, sheets, and structural steel. Government schemes aimed at housing for all and urban development are further accelerating construction activities. Additionally, the growth of Tier II and Tier III cities is expanding the geographical demand base for steel products. As urban centres continue to expand and modernise, the mild steel industry benefits from consistent demand across multiple construction segments.

- **Cost Advantage and Versatility**

Mild steel remains one of the most widely used materials due to its affordability, ease of fabrication, and versatility across applications. It is easier to weld, cut, and shape compared to many other metals, making it highly suitable for a wide range of industries including construction, automotive, and general engineering. Its relatively lower cost compared to alloy or specialty steels makes it the preferred choice for mass applications where high strength-to-cost ratio is critical. Additionally, its recyclability and availability further enhance its attractiveness. This combination of economic and functional advantages ensures that mild steel continues to dominate as a base material in multiple sectors.

3.7.3 Key Challenges

- **Raw Material Price Volatility**

The mild steel industry is highly sensitive to fluctuations in the prices of key raw materials such as iron ore, coking coal, and scrap. Any volatility in these inputs directly impacts production costs and margins, especially for manufacturers operating on thin spreads. Global supply disruptions, geopolitical tensions, and changes in mining policies can lead to sudden price spikes or shortages. Since it is often difficult to pass on cost increases immediately to end-users, especially in a competitive market, profitability can be adversely affected. This uncertainty makes planning and pricing strategies more complex for producers.

- **Global Competition and Import Pressure**

The industry faces significant competition from low-cost steel imports, particularly from countries with surplus production capacity. These imports are often priced aggressively, putting pressure on domestic manufacturers to reduce prices and maintain market share. In some cases, dumping practices further distort the market, impacting profitability and capacity utilisation of local players. Although safeguard duties and quality control measures offer some protection, the threat of imports remains a persistent challenge. This is especially relevant during periods of weak global demand, when exporting countries divert excess supply to price-sensitive markets like India.

- **Overcapacity and Price Pressure**

Both global and domestic steel markets are often characterised by excess capacity, which leads to intense competition among producers. When supply exceeds demand, prices tend to remain subdued, limiting the ability of manufacturers to improve margins. In India, continuous capacity additions, while positive for long-term growth, can create short-term imbalances if demand does not keep pace. This results in aggressive pricing strategies and lower realisations. Smaller and less efficient players are particularly vulnerable in such an environment, as they struggle to compete with larger, integrated producers who benefit from economies of scale.

- **Environmental Regulations and Decarbonisation Costs**

Increasing regulatory focus on environmental sustainability and carbon emissions is emerging as a major challenge for the mild steel industry. Transitioning to greener production technologies, such as electric arc furnaces or hydrogen-based steelmaking, requires significant capital investment. Compliance with stricter emission norms and adoption of cleaner energy sources can increase operating costs, particularly for smaller players. Additionally, global trends such as carbon border taxes may impact export competitiveness. While these measures are essential for long-term sustainability, they create financial and operational challenges in the short to medium term, especially in a price-sensitive industry like mild steel.

3.8 Domestic Price Trends

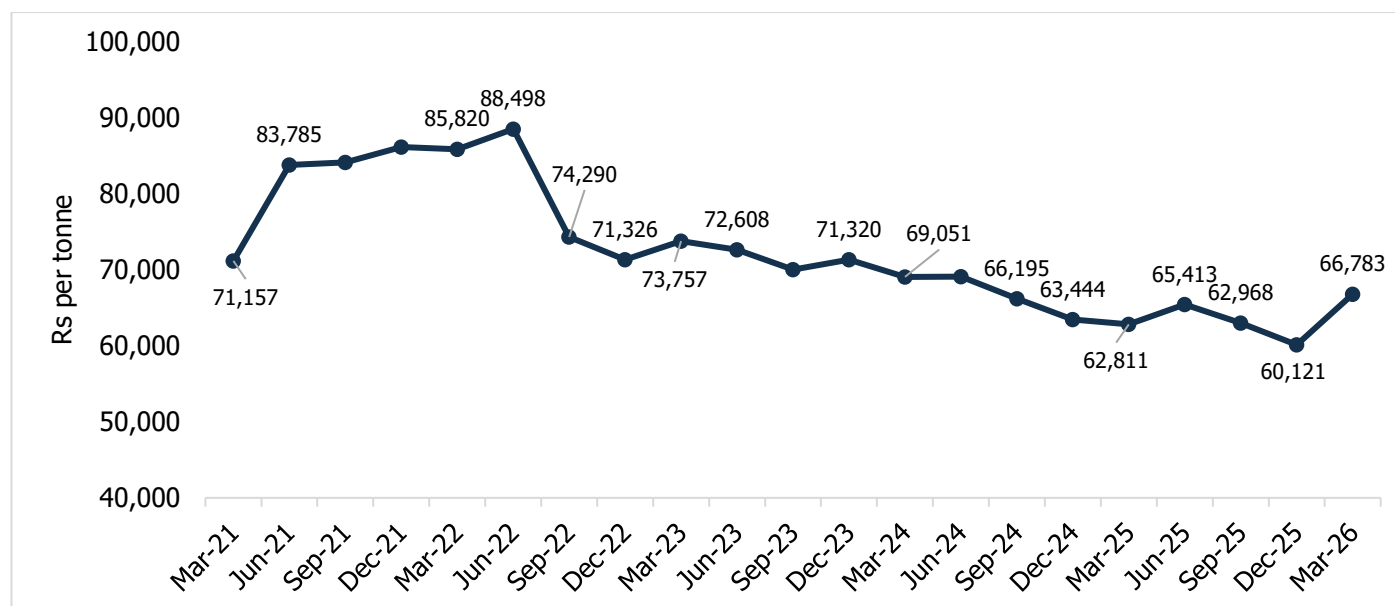
Domestic finished steel prices in the quarter ending March 2026 showed a recovery trend, rising to around Rs 66,783 per tonne after softer levels in preceding quarters. This improvement can be attributed to strong domestic demand from infrastructure and construction activities, which typically accelerate toward the fiscal year-end due to project execution cycles. Additionally, government interventions such as safeguard duties on imports and improved demand–supply balance supported price firming.

In contrast, prices during the quarter ending December 2025 remained relatively subdued, declining to around Rs 60,121 per tonne. This softness can be linked to relatively weaker seasonal demand, adequate domestic supply, and continued import availability, which kept market conditions comfortable. During quarter ended September 2025, average domestic finished steel prices fell by 3.7% q-o-q and 4.9% y-o-y. In the quarter ending June 2025, average domestic finished steel prices rose 4.1% q-o-q to Rs 65,413 per tonne, supported by the 12% temporary safeguard duty on select imports that strengthened domestic pricing power. In comparison, prices in March 2025 stood at Rs 62,811 per tonne, marking a 1% q-o-q decline. This downward trend continued from September 2024, when prices had already dropped by 4.18% q-o-q to Rs. 66,195 per tonne. The sustained decline since the June 2022 peak of Rs. 88,498 per tonne has been driven by several factors, including weak global demand, a fall in international prices, a surge in low-cost imports, and reduced export volumes.

Previously, during March 2024, prices dropped to Rs. 69,051 per tonne from Rs. 71,320 per tonne in December 2023, indicating a brief price surge that fizzled out. During FY24, domestic steel prices continued to flounder in catching the upward movement on account of global and domestic tailwinds.

In September 2023, prices fell to Rs. 70,001 per tonne, a 5% decline since March 2023 and a 6% year-on-year plunge. The price softness during this time was in line with international market trends and mirrored ongoing downward pressure in raw material prices and demand.

The trend started earlier in FY23, when prices declined precipitously from Rs. 88,498 a tonne in June 2022 to Rs. 71,326 a tonne in December 2022. The decline was mostly due to the imposition of export duties (May–Nov 2022) on some finished steel items. The policy action resulted in a drop in exports, a build-up of domestic stocks, and aggregate pressure on pricing. At the same time, iron ore and coking coal prices eased, more pulling down domestic steel prices.\

Chart 29: Trend in Domestic Steel Prices


Source: CMIE

3.9 Raw Material Price Trends

3.9.1 Iron Ore

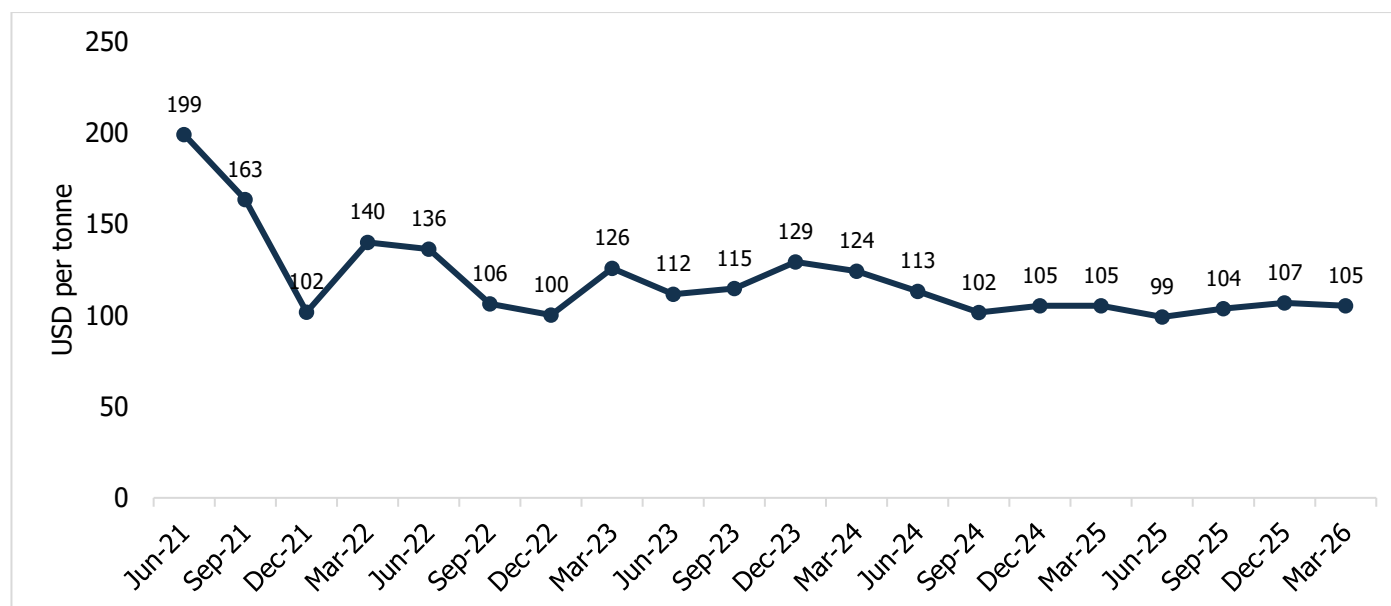
International iron ore prices in the quarter ending December 2025 continued the increasing trajectory, hovering around the USD 107 per tonne. This can be attributed to weak global demand, particularly from China, where a slowdown in the real estate sector and lower steel production reduced iron ore consumption. At the same time, increasing supply from major mining countries and stable shipment levels kept the market well-supplied, limiting upward price movement.

Iron ore prices recorded a modest increase in the quarter ending September 2025 by 4.5% q-o-q. This was preceded by a sharp decline in the quarter ending June 2025, falling 12.5% y-o-y and 5.8% q-o-q, to settle at USD 99 per tonne. This decline was driven by increase in global supply especially from major exporters like Australia and Brazil and softening of demand from China during the seasonal off-season and structural slowdown in steel output. Oversupply met softer buying, particularly amid reduced construction activity and production cuts by Chinese mills, pressuring prices downward. Additionally, a weaker US dollar further dented producer profit. These combined factors led to a significant drop in benchmark iron-ore pricing by mid-2025.

Prices declined marginally by 0.1% for the quarter ended March 2025. This was after global iron ore prices inched up slightly by 3.7% quarter-on-quarter (q-o-q) to USD 105 per tonne, for the quarter ended December 2024. This came after a steady fall for much of the year, with prices dropping to USD 102 per tonne during Q3 2024. The drop was primarily fuelled by an economic downturn in China then the world's biggest iron ore consumer and oversupply from leading global producers, including Australia, which holds the largest iron ore reserves globally.

International iron ore prices remained rangebound at approximately USD 100–110 per tonne during Q2 FY26 to March 2026, supported by resilient Chinese steel production and restocking, but capped by structural real estate weakness and rising supply from Australia and Brazil. Prices had corrected to USD 99 per tonne in June 2025 (down 12.5% on-year).

Considering the crucial position iron ore occupies in steel production, such price volatility has had direct implications on world steel prices emphasizing the raw material's significance in the overall supply chain dynamics of the steel sector.

Chart 30: Trend in International Iron ore Prices

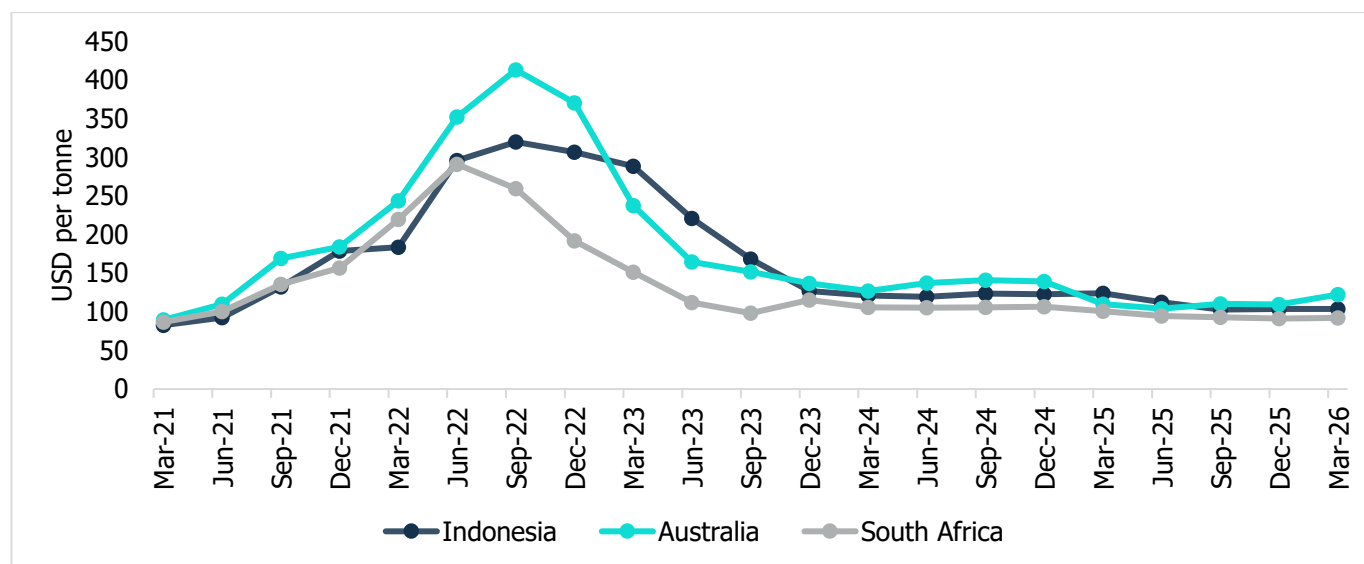
Source: CMIE

3.9.2 Coal

International coal prices in the quarter ending March showed relative stability with a slight uptick, with prices of Indonesia, Australia, and South Africa seen around USD 103.6, 122.3, and 91.9 per tonne respectively. This can be attributed to steady demand from power generation and steel sectors, along with continued reliance on coal as a key energy source. Additionally, gradual supply-demand balancing and stable production levels contributed to price stability during this period.

In contrast, prices in the December-ending quarter remained relatively subdued, reflecting adequate global supply and comfortable inventory levels. Increased coal production and supply, along with higher stock availability at power plants, reduced supply-side pressures and kept prices range-bound. As on quarter ending September 2025, barring Australia, coal prices for both Indonesia and South Africa declined by 8% and 2%, respectively. Coal prices in Australia for the same quarter increased by 6% q-o-q. During June 2025, international coal prices stood at USD 112 per tonne for Indonesia, USD 104 per tonne for Australia, and USD 95 per tonne for South Africa. All three prices have seen drastic decline of 9.2%, 5.3%, and 6% q-o-q, respectively. This was due to a persistent supply surplus amid softening demand. Global coal consumption is now plateauing, with demand from major markets like China and India easing as renewables and hydropower absorb a larger share of energy generation. At the same time, producers maintained high output, bolstering inventories and easing price pressures. This convergence of steady supply and wavering import appetite has driven prices down across key export markets.

During the quarter ended March 2025, international coal prices eased from previous highs, averaging USD 123.8 per tonne for Indonesia, USD 109.8 per tonne for Australia, and USD 100.6 per tonne for South Africa. Although still higher than pre-COVID levels, prices were lower than in FY23, reflecting a softening trend driven by improved global supply. This decline became evident by Q4 CY23, when coal prices recorded steep year-on-year drops 59% for Indonesian, 63% for South African, and 40% for Australian coal due to increased shipments from South Africa and Colombia that eased tightness in European markets. Despite the correction, sustained demand from China and India is expected to keep prices elevated relative to historical norms in FY24.

Chart 31: Trend in Coal Prices


Source: CMIE

3.10 Key Government Policies/Regulations for the Steel Industry

Domestically Manufactured Iron & Steel Products (DMI&SP):

- Domestically Manufactured Iron & Steel Products (DMI&SP) are those iron and steel products manufactured by entities registered and established in India, including in Special Economic Zones (SEZs). In addition, such products shall meet the criteria of domestic minimum value-addition.
- On 8th May 2017, the policy was approved by the government which mandates to provide preference to DMI&SP, in Government Procurement in which a minimum value addition of 15% - 50% has taken place domestically. This has been revised to 20% - 50% in the revised policy dated 31 December 2020.
- As on March 2024, The Union Cabinet has extended the policy by 6 months with effect from May 29, 2024.
- The policy is intended to encourage domestic production and consumption of steel and import substitution and promote growth in the industry.

As per the Revised DMI&SP Policy dated 17 December 2025, the Government has:

- Further extended the policy validity up to 31 March 2027, ensuring continuity of domestic-preference procurement norms.
- Mandated registration of steel manufacturers on a designated Government portal, along with self-certification and periodic audit mechanisms to verify domestic value addition.
- Expanded applicability of the policy across Central Ministries, CPSEs, and Government-controlled entities, including infrastructure-related procurements with substantial steel usage.
- Strengthened monitoring and compliance provisions, including penalties and de-registration for mis-declaration or non-compliance.

The policy continues to aim at encouraging domestic steel production and consumption, reducing import dependence, and supporting capacity utilisation and growth of the Indian steel industry.

Quality Control Order on Steel:

- The Ministry of Steel has introduced a Steel Quality Control Order (QCO), thereby banning sub-standard/defective steel products from the domestic market alongside imports to ensure the availability of quality steel to the industry, users, and the public at large.
- This measure is being taken to enhance the availability of quality steel to the users. According to the Order, it is ensured that only quality steel conforming to the relevant BIS standards is made available to the end users. BIS (Bureau of Indian Standards) Certification is a quality assurance process that ensures products meet Indian standards, verifying their quality, safety, and reliability. While BIS certification is voluntary for many products, it is mandatory for specific items, including certain steel products like TMT bars, to ensure public safety and compliance with Indian Standards. Certified products bear the ISI mark, indicating adherence to prescribed quality standards. The certification is typically valid for one to two years and can be renewed if the product and standards remain unchanged.
- As of August 2024, the QCO covers 151 categories of steel and steel products including carbon steel, alloy steel, and stainless steel. In addition, goods & articles made up of steel such as stainless-steel pipe & tubes, laminations/ cores of transformers, products of tin plate & tin-free steel, etc., have been notified to prevent circumvention of the Steel Quality Control Order.
- Through the Steel and Steel Products (Quality Control) Amendment Order, 2025, notified on 20 November 2025, the Ministry of Steel has temporarily deferred mandatory BIS enforcement for selected steel and steel product categories (for 1 year or 3 years, depending on the product) to allow industry time to comply, while retaining the core QCO framework covering 151 BIS-notified standards, including the requirement that both finished steel and critical intermediate inputs must conform to BIS standards once enforcement becomes operative.

National Steel Policy (NSP), 2017:

NSP was introduced in 2017 with the objective to increase domestic steel production and consumption, produce high-quality steel, and increase India's competitiveness globally. It also focuses on cost efficiency, raw material availability, and research & development to achieve the overall objectives laid out under the policy.

The mission defined under NSP, 2017 is as below:

- Self-sufficiency in steel production by providing policy support & guidance to private manufacturers, MSME steel producers, and CPSEs and encouraging adequate capacity additions
- Development of globally competitive steel manufacturing capabilities
- Cost-efficient production and domestic availability of iron ore, coking coal, and natural gas
- Facilitate investment in overseas asset acquisitions of raw materials
- Enhance domestic steel demand

Table 4: Target Set Under the NSP, 2017

Parameter	Projections (FY31)
Total crude steel capacity (in MTPA)	300 (218.3 MTPA in FY26*)
Total crude steel demand/production (in MTPA)	255
Total finished steel demand/production (in MTPA)	230
Sponge iron demand/production (in MTPA)	80
Pig iron demand/ production (in MTPA)	17
Per Capita Finished Steel Consumption (in kg)	158

Source: Ministry of Steel

Note: *refers to April-December 2025 (Provisional)

Atmanirbhar Bharat Policy:

- Government initiatives such as Make in India and Atmanirbhar Bharat which consist of 5 pillars (Economy, Infrastructure, System, Vibrant Demography, and Demand) have been playing a significant role in economic development.
- In the steel tubes and pipes sector, the demand for seamless and ERW pipe sectors is increasing due to these policies. According to this policy, any purchases made by PSUs must include at least 35% local value addition in the supply of pipes. This will eventually support domestic manufacturers in the country.
- Under this policy, a stimulus of Rs. 20 lakh crores were announced by the government to aid the country's fight against COVID-19.

Production Linked Incentive (PLI) Scheme:

- To enhance the manufacturing capabilities and export market, the government launched the Production Linked Incentive (PLI) Scheme for specialty steel under the Ministry of Steel in July 2021 with a budgetary outlay of Rs. 6,322 crores.
- India is dependent on specialty steel as it is used in automobiles, defence, railways, space, power, and renewable energy. The usage of this steel goes into the manufacturing of tubes and pipes, due to its properties such as heat resistance and corrosion resistance.
- The scheme covering specialty steel grades is applicable for the following product segments below:
 - a. Coated/Plated Steel Products
 - b. High Strength/ Wear-resistant Steel
 - c. Specialty Rails
 - d. Alloy Steel Products and Steel wires
 - e. Electrical Steel
- PLI is expected to boost the production of the above products in domestic industry and reduce the dependency on imports. This will not only ensure import substitution of goods but also encourage a growth in the exports.
- Through this scheme, the production of specialty steel grade is estimated to grow more than double by FY27 to 42.2 MT from 17.6 MT in FY20, an increase of 140%.
- This incentive scheme is also expected to attract investments of about Rs.39,625 crore by FY30 in specialty steel.

On January 6, 2025, Union Minister Shri H.D. Kumaraswamy launched PLI Scheme 1.1 for specialty steel, aimed at strengthening domestic steel production and reducing imports. This scheme covers five product categories: coated/plated steel, high-strength/wear-resistant steel, specialty rails, alloy steel, and electrical steel, with an allocation of Rs. 6,322 crores. The scheme will run from FY 2025-26 to FY 2029-30. Changes based on industry feedback include relaxed investment thresholds, capacity creation adjustments, and the ability to carry forward excess production for incentives. The CRGO sub-category saw reduced investment and capacity thresholds to encourage participation. The scheme, which builds on the first round of PLI launched in 2021, focuses on increasing self-reliance in specialty steel production and creating jobs, aiming to boost India's position as a global steel hub.

The Government of India launched Round 1.2 (third round) of the Production Linked Incentive (PLI) Scheme for Specialty Steel on 4 November 2025, reinforcing its push to make India a global hub for high-value steel manufacturing. Under this round, the scheme targets 22 product sub-categories, including super alloys, CRGO steel, stainless steel (long and flat), alloy forgings, titanium alloys, and coated steels, which are critical for sectors such as defence, automobiles, power, aerospace, and infrastructure. Incentives ranging from 4% to 15% on incremental sales will be available for five years starting FY 2025-26, with disbursements commencing from FY 2026-27. The base year has been revised to FY 2024-25 to better align with current market conditions. Building on the strong response to earlier rounds,

which attracted Rs 43,874 crore of committed investments, PLI 1.2 aims to accelerate capacity creation, technology upgradation, and import substitution in specialty steel.

Schemes like the Production Linked Incentive (PLI) have significantly impacted India's steel industry by fostering innovation, enhancing competitiveness, and increasing production capacities. The PLI scheme, introduced to boost specialty steel production, has attracted substantial investments, with companies committing to expand their manufacturing capabilities in critical sectors like defense, automobiles, and renewable energy. By offering incentives to companies that enhance their production capacity, the PLI scheme encourages technological advancements and process improvements, particularly in high-quality steel grades essential for sectors such as infrastructure and electrical goods. The revised PLI scheme, with relaxed norms, has broadened industry participation, making it easier for a wider range of companies to invest and expand. This shift reduces India's reliance on specialty steel imports, aiming to position the country as a global leader in steel production. Moreover, specific incentives for high-demand products, such as cold-rolled grain-oriented (CRGO) steel, reflect the government's strategic focus on improving critical domestic production. As the steel sector continues to grow, these policies play a vital role in ensuring that India remains competitive on the global stage while meeting domestic demand for high-quality specialty steel. This drive for self-reliance supports sustained growth in the industry, benefiting both businesses and the broader economy.

India's Carbon Emission Reduction Targets:

During COP30, India reaffirmed its strong commitment to climate action anchored in equity, national circumstances, and the principles of Common but Differentiated Responsibilities (CBDR-RC), while calling for a decisive shift from pledges to implementation. India underscored that climate ambition must be matched by predictable, concessional, and adequate climate finance, stressing that developed countries must scale up financial support to enable developing nations to pursue low-carbon growth. Highlighting its development challenges—including a large population and coal-dependent energy base—India reiterated that development and climate action can progress together. The country showcased its early achievement of key Nationally Determined Contribution (NDC) targets, growing renewable capacity, expanded forest cover, and declining emissions intensity. India also called for COP30 to be remembered as a "COP of Implementation and Delivery on Promises", emphasising adaptation, resilience, technology access, and a people-centric just transition, while maintaining its long-term commitment to net-zero emissions.

India's major climate commitments reiterated at COP30 include:

- Achieving 500 GW of non-fossil fuel power capacity by 2030, with over 50% installed capacity already from non-fossil sources.
- Reducing emissions intensity of GDP by 45% from 2005 levels by 2030, having already surpassed earlier targets ahead of schedule.
- Achieving net-zero emissions by 2070, supported by national missions on green hydrogen, biofuels, renewables, and nuclear energy.

These commitments underline India's determination to pursue climate-resilient growth while reinforcing the need for global cooperation and finance to meet shared climate goals.

4 Indian Steel Industry, by Product

4.1 Industry Structure in Long Steel Production

Industry Value Chain and Key Operating Stages

The long steel industry is typically structured across the following stages:

(a) Raw Material Inputs

- Key inputs generally include iron ore, coking coal, steel scrap, and/or direct reduced iron (DRI)/sponge iron.
- Input mix may vary by production route, regional scrap availability, and cost competitiveness.
- Prices of iron ore, coal, scrap, and DRI are generally subject to volatility and may be influenced by global commodity cycles, logistics constraints, and regulatory changes.

(b) Primary Steelmaking (Crude Steel / Liquid Steel)

Producers may adopt one or more of the following routes:

- Integrated route (BF–BOF / blast furnace–basic oxygen furnace): typically uses iron ore and coking coal; generally requires significant capital expenditure and scale.
- Mini-mill route (EAF / electric arc furnace): typically uses scrap and/or DRI; may offer operating flexibility and comparatively lower capital intensity.
- Secondary route (IF / induction furnace): commonly relies on scrap and/or DRI; economics may be sensitive to power costs, scrap availability, and compliance requirements.

(c) Casting and Semi-finished Products

Liquid steel is commonly converted into billets/blooms (semi-finished forms), which are key feedstock for long product rolling. Market participants may be:

- Captive (internal billet generation for own rolling), or
- Merchant (sale of billets to third-party rolling mills).

(d) Rolling and Finishing

Billets/blooms are processed into finished long products through rolling mills, followed by finishing operations such as quenching/tempering (for TMT), cutting, bundling, testing, and dispatch. Rolling and finishing operations may be:

- Fully integrated with upstream steelmaking, or
- Standalone (merchant rolling), procuring billets from third parties.

Typical Participant Categories and Competitive Landscape

The long steel industry may comprise participants across a spectrum of scale and integration:

(a) Integrated Producers

- Operate across multiple stages (and, in some cases, captive raw materials).
- May benefit from scale economies, cost efficiencies, product consistency, and stronger procurement/logistics capabilities.

- However, they may be exposed to high fixed costs, longer project timelines, and elevated compliance obligations.

(b) Mini-mills / Secondary Producers

- Generally focused on EAF/IF steelmaking and rolling.
- Performance may be materially impacted by scrap/DRI availability, power tariffs, and working capital requirements.

(c) Standalone Rolling Mills

- Typically procure billets externally and convert them into finished long products.
- Entry barriers may be comparatively lower in rolling than upstream steelmaking; as a result, this segment may be more fragmented and price-competitive, particularly in commoditized products.

Market Characteristics**(a) Regionality and Logistics**

Long steel may be relatively logistics-intensive due to weight and lower value density compared to certain other steel categories. As a result:

- Demand and competition are often regional, and
- Freight costs and proximity to consumption centers may materially impact realizations and margins.

(b) End-use Exposure and Cyclicalities

Demand may be dependent on:

- Housing and commercial construction,
- Public infrastructure (roads, metro/rail, bridges), and
- Industrial capex and engineering activity.

Accordingly, demand and pricing may be affected by government spending patterns, interest rates, and overall economic activity.

(c) Limited Product Differentiation

Certain long steel products may have standardized specifications, resulting in heightened price competition. Nonetheless, differentiation may arise from:

- Compliance with applicable standards,
- Consistency of mechanical properties,
- Certification, testing infrastructure, and
- Service levels and distribution.

Barriers to Entry and Capacity Additions

Barriers may vary by stage:

- Rolling may require lower capital and may be easier to establish, leading to fragmentation.

- Steelmaking (EAF/IF) generally requires higher capital, reliable power availability, scrap/DRI linkages, and environmental compliance.
- Integrated steelmaking typically requires substantial capital, longer gestation periods, land acquisition, multiple approvals, and large-scale logistics infrastructure.

Capacity expansions, if undertaken without commensurate demand growth, may lead to pricing pressure and margin compression, particularly in commoditized segments.

4.2 Production & Consumption trends

4.2.1 TMT Bars (rebar)

TMT bars or Thermo-Mechanically Treated bars, are high-strength steel bars manufactured by our Company from MS Billets. Our Company manufactures TMT bars using the thermex quenching technology to provide corrosion resistance characteristics, high-yield strength, bendability, weldability and ductility along with resistance to fire and earthquake and are used in construction to resist tension and provide support.

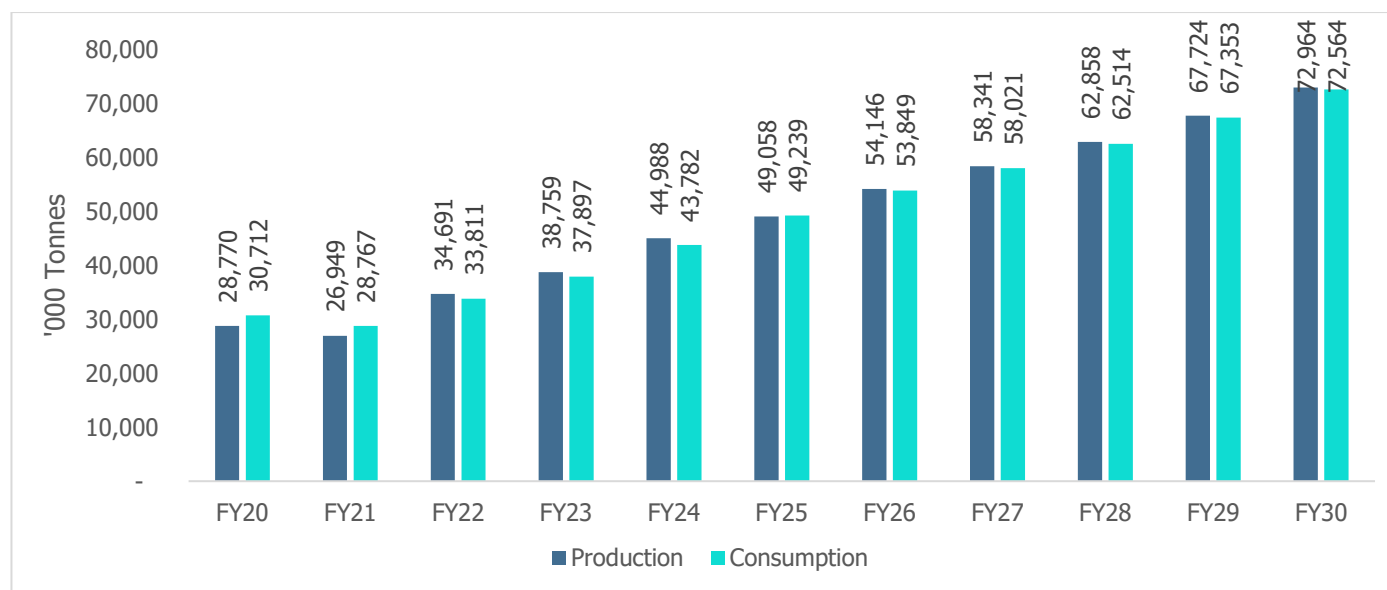
Grades of TMT bars

The TMT bars are graded based on various compositions. These compositions determine the characteristics of TMT bars such as malleability and hardness and also grades such as Fe 500, Fe 500D, Fe 550 and Fe 550D.

Usage of TMT bars

TMT bars are available in different sizes, such as 8 MM to 32 MM and in different grades and can be used for varied purposes and in diverse industries.

Section (MM)	Usage
8 MM	8 mm TMT bars are primarily used in construction for fabricating rings or stirrups, which are incorporated into pillar and lintel structures. These bars provide essential support and reinforcement, enhancing the stability and integrity of columns and lintels during the construction process.
10 MM & 12 MM	10 mm and 12 mm TMT bars are commonly used in the construction of RCC rooftops and slabs. These bars are recommended for their ability to carry heavy loads in various RCC structural elements, including columns, beams, slabs, and cantilevers.
16 MM	16 mm TMT bars are primarily recommended for constructions comprising ground floor plus one or more additional floors. These bars are suitable for supporting the load of upper floors, ensuring structural stability in multi-storey buildings.
20 MM, 25 MM and 32 MM	20 mm, 25 mm, and 32 mm TMT bars are recommended for strengthening foundational work. The increased thickness of these bars offers superior grip, effectively sustaining the load of upper floors. These sizes are commonly used in the construction of large-scale projects to ensure enhanced structural integrity.

Chart 32: Production & Consumption of TMT Bars


Source: Careedge Research

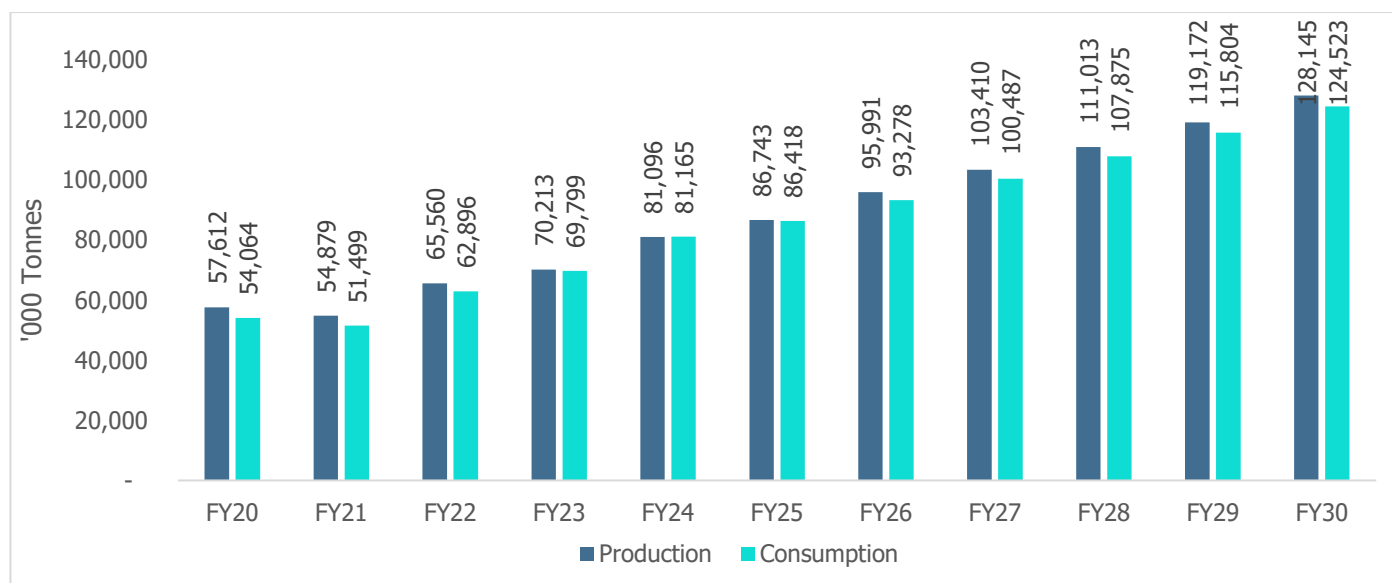
Note: Data for FY27 to FY30 are projected.

India's TMT bars (rebar) market recorded strong growth during FY20–FY25, driven by sustained investments in infrastructure, housing and industrial construction. Following a temporary slowdown in FY21 due to the pandemic, production increased from 26.9 million tonnes in FY21 to 49.1 million tonnes in FY25, registering an 11% CAGR, while consumption rose from 28.8 million tonnes to 49.2 million tonnes, reflecting a 10% CAGR. The growth was supported by higher government capital expenditure, execution of projects under PM Gati Shakti, National Infrastructure Pipeline (NIP), Bharatmala, metro rail expansion, railway modernization and PMAY, which continue to be the primary demand drivers for TMT bars.

Going forward, both production and consumption are projected to grow at a healthy 8% CAGR during FY25–FY30, reaching 73.0 million tonnes and 72.6 million tonnes, respectively. The marginal gap between production and consumption indicates a balanced domestic market, with capacity additions expected to be largely absorbed by rising demand from infrastructure, urban development, real estate and industrial projects, supported by the Government's continued infrastructure-led growth strategy.

4.2.2 Billets (semi- finished)

MS Billet is a length of iron metal that has a square cross-section. It is a semi-finished steel product that is primarily used as raw material for rolling into bars, rods and other Structural Steel Products.

Chart 33: Production & Consumption of Billets (semi- finished)


Source: Careedge Research

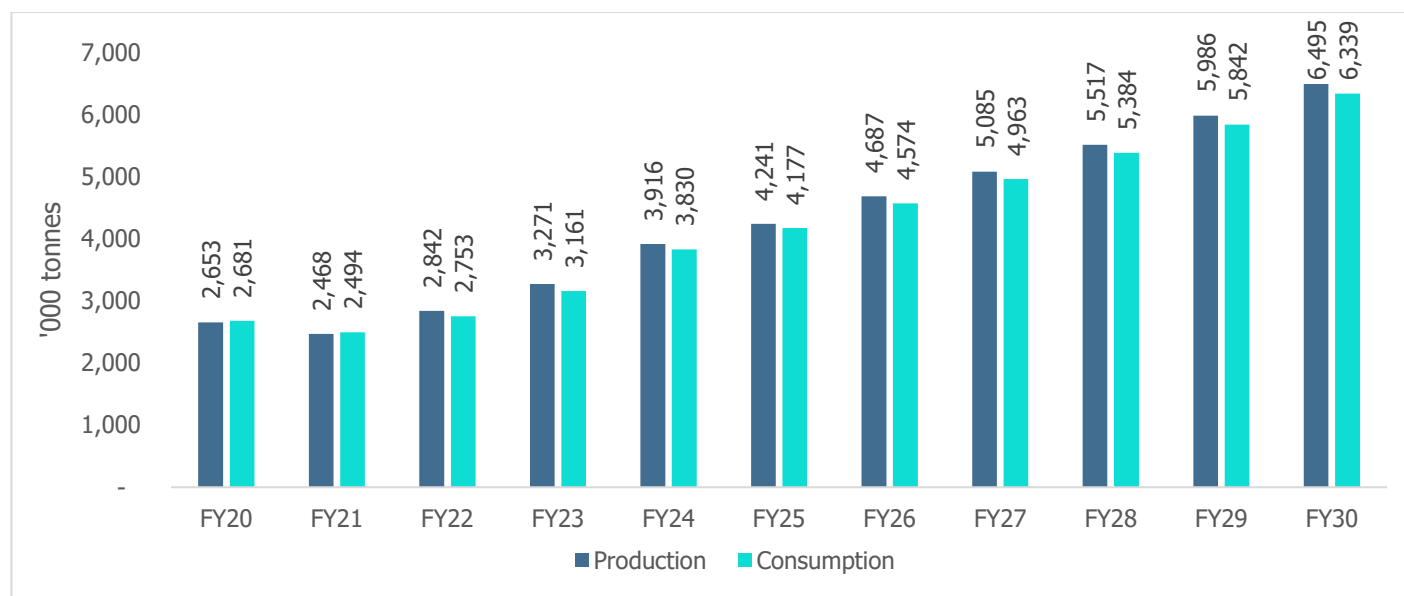
Note: Data for FY27 to FY30 are projected.

India's steel billets (semi-finished steel) market recorded strong growth during FY20–FY25, reflecting expanding domestic steelmaking capacity and robust downstream demand from long steel products such as TMT bars, wire rods, structural steel and merchant bars. Following the pandemic-led slowdown in FY21, production increased from 54.9 million tonnes in FY21 to 86.7 million tonnes in FY25, registering a 9% CAGR, while consumption rose from 51.5 million tonnes to 86.4 million tonnes, reflecting a 10% CAGR. Growth was driven by higher government capital expenditure, rapid expansion of infrastructure and housing projects, rising construction activity, and increasing steel demand from manufacturing and engineering sectors, supported by initiatives such as PM Gati Shakti, the National Infrastructure Pipeline (NIP) and continued focus on domestic steel capacity expansion.

Going forward, both production and consumption are projected to grow at an 8% CAGR during FY25–FY30, reaching 128.1 million tonnes and 124.5 million tonnes, respectively. The close alignment between production and consumption indicates a balanced domestic market, with sustained demand from downstream rolling mills expected to support capacity utilization. Continued investments in infrastructure, urban development, manufacturing and construction are expected to reinforce long-term growth in billet production and consumption, in line with the Government's infrastructure-led development strategy.

4.2.3 Angels

Angles are hot-rolled structural steel sections available in equal and unequal leg configurations, offering high strength, dimensional accuracy, and excellent loadbearing capacity. Known for their durability, weldability, and ease of fabrication, angles are widely used in transmission and telecom towers, buildings, bridges, industrial structures, railways, framing, trims, brackets, renewable energy installations, and general engineering applications.

Chart 34: Production & Consumption of Angles


Source: Careedge Research

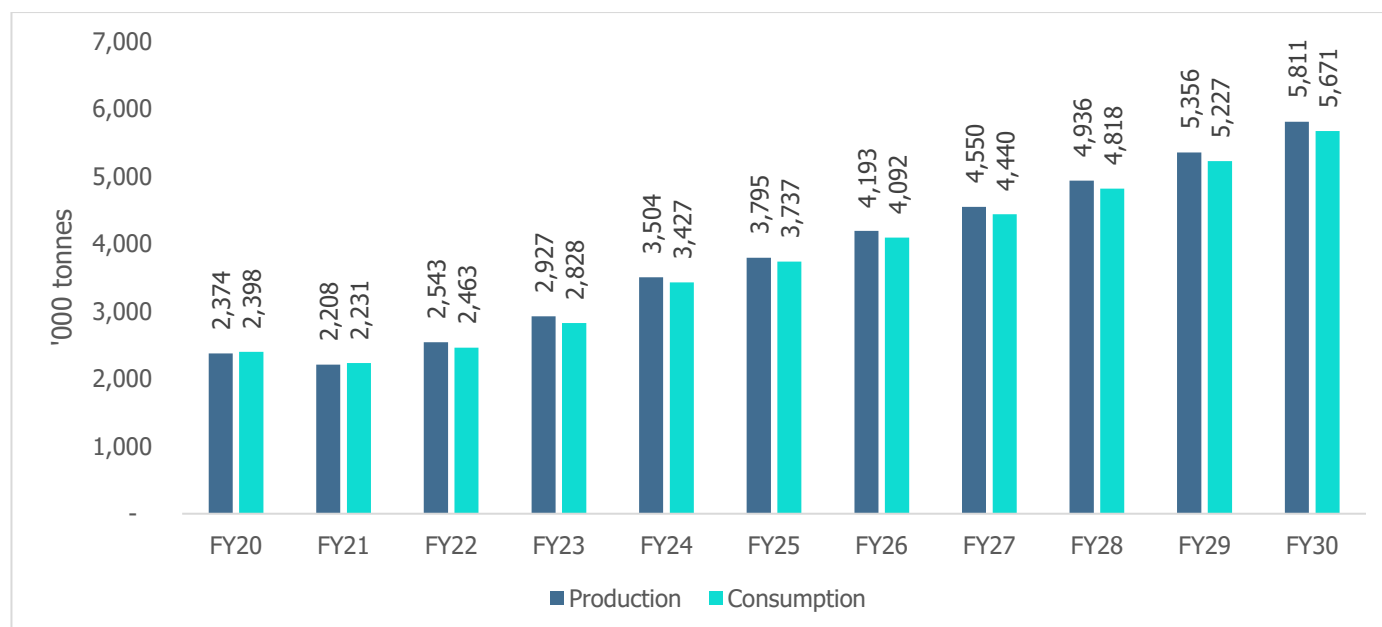
Note: Data for FY27 to FY30 are projected.

India's structural steel angles market witnessed healthy growth during FY20–FY25, supported by rising investments in infrastructure, industrial facilities, transmission and distribution (T&D) networks, railways and commercial construction. After a temporary decline in FY21 due to the pandemic, production increased from 2.47 million tonnes in FY21 to 4.24 million tonnes in FY25, registering a 10% CAGR, while consumption grew from 2.49 million tonnes to 4.18 million tonnes, reflecting a 9% CAGR. Demand was primarily driven by higher government capital expenditure, rapid execution of infrastructure projects under PM Gati Shakti, railway and metro expansion, transmission infrastructure development, and growth in industrial and warehousing construction.

Going forward, both production and consumption are projected to grow at a 9% CAGR during FY25–FY30, reaching 6.50 million tonnes and 6.34 million tonnes, respectively. The narrow gap between production and consumption indicates a balanced domestic market, with incremental capacity expected to be absorbed by sustained investments in infrastructure, power transmission, manufacturing, logistics and urban development, supported by the Government's continued focus on infrastructure-led economic growth.

4.2.4 Beam / Joists / Beam & Girder

MS sections i.e. beams and girders are widely used in construction frameworks, industrial sheds, infrastructure projects, fabrication works, and general engineering applications. Produced using quality-tested steel and controlled rolling processes, these sections offer weldability, formability, and loadbearing capacity. They are available in various sizes such as 125 x 70 mm to 600 x 210 mm and can also be supplied as per standard specifications or customized to meet specific project requirements.

Chart 35: Production & Consumption of Beam / Joists / Beam & Girder


Source: Careedge Research

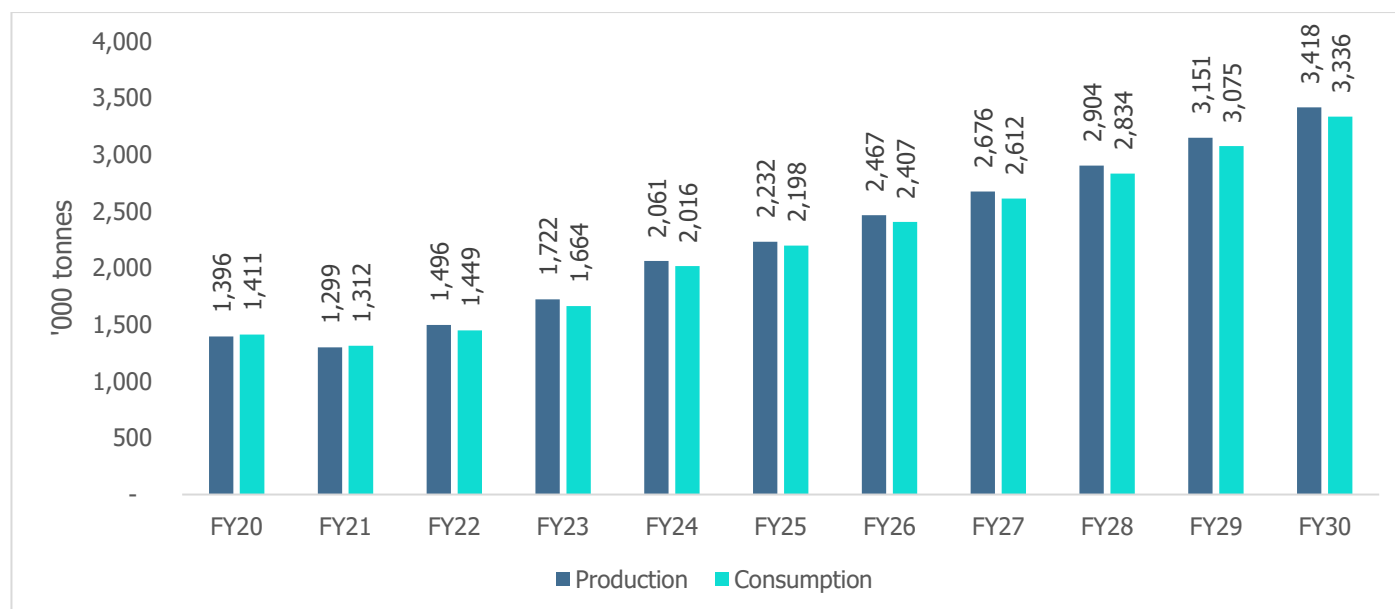
Note: Data for FY27 to FY30 are projected.

India's beams, joists, beams & girders market recorded robust growth during FY20–FY25, supported by increasing investments in commercial buildings, industrial facilities, warehouses, bridges, metro rail, railways and other large infrastructure projects. Following a temporary slowdown in FY21 due to the pandemic, production increased from 2.21 million tonnes in FY21 to 3.80 million tonnes in FY25, registering a 10% CAGR, while consumption rose from 2.23 million tonnes to 3.74 million tonnes, reflecting a 9% CAGR. Growth was driven by higher government capital expenditure, accelerated infrastructure execution under PM Gati Shakti, railway and metro expansion, logistics infrastructure development, and rising adoption of structural steel in industrial and commercial construction.

Going forward, both production and consumption are projected to grow at a 9% CAGR during FY25–FY30, reaching 5.81 million tonnes and 5.67 million tonnes, respectively. The marginal gap between production and consumption indicates a balanced domestic market, with future demand expected to be supported by continued investments in transport infrastructure, industrial development, warehousing, urban infrastructure and commercial real estate, in line with the Government's infrastructure-led growth strategy.

4.2.5 Channels

Channels are hot-rolled structural steel sections with a U-shaped cross-section, offering high strength, rigidity, and load-bearing capacity. Known for their excellent weldability, dimensional accuracy, and durability, channels are widely used in industrial sheds, warehouses, power plants, refineries, railway electrification structures, bridges, machinery frames, and large infrastructure projects.

Chart 36: Production & Consumption of Channels


Source: Careedge Research

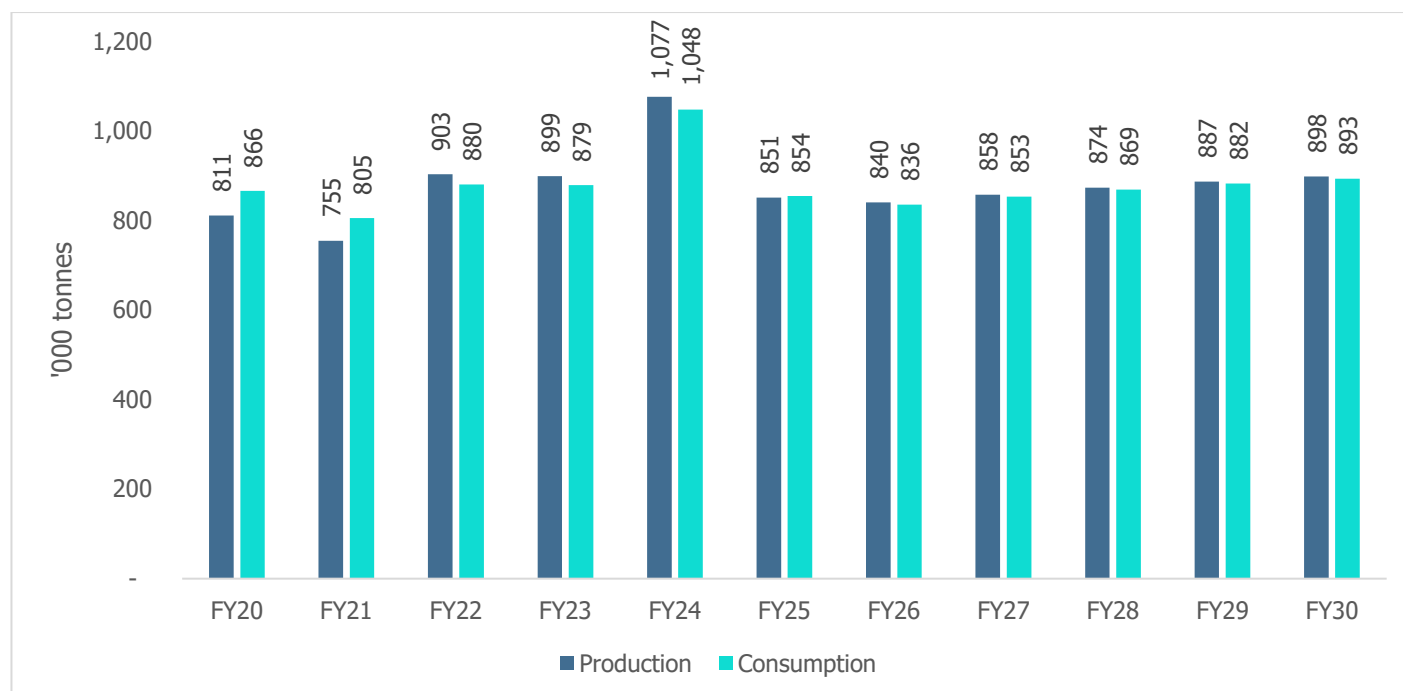
Note: Data for FY27 to FY30 are projected.

India's steel channels market registered healthy growth during FY20–FY25, supported by rising investments in infrastructure, industrial buildings, power transmission, railways and commercial construction. Following a temporary slowdown in FY21 due to the pandemic, production increased from 1.30 million tonnes in FY21 to 2.23 million tonnes in FY25, registering a 10% CAGR, while consumption grew from 1.31 million tonnes to 2.20 million tonnes, reflecting a 9% CAGR. Demand was driven by higher government capital expenditure, accelerated execution of projects under PM Gati Shakti, railway and metro expansion, industrial infrastructure development, and increasing use of structural steel in warehouses and manufacturing facilities.

Going forward, both production and consumption are projected to grow at a 9% CAGR during FY25–FY30, reaching 3.42 million tonnes and 3.34 million tonnes, respectively. The narrow gap between production and consumption indicates a balanced domestic market, with future demand expected to be supported by sustained investments in transport infrastructure, industrial manufacturing, logistics, urban development and power infrastructure, in line with the Government's infrastructure-led growth strategy.

4.2.6 Flats

Flat bars and Rods are versatile steel products designed for a wide range of structural, fabrication, fastener, construction activities and general engineering applications. These products offer high tensile strength, excellent durability, and superior machinability, making them suitable for both load-bearing and utility purposes.

Chart 37: Production & Consumption of Flats


Source: Careedge Research

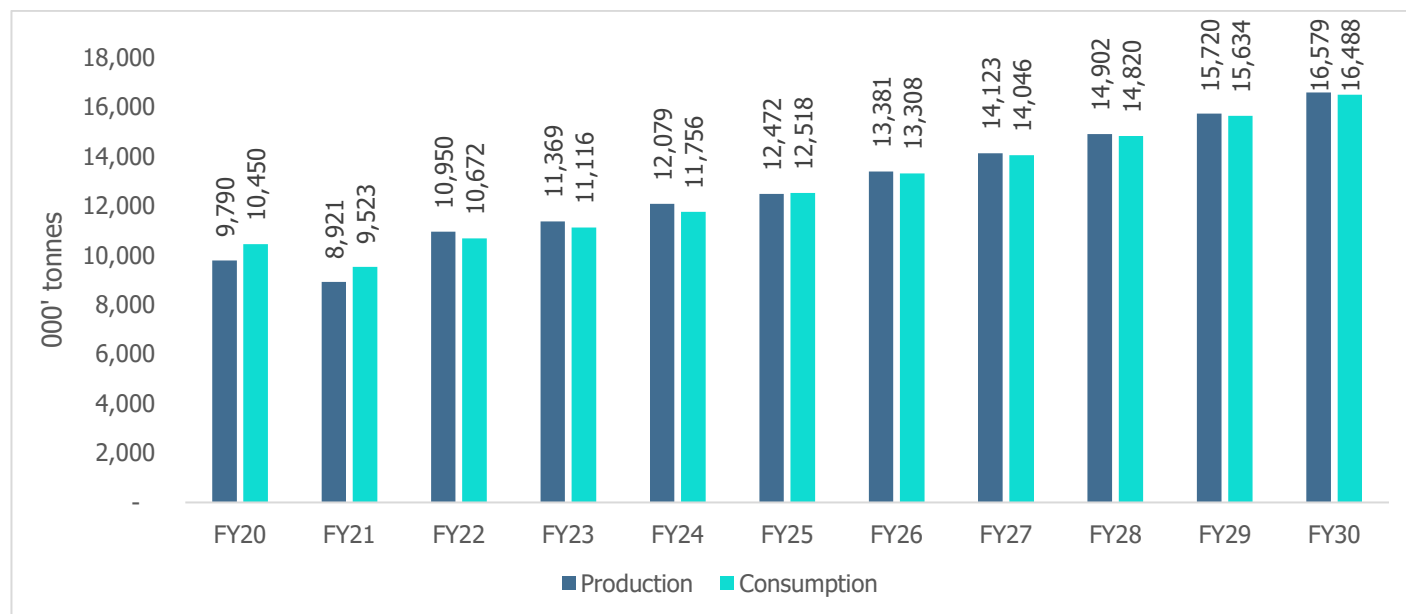
Note: Data for FY27 to FY30 are projected.

India's steel flats market remained relatively stable during FY20–FY25, reflecting its niche application across engineering, fabrication, shipbuilding, railways, automotive components and machinery manufacturing. Following the pandemic-led slowdown in FY21, production recovered to 1.08 million tonnes in FY24 before moderating to 0.85 million tonnes in FY25, resulting in a modest 1% CAGR during FY20–FY25. Similarly, consumption increased to 1.05 million tonnes in FY24 before easing to 0.85 million tonnes in FY25, remaining broadly flat over the period. The moderation indicates demand normalization after post-pandemic recovery, with consumption largely linked to project-based industrial and engineering activities rather than broad-based construction demand.

Going forward, both production and consumption are projected to grow at a modest 1% CAGR during FY25–FY30, reaching 0.90 million tonnes and 0.89 million tonnes, respectively. The close alignment between production and consumption suggests a balanced domestic market, with incremental demand expected to be supported by steady growth in engineering, manufacturing, railway, fabrication and industrial infrastructure sectors under the Government's continued focus on industrialization and capital expenditure.

4.2.7 Rods (wire rods + plain rounds)

Chart 38: Production & Consumption of Rods (wire rods + plain rounds)



Source: Careedge Research

Note: Data for FY27 to FY30 are projected.

India's rods (wire rods and plain rounds) market witnessed steady growth during FY20–FY25, driven by rising demand from the construction, infrastructure, automotive, engineering and wire & cable industries. Following the pandemic-induced slowdown in FY21, production increased from 8.92 million tonnes in FY21 to 12.47 million tonnes in FY25, registering a 5% CAGR, while consumption rose from 9.52 million tonnes to 12.52 million tonnes, reflecting a 4% CAGR. Growth was supported by higher government capital expenditure, expansion in infrastructure and housing projects, increasing industrial manufacturing, and growing demand for downstream products such as wire, fasteners, fencing and reinforcement applications.

Going forward, both production and consumption are projected to grow at a 6% CAGR during FY25–FY30, reaching 16.58 million tonnes and 16.49 million tonnes, respectively. The near parity between production and consumption indicates a well-balanced domestic market, with future demand expected to be driven by continued investments in infrastructure, manufacturing, power transmission, automotive and engineering sectors, aligned with the Government's focus on infrastructure development and industrial expansion.

4.3 Pricing Trends

4.3.1 TMT Bars

TMT bars are available in various sizes including but not limited to 10 mm, 12 mm, and 25 mm. For all three sizes, prices have increased in March 2026, y-o-y, by 10%, 0.7%, and 1.4%, respectively. TMT bar prices have shown a broadly fluctuating but range-bound trend over the period, reflecting changing demand–supply conditions in the construction sector. Prices declined through late periods when construction activity slowed and supply remained adequate, while intermittent increases were observed during phases of stronger infrastructure execution and housing demand. Government-led infrastructure push, including roads, metros, and housing projects, has remained a key demand driver supporting prices.

At the same time, price moderation phases can be linked to stable production levels and easing demand in certain quarters. As per industry and policy insights, TMT prices are largely influenced by demand–supply balance, raw material costs, and construction activity cycles, leading to periodic corrections rather than sustained sharp movements.

Table 5: Trend in TMT Bar Prices

Size	23-Jun	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun	25-Sep	25-Dec	26-Mar
10 mm	66,170	61,777	62,915	59,849	65,807	57,622	58,643	58,127	59,893	54,478	59,893	60,682
12 mm	65,543	61,054	62,203	59,030	65,057	56,873	57,859	57,379	59,203	53,735	59,203	59,971
25 mm	65,646	61,309	62,339	59,298	65,467	57,100	58,108	57,473	59,359	53,928	59,359	60,102

Source: CMIE

Re-Rolling Segment

Re-rolling is a key secondary process in the steel value chain, carried out primarily by re-rolling mills. In this process, semi-finished steel products such as billets, blooms, or ingots are heated and passed through rolling stands to produce finished long products like bars, rods, angles, and channels. Re-rolling enhances the dimensional accuracy, surface finish, and mechanical properties of steel, making it suitable for construction and engineering applications.

Re-rolling is closely linked to the production of TMT (Thermo-Mechanically Treated) bars, which are among the most important outputs of re-rolling mills. After hot rolling, TMT bars undergo controlled quenching and self-tempering, resulting in a strong outer layer and a ductile core. This combination provides high strength, weldability, and earthquake resistance, making TMT bars the preferred reinforcement material for modern Reinforced Cement Concrete (RCC) construction.

Table 6: Capacity and Production of Re-rolling segment

	No. of Working Units	Working Capacity (in thousand tonnes)	Total Production (in thousand tonnes)
Re-rolling segment (During FY25)	1,248	122,842	86,214

Source: JPC

4.3.2 MS Rounds

MS rounds prices have shown a mildly fluctuating but largely stable trend, reflecting balanced demand and supply conditions in the domestic market. Demand for MS rounds, widely used in construction, fabrication, and machinery, has remained supported by ongoing infrastructure and industrial activity, as highlighted in government assessments of steady steel demand growth.

However, periods of price softening can be linked to adequate domestic supply, rising inventories, and competitive pressures from imports, which have limited price upside. Overall, the trend indicates that while underlying demand remains strong, sufficient supply and market competition have kept MS rounds prices range-bound with moderate fluctuations.

Table 7: Trend in MS Rounds Prices

Size	23-Jun	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun	25-Sep	25-Dec	26-Mar	26-Jun
8 mm	59,796	57,993	57,056	56,757	58,442	58,870	60,662	60,524	59,837	58,376	58,098	59,937	60,125
10 mm	60,462	58,659	57,722	57,473	59,142	57,917	61,195	61,058	60,371	58,909	58,631	60,471	60,692

Source: CMIE

4.3.3 Billets

Billet prices have shown a generally soft and fluctuating trend, reflecting changes in downstream steel demand and overall market sentiment. As billets are semi-finished products used in TMT bars and other long steel products, their pricing is closely linked to construction and manufacturing activity. Periods of price decline can be attributed to subdued demand and cautious buying by market participants, while intermittent recoveries align with improved offtake of finished steel.

Table 8: Trend in Billets Prices

Size	23-Jun	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun	25-Sep	25-Dec	26-Mar
100 mm	58,657	56,537	56,479	53,938	56,770	53,356	53,852	52,700	53,963	51,120	49,760	53,153

Source: CMIE

4.3.4 Angles

The pricing trend for MS angles indicates a broad-based correction from June 2023 through FY24 and FY25, followed by a recovery during FY26. Higher-section angles experienced the greatest volatility, with 50×50×6 mm prices declining from Rs. 66,530/tonne in June 2023 to Rs. 54,145/tonne in December 2025 before rebounding to Rs. 63,610/tonne by June 2026. Similarly, 75×75×6 mm prices fell from Rs. 65,919/tonne to Rs. 53,674/tonne over the same period and recovered to Rs. 62,355/tonne by June 2026. In contrast, smaller sections such as 25×32×40×3 mm, 45×5/50×5 mm, and 60×6/65×6 mm exhibited relatively lower price volatility, largely remaining within the Rs. 59,000–62,500/tonne range throughout the period. Overall, angle prices softened during FY24–FY25 amid weaker domestic steel price trends and subsequently recovered in FY26, supported by an improvement in domestic steel prices and end-user demand. By June 2026, most angle sizes had recovered significantly from their FY25 lows, although prices for the larger sections remained marginally below their June 2023 levels.

Table 9: Pricing Trends in Angles (In Rs/Tonne)

Size	23-Jun	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun	25-Sep	25-Dec	26-Mar	26-June
25*32*40*3 mm	62,203	61,130	60,500	60,633	61,655	60,843	62,280	62,375	62,247	60,669	60,550	62,078	62,370
45*5,50*5 mm	61,292	60,217	59,582	59,542	59,155	59,530	60,967	61,062	60,933	59,431	59,203	60,732	61,023
50*50*6 mm	66,530	62,697	63,256	60,582	63,950	59,359	59,477	58,488	59,353	56,088	54,145	60,610	63,610
60*6, 65*6 mm	60,853	59,750	59,120	59,142	60,555	59,130	60,567	60,687	60,563	59,053	58,800	60,328	60,620
75*75*6 mm	65,919	62,208	62,691	60,161	62,970	58,772	59,356	58,270	58,891	55,482	53,674	60,308	62,355

Source: CMIE

4.3.5 Channel

Channel prices across all three sizes (75×40 mm, 100×50 mm and 150×75 mm) exhibited an overall softening trend from June 2023 through September–December 2025, followed by a recovery during FY26. The 75×40 mm channel price declined from Rs. 67,016/tonne in June 2023 to a low of Rs. 56,172/tonne in September 2025, before recovering to Rs. 62,479/tonne by June 2026. Similarly, the 100×50 mm channel remained comparatively stable, easing from Rs. 62,217/tonne in June 2023 to Rs. 59,008/tonne in September 2025, and subsequently increasing to Rs. 61,977/tonne in June 2026. The 150×75 mm channel witnessed the sharpest correction, falling from Rs. 66,299/tonne in June 2023 to Rs. 53,956/tonne in December 2025, before rebounding to Rs. 62,267/tonne by June 2026. Overall, channel prices weakened during FY24–FY25, reflecting a period of subdued steel prices, and recovered in FY26 in line with the

improvement in domestic steel pricing and demand conditions, although prices for most sizes remained marginally below their June 2023 levels by the end of the period.

Table 10: Pricing Trends in Channels (In Rs. /Tonne)

Size	23-Jun	23-Sep	23-Dec	24-Mar	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun	25-Sep	25-Dec	26-Mar	26-June
75*40 mm	67,016	63,191	63,347	60,396	63,434	59,126	59,555	58,397	58,821	56,172	59,143	61,056	62,479
100*50 mm	62,217	61,113	60,483	60,505	61,408	59,465	60,609	60,581	60,467	59,008	60,357	60,994	61,977
150*75 mm	66,299	62,356	62,532	59,947	62,834	58,927	59,397	58,874	59,022	55,835	53,956	60,017	62,267

Source: CMIE

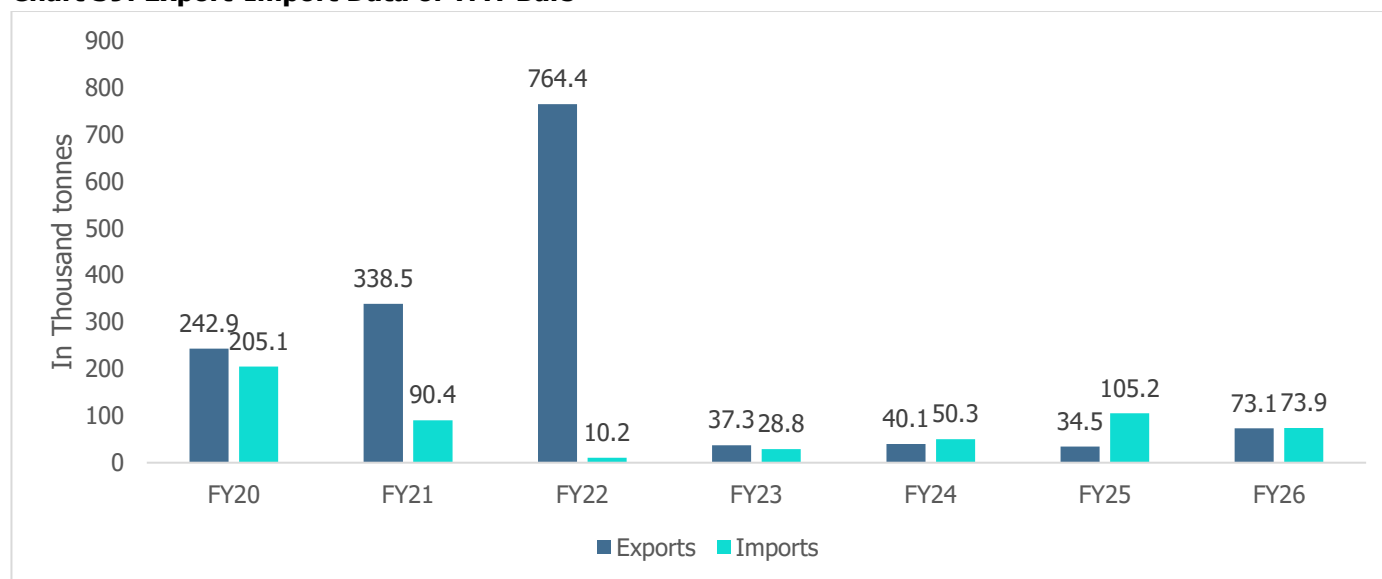
4.4 Trade Data

4.4.1 TMT Bars

India's trade dynamics in TMT bars improved significantly in FY26, with exports increasing to 73.1 thousand tonnes from 34.5 thousand tonnes in FY25, while imports declined sharply to 173.9 thousand tonnes from 105.2 thousand tonnes. Consequently, net imports narrowed substantially to just 0.8 thousand tonnes in FY26, compared with 70.7 thousand tonnes in FY25, indicating a near-balanced trade position. This follows a sharp reversal from FY22, when exports had peaked at 764.4 thousand tonnes against imports of only 10.2 thousand tonnes, making India a significant net exporter.

The moderation in imports during FY26 reflects the impact of trade policy measures, including the Government's safeguard actions against surging low-priced steel imports from countries such as China, South Korea and Japan, aimed at protecting domestic steel manufacturers. Despite trade volatility, domestic demand for TMT bars remains structurally strong, supported by sustained investments in infrastructure, housing and urban development under initiatives such as PM Gati Shakti, the National Infrastructure Pipeline (NIP), PMAY and Smart Cities Mission. With domestic production and consumption continuing to expand, India's TMT bar industry is expected to remain primarily demand-driven, with trade playing a relatively complementary role in balancing the domestic market.

Chart 39: Export-Import Data of TMT Bars

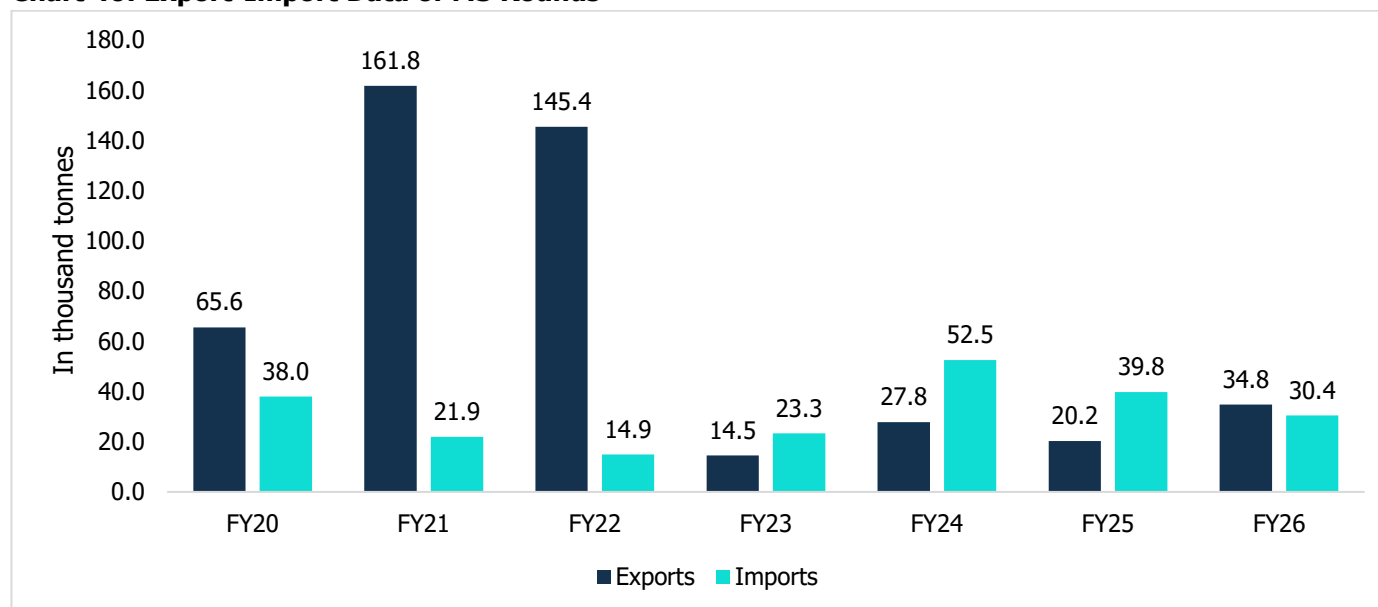


Source: Ministry of Commerce and Industry
HSN Code: 72142090

4.4.2 MS Rounds

In FY26, India's MS Rounds trade balance turned positive, with exports increasing to 34.8 thousand tonnes from 20.2 thousand tonnes in FY25, while imports declined to 30.4 thousand tonnes from 39.8 thousand tonnes, resulting in a net export position of 4.4 thousand tonnes, compared with a net import of 19.6 thousand tonnes in FY25. The improvement reflects stronger overseas shipments alongside moderation in imports, supported by government trade measures to curb low-priced steel imports and improve the competitiveness of domestic producers. Despite this recovery, trade volumes remain well below the levels recorded during FY20–FY22, when exports peaked at 161.8 thousand tonnes in FY21 while imports declined to 14.9 thousand tonnes in FY22, supported by favourable global steel prices and relatively weaker domestic demand. The sharp decline in exports during FY23 and the subsequent rise in imports during FY24–FY25 reflected a shift towards meeting robust domestic demand from infrastructure, housing and industrial construction. Going forward, with sustained investments under PM Gati Shakti, the National Infrastructure Pipeline (NIP) and urban infrastructure programmes, domestic consumption is expected to remain the primary growth driver, while trade is likely to play a complementary role in balancing demand and supply.

Chart 40: Export-Import Data of MS Rounds



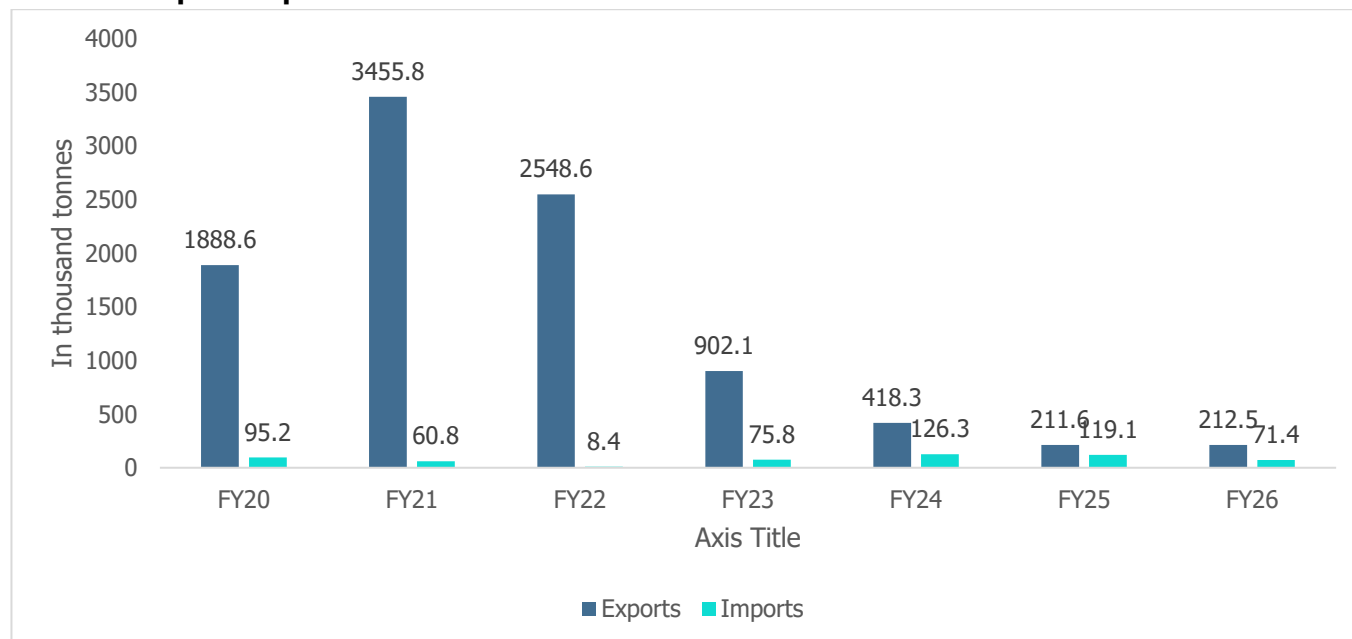
Source: Ministry of Commerce and Industry
 HSN Code: 72149990

4.4.3 Billets

India's billet trade has undergone a significant shift over the past few years, reflecting changing domestic demand and global steel market dynamics. In FY26, exports remained largely stable at 212.5 thousand tonnes, compared with 211.6 thousand tonnes in FY25, while imports declined sharply to 71.4 thousand tonnes from 119.1 thousand tonnes. Consequently, net exports improved to 141.1 thousand tonnes in FY26, up from 92.5 thousand tonnes in FY25, although they remain substantially below the FY21 peak of 3,395.0 thousand tonnes, when exports reached 3,455.8 thousand tonnes against imports of only 60.8 thousand tonnes. The structural decline in exports since FY22 reflects stronger domestic absorption of billets by rolling mills amid rising demand for long steel products such as TMT bars, wire rods and structural steel, supported by sustained investments in infrastructure, housing and manufacturing. The moderation in imports during FY26 indicates improving domestic availability of semi-finished steel and a reduced reliance on overseas supplies. Going forward, billet trade is expected to remain secondary to domestic demand, with expanding steelmaking capacity, continued infrastructure-led growth and higher downstream steel consumption supporting production, while

exports are likely to be driven by surplus availability and global steel market conditions rather than serving as the primary growth engine.

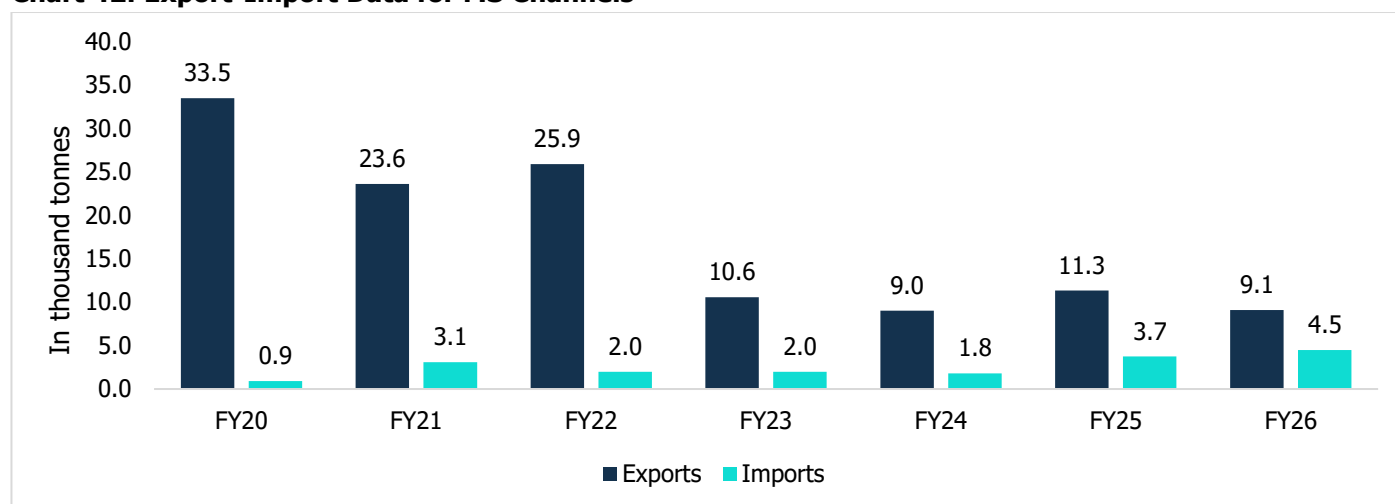
Chart 41: Export-Import Data for Billets



Source: Ministry of Commerce and Industry
HSN Code: 72071920

4.4.4 MS Channels

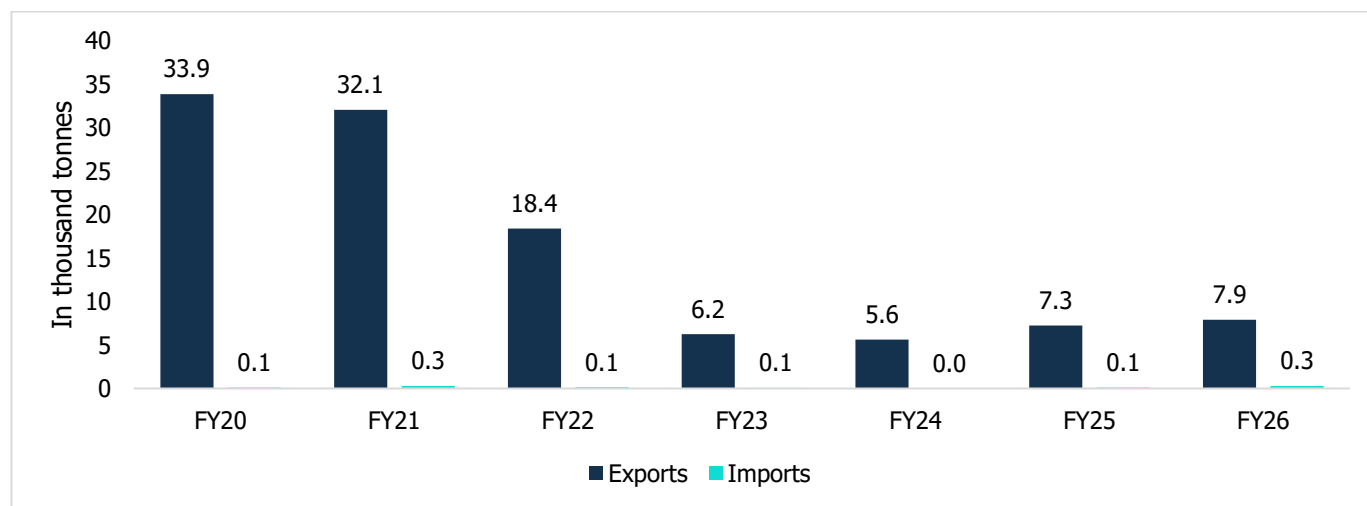
India's MS Channels trade remained in a net export position during FY26, although exports continued to moderate amid strong domestic demand. Exports declined to 9.1 thousand tonnes from 11.3 thousand tonnes in FY25, while imports increased to 4.5 thousand tonnes from 3.7 thousand tonnes, resulting in net exports of 4.6 thousand tonnes, compared with 7.6 thousand tonnes in FY25. The divergence indicates strong domestic demand for long products driven by infrastructure, railways, and industrial construction in FY25, alongside restrained global demand for structural steel sections. Despite India's growing finished steel consumption, overseas shipments of MS Channels remained well below historical highs due to weak construction activity in key export markets and competitive oversupply from China and East Asia. Looking back, exports were significantly higher during FY20–FY22, ranging between 24 and 33 thousand tonnes, supported by post-pandemic restocking and temporary global supply gaps, while imports stayed relatively modest. The sharp decline seen from FY23 onwards coincided with export duty impacts, softer international prices, and a strategic shift of Indian producers toward meeting domestic requirements.

Chart 42: Export-Import Data for MS Channels

Source: Ministry of Commerce and Industry
 HSN Code: 72163100

4.4.5 MS Angles

India's MS Angles trade remained firmly export-oriented in FY26, supported by a strong domestic manufacturing base and negligible reliance on imports. Exports increased to 7.9 thousand tonnes from 7.3 thousand tonnes in FY25, while imports rose marginally to 0.3 thousand tonnes from 0.1 thousand tonnes, resulting in net exports of 7.6 thousand tonnes, compared with 7.2 thousand tonnes in FY25. This trend is driven by infrastructure, housing, power transmission, and industrial projects, sectors where MS angles are extensively used. However, despite improved domestic demand, exports remained far below historical levels due to subdued global construction activity and competitive pressure from surplus steel capacity in East Asia. Looking at earlier years, MS Angle exports were significantly higher during FY20 and FY21, at 33.9 thousand tonnes and 32.1 thousand tonnes respectively, supported by post-pandemic restocking and supply disruptions in global markets. Exports then declined sharply to 18.4 thousand tonnes in FY22 and further to 6.2 thousand tonnes in FY23, reflecting export duties, soft international prices, and a strategic reorientation toward domestic consumption.

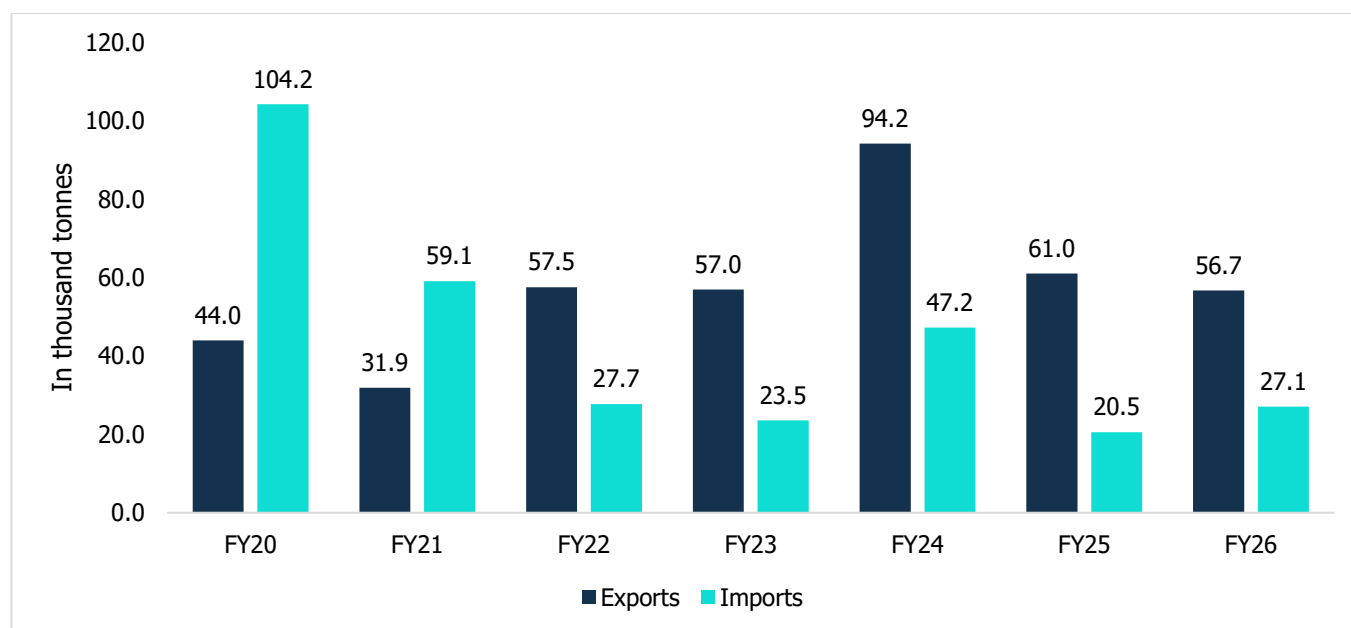
Chart 43: Export-Import Data for MS Angles

Source: Ministry of Commerce and Industry
 HSN Code: 72162100

4.4.6 MS Squares

India's MS Squares trade remained net export-oriented in FY26, although exports moderated marginally while imports increased from the previous year. Exports declined to 56.7 thousand tonnes from 61.0 thousand tonnes in FY25, whereas imports increased to 27.1 thousand tonnes from 20.5 thousand tonnes, resulting in net exports of 29.6 thousand tonnes, compared with 40.5 thousand tonnes in FY25. This pattern indicates that FY26 saw strong domestic absorption of finished steel, supported by sustained infrastructure spending, railways, real estate, and manufacturing, leading producers to prioritise the domestic market. Lower imports also reflect adequate domestic availability of long products and competitive pricing by Indian mills. Looking at earlier years, FY20 and FY21 were marked by high imports (over 100 thousand tonnes in FY20 and about 59 thousand tonnes in FY21) and relatively lower exports, indicating greater reliance on overseas supply. From FY22 onwards, exports strengthened steadily (about 58 thousand tonnes in FY22 and 57 thousand tonnes in FY23) as global demand improved briefly and Indian supply chains normalised. Overall, the trend shows MS Squares transitioning from an import-heavy phase to an export-driven phase in FY24, followed by consolidation and domestically led balance in FY25.

Chart 44: Export-Import Data for MS Squares

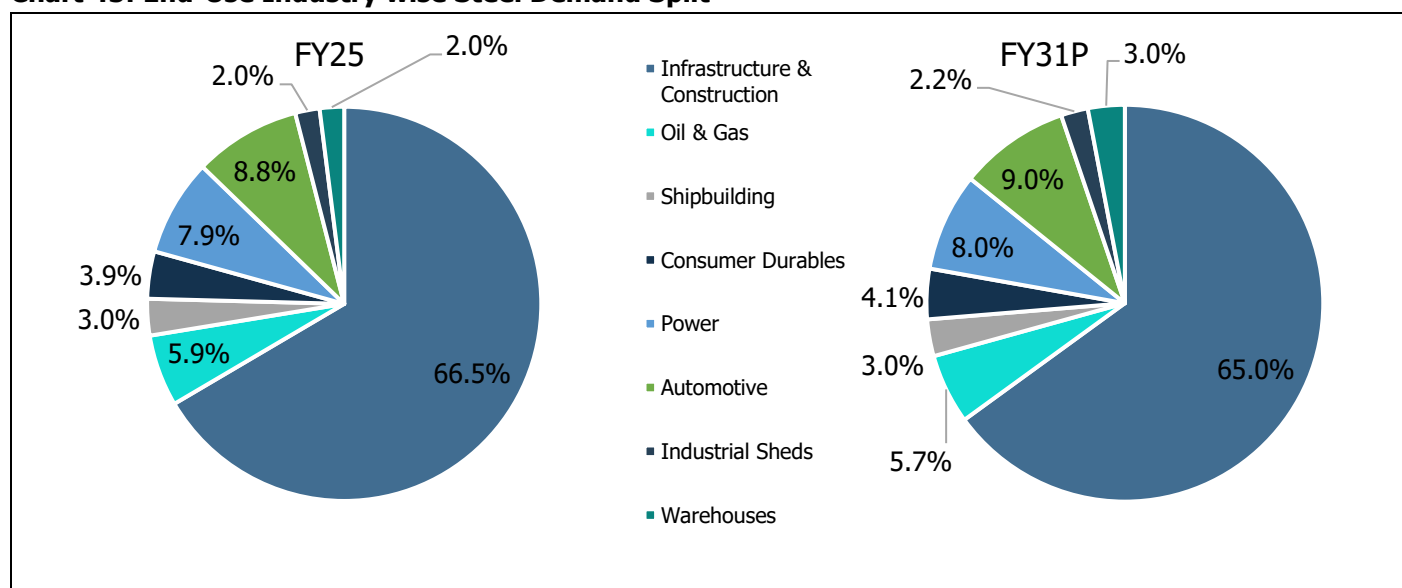


Source: Ministry of Commerce and Industry
 HSN Code: 73066100

5 End-User Industry Profile

Steel is a foundational material across many end-use industries because it combines high strength, formability, and cost efficiency. The largest share of steel typically goes into buildings and infrastructure, where it is used as reinforcement (rebar/TMT) in RCC, and as structural sections/plates in bridges, metros, and industrial structures. In automotive, steel is used for body structures, chassis, and safety components, with demand supported by growth in vehicle production and the shift to advanced grades. The power sector consumes steel in transmission towers, turbines, and renewable-energy structures, while oil & gas relies on steel for pipelines, pressure vessels, and storage. Warehouses and industrial sheds use fabricated structural steel for fast, long-span buildings. Even smaller segments like shipbuilding use heavy plates and specialized grades for hulls and marine structures.

Chart 45: End-Use Industry wise Steel Demand Split



Source: CareEdge Research; Note: P-Projected

5.1 Infrastructure and Construction

5.1.1 Airports

Steel plays a pivotal role in constructing essential infrastructure of airports due to its strength, durability, and versatility. Steel is integral to building expansive structures such as passenger terminals, cargo terminals, and maintenance hangars, which require large clear spans without intermediate columns. It is also used for critical infrastructure including runways, bridges, and walkways, ensuring robust support and longevity. Steel products are employed in the manufacturing of doors, windows, security systems, luggage handling systems, escalators, and elevators, enhancing operational efficiency and passenger convenience. This widespread use of steel underscores its significance in facilitating the growth and modernization of airport facilities.

The Indian airport sector has experienced remarkable growth driven by factors like increased passenger traffic, private sector involvement, technological advancements, and government infrastructure improvements. India now ranks as the third-largest aviation market globally, showcasing substantial developments such as the construction of new airports, privatization initiatives, the emergence of new airlines, and the implementation of a drone policy. Private sector participation has spurred innovations like airport retailing, while government schemes like RCS UDAN have bolstered air connectivity. Technology integration, including digital boarding procedures and biometrics, aims to enhance passenger experience and operational efficiency across airports and airlines.

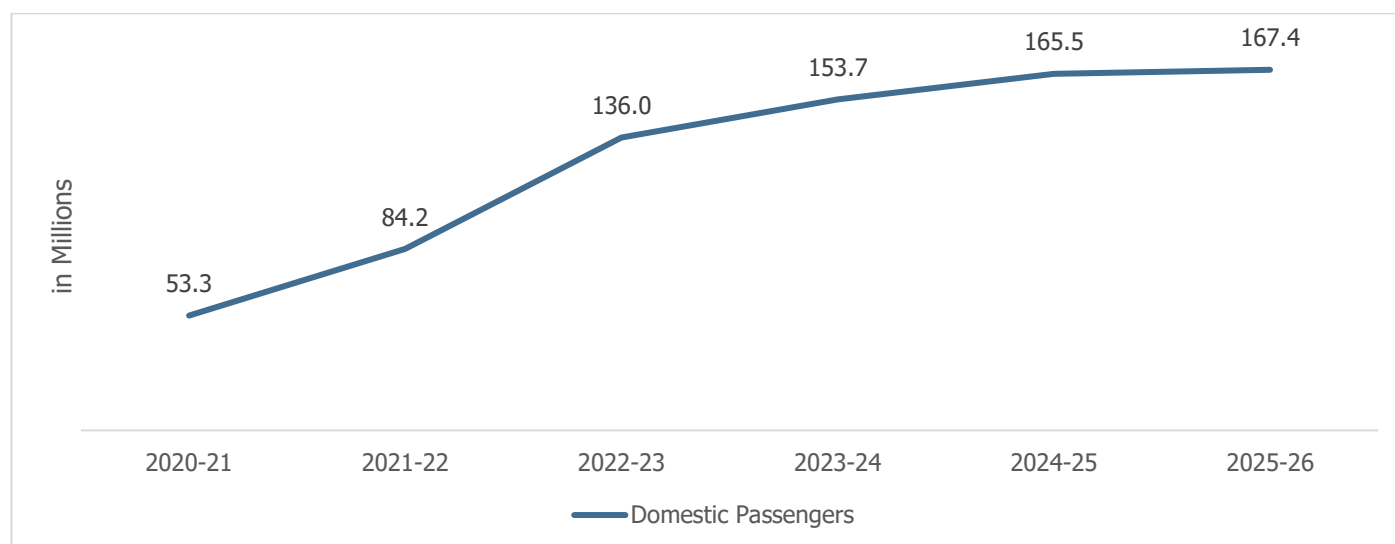
In India, Public-Private Partnerships (PPPs) have emerged as the primary model for developing and managing major airports, facilitated by the Airports Authority of India (AAI) partnering with private companies or consortiums. Models such as Design-Build-Finance-Operate (DBFO) and Operate-Maintain-Develop (OMD) are commonly utilized for large-scale projects and major hubs, leveraging private sector investment and expertise. Concurrently, Non-PPPs, or Private Greenfield Airports, operate independently of AAI involvement, often receiving government incentives like land lease concessions and tax breaks to encourage development in smaller Tier-I and Tier-II cities where AAI support may be limited. This dual approach aims to foster comprehensive airport development across diverse regions of the country.

Table 12: Total Airports in India

Airports in India	No. of Airports
Government – Operational	133
Private – Operational	30
Government – Non - Operational	23

Source: PIB, AAI, and Media Reports

In FY26 total no. of domestic passengers reached 167.4 million, as compared to FY25 which were around 165.5 million.

Chart 46: Air Traffic Movement


Source: AAI, CareEdge Research, *the data is till 11MFY26

Outlook:

The Indian airport industry anticipates robust growth in both passenger and freight sectors driven by factors like increasing e-commerce, manufacturing activities, and international trade. Freight traffic is projected to grow steadily from FY24 to FY28, supported by initiatives such as the Krishi Udan Scheme aimed at enhancing agricultural product transport. The sector will continue to prioritize air cargo for perishable goods due to its efficiency, while improvements in regional airports and cargo facilities will enhance connectivity in underserved areas. Integration with road and rail networks through initiatives like Sagarmala and Bharatmala will further bolster logistics efficiency. Additionally, major airports across India are undergoing substantial investment projects to expand capacity, upgrade facilities, and improve operational efficiency, aiming to boost economic growth, connectivity, and job creation.

5.1.2 Real Estate

The real estate industry is one of the most crucial sectors across the globe. The industry can be further segmented into four sub-sections, housing, commercial, retail, and hospitality. Of these, the residential segment contributes a majority share in the overall sector, where TMT bars (Thermo-Mechanically Treated bars) are extensively used for structural

reinforcement. The growth of the overall real estate industry also depends upon the growth in the corporate environment and the demand for office space and urban & semi-urban accommodations, both of which rely heavily on structural steel and TMT bars for safe and durable construction.

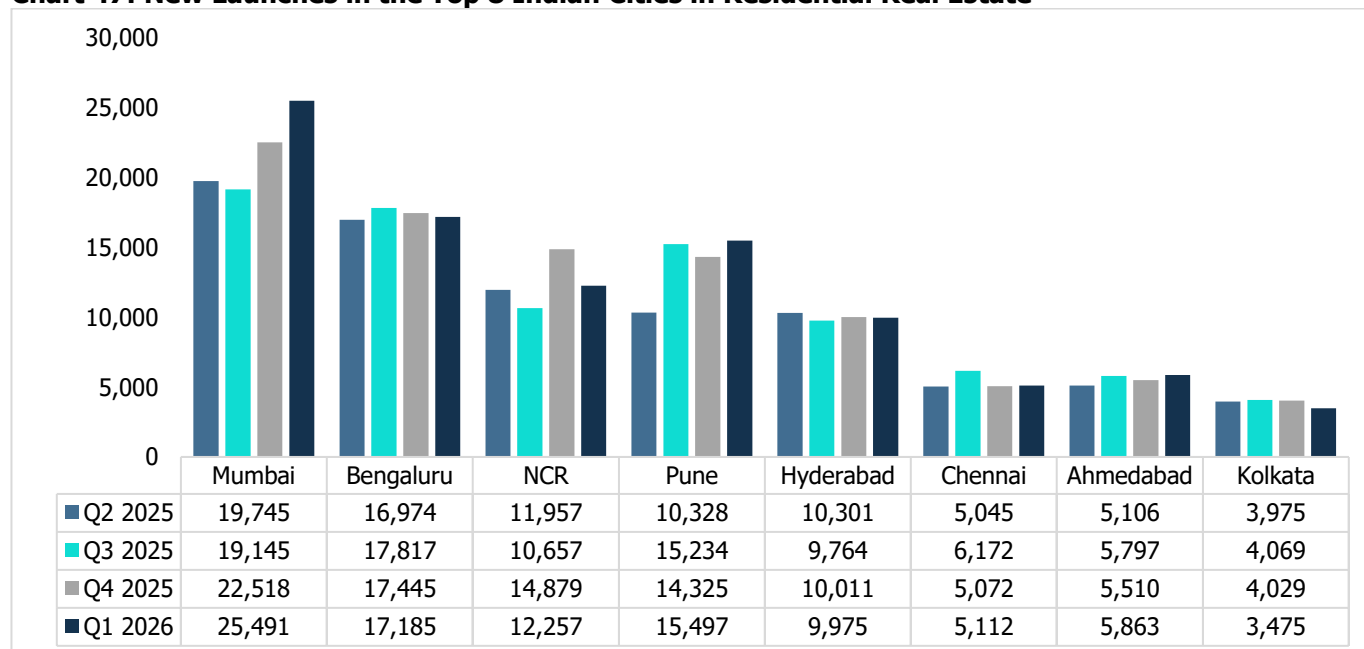
Strong Momentum in Residential Real Estate Continues

Residential launch activity across the eight major cities in Q1 2026 reflects a market that is clearly transitioning into a phase of consolidation after a robust multi-year upcycle. Despite supportive macro fundamentals such as easing inflation, a cumulative 125 bps reduction in RBI policy rates, and broadly steady economic conditions developers have begun to moderate new supply in response to softening sales momentum. With 94,855 units launched in Q1 2026, launches declined marginally on a sequential basis and continued to exceed sales for the 14th consecutive quarter, widening the launch sales gap to over 10,000 units, the highest since Q1 2023.

Market-wise trends indicate a selective recalibration. While Mumbai retained its position as the largest launch market, activity softened marginally, mirroring slower absorption in premium segments. NCR witnessed the sharpest pullback, with launches down 8% YoY, reflecting heightened caution amid weaker sales traction. Hyderabad and Kolkata also saw moderation, whereas Bengaluru, Chennai, and Ahmedabad stood out as relative exceptions, recording stable to mildly higher launch volumes, supported by resilient end-user demand.

Overall, supply additions remain skewed toward higher ticket sizes, underscoring developers' continued confidence in premium demand, even as broader market momentum shows signs of cooling and greater supply discipline begins to emerge.

Chart 47: New Launches in the Top 8 Indian Cities in Residential Real Estate



Source: Knight Frank & CareEdge Research

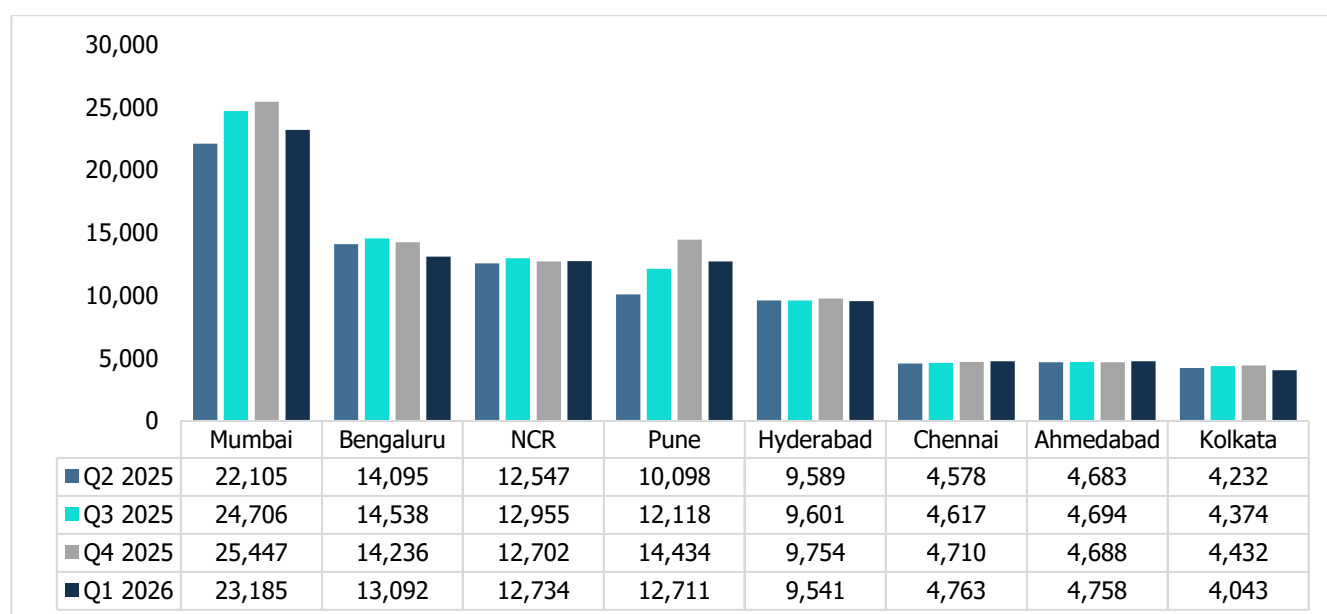
Trend in Sales in Top 8 Cities in Residential Real Estate

Residential sales across the eight major cities indicate that the Indian housing market entered a clear phase of consolidation in Q1 2026 after a resilient performance through most of 2025. Total sales declined to 84,827 units in Q1 2026, marking a 4% YoY drop and reflecting softer homebuyer sentiment following an extended period of strong absorption and price appreciation, particularly in premium segments.

Mumbai (MMR) continued to lead volumes but recorded a 7% YoY decline, signalling normalization after sustained high-ticket activity. NCR and Pune saw sharper corrections, with sales down 11% YoY each, pointing to greater buyer caution amid affordability pressures and increased supply. Among the other markets, Bengaluru, Hyderabad, Chennai, Ahmedabad, and Kolkata remained relatively stable, supported by steady end-user demand, though growth momentum moderated across most cities.

Despite a supportive macroeconomic backdrop characterised by easing inflation and a cumulative 125 bps RBI rate cut buyers appear to be reassessing purchase timing, especially in higher-priced markets. The continued excess of launches over sales and rising unsold inventory further highlight the need for absorption to keep pace with supply. Overall, the data suggests a market recalibrating toward balance, rather than a cyclical downturn, with demand drivers largely intact but tempered by affordability and pricing considerations.

Chart 48: City-Wise Quarterly Unit Sales in Residential Real Estate



Source: Knight Frank & CareEdge Research

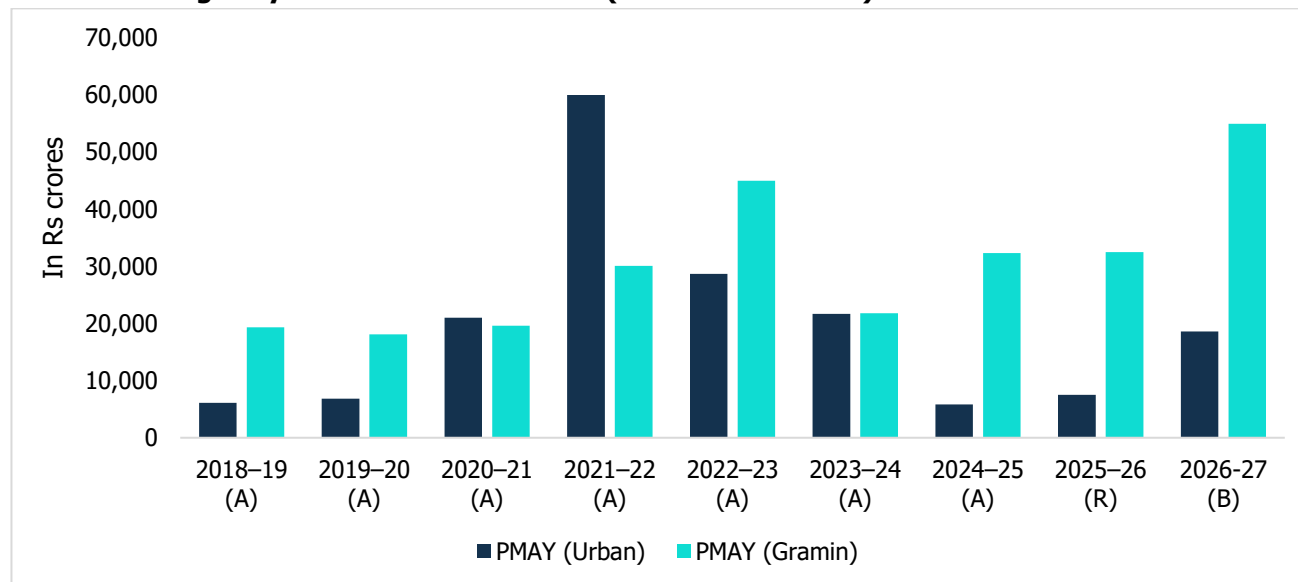
Outlook:

The residential market is likely to remain in a consolidation phase over the near term, with sales moderating as buyers recalibrate amid elevated prices and rising inventory. While affordability support from lower interest rates and stable macro conditions should prevent a sharp slowdown, absorption is expected to remain measured. A more sustainable recovery will hinge on pricing discipline, calibrated launches, and improved traction in mid-income segments.

Further, government initiatives, including the Pradhan Mantri Awas Yojna (PMAY), the Urban Development Plan, and the digitization of land records, have played a pivotal role in stimulating growth in the sector. These measures have provided a conducive environment for the residential real estate market to thrive, catering to the evolving needs and aspirations of homebuyers across various segments. Even as interest rates increased, strong end-user demand, improved buyer sentiment, and flexible developer offerings helped sustain the momentum in residential sales across segments. Furthermore, the government's initiatives, including the Pradhan Mantri Awas Yojna (PMAY), the Urban Development Plan, and the digitization of land records, have been playing a pivotal role in stimulating growth within the sector. The

PMAY- Urban aims to provide affordable housing to all eligible urban households. As of April 2026, 97.3 lakh houses have been completed, and 125.15 lakh houses have been sanctioned. The PMAY-Gramin scheme aims to provide pucca houses to rural residents, with 390.9 lakh houses completed.

Chart 49: Budgetary Allocation Under PMAY (Urban and Gramin)



Source: Budget Documents

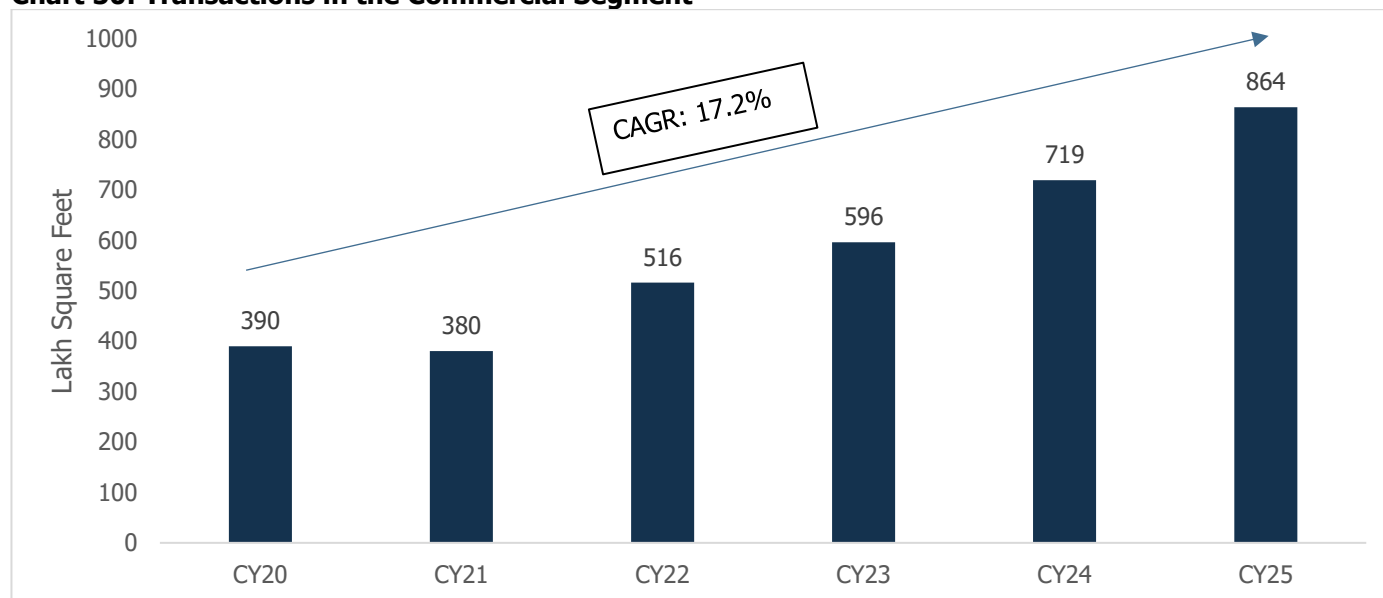
Note: A – Actual budget; R- Revised budget; B- Budgeted

Resilient Growth in India's Commercial Real Estate Fueled by Strong Demand and Strategic Investments

The Indian real estate industry witnessed a slowdown in the years prior to the pandemic due to the general slowdown in the economy. However, this had little impact on the demand for office space. The demand for office space grew by leaps and bound for the better part of the past decade with the unavailability of good quality supply being the only impediment to higher growth. The office segment growth was aided by investors with a keen interest in commercial space. Alongside, NRIs have initiated investing in this segment, given lucrative returns.

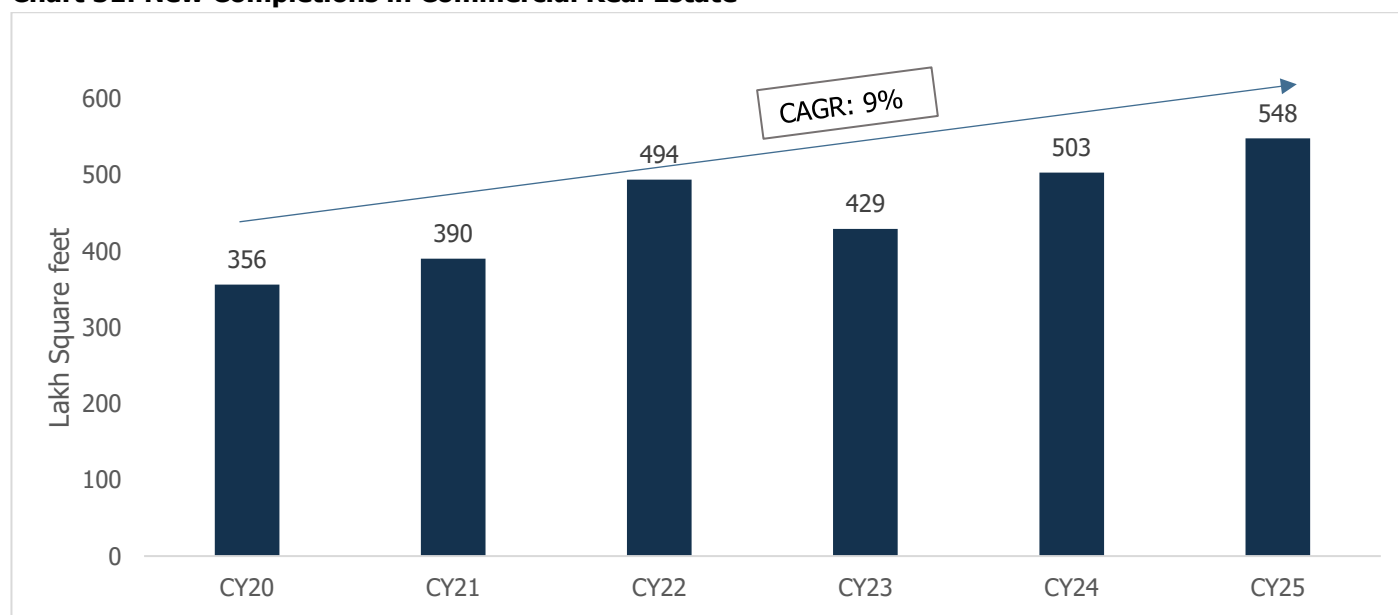
Furthermore, with residential real estate becoming end-user-driven, commercial real estate emerged as a more attractive investment proposition for individual investors and institutional funds. Commercial properties typically offer higher rental yields and potential returns compared to residential properties as businesses are willing to pay premium rents for prime locations

Accordingly, due to the investment potential of commercial spaces, developers are responding to the demand. Eventually, a better performance of the office segment will trickle to greater demand for the residential segment. This is because as job opportunities expand, there is a potential influx of individuals looking for housing near their workplace, which can drive up demand for residential properties. As a result, commercial space is crucial in terms of both its impact and its linkages.

Chart 50: Transactions in the Commercial Segment


Source: Knight Frank & CareEdge Research

Transactions gained momentum in CY25, growing at 20.2% y-o-y. This was on account of positive business sentiment fuelled by India's robust economic growth, strategic corporate investments driven by the need for friend-shoring and the China+1 trend, and the expansion of Global Capability Centres (GCCs). Additionally, the demand for high-quality office spaces, particularly from India-facing businesses and flex space operators, has been supported by strong occupier activity, low vacancy levels, and limited new supply. In CY24, transactions continued to rise, reaching 719 lakh square feet, reflecting a 20.6% growth over the previous year.

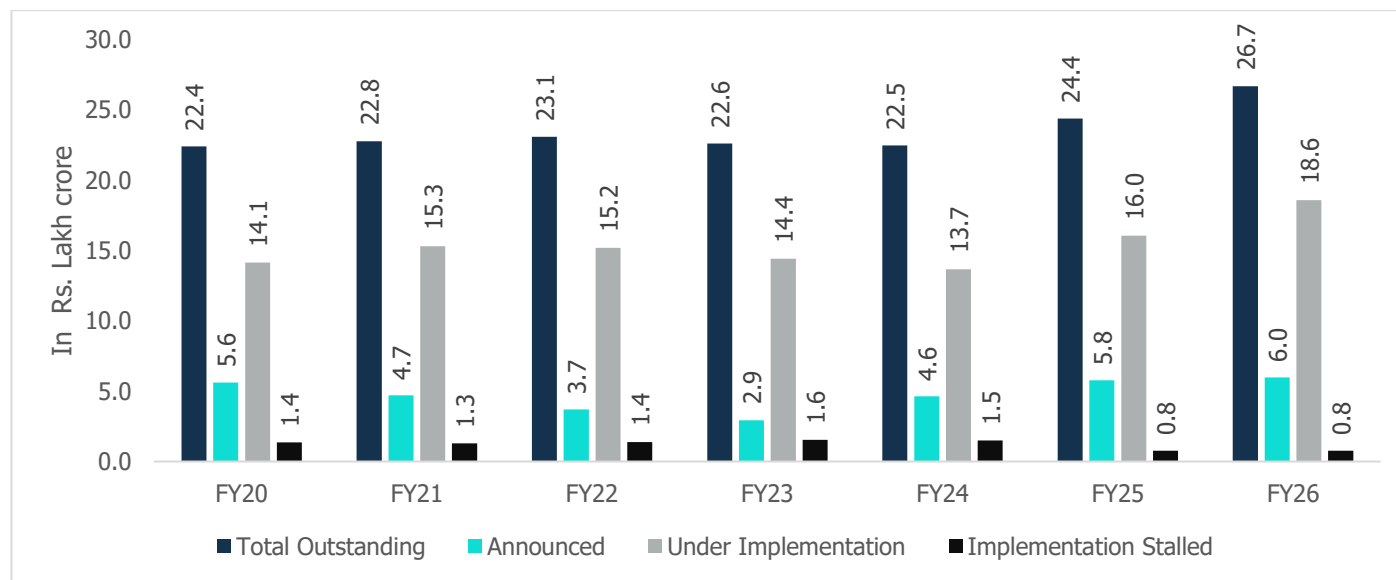
Chart 51: New Completions in Commercial Real Estate


Source: Knight Frank and CareEdge Research

Completions picked up in CY25, reflecting a growth of 8.9% y-o-y. This was driven by strong demand, record-high transactions, falling vacancies, and rising rents across major office markets creating favorable conditions for increased

future completions. In contrast, in CY23, new completions declined by 13.2% y-o-y, following the recovery seen in CY22 when completions rose to 494 lakh square feet. This uptick in CY22 was driven by improved office space demand as corporates returned to physical workplaces, and by the gradual return of labor to cities after pandemic-related migration. In contrast, CY21 saw 390 lakh square feet of completions, recovering slightly in the second half after a significant drop during H1 CY21. The slowdown had started in H2 CY20 due to pandemic-related uncertainty, which initially hampered construction activity.

Chart 52: Trend in Investments in Commercial Real Estate



Source: CMIE and CareEdge Research

During FY25, the total outstanding investments increased by 2.1% while the value of new announcements picked up by 25.4% y-o-y. In FY23 and FY24, the value of announced projects dipped, but the ticket size of projects under implementation was marginally lower than FY22 as demand stabilized. In FY22, the value of projects under implementation rose to a three-year high, while the value of stalled projects remained low. The value of new announcements peaked in FY20 but fell in FY21 due to COVID-19-related disruptions and uncertainty.

Outlook:

The Indian commercial real estate market is set to experience strong growth in the coming years, supported by a stable economic environment and positive business sentiment. Despite global economic uncertainties, India's economic fundamentals remain robust, fueling high demand in the office space sector. The country's office market has seen a significant surge in transaction volumes, particularly in key cities like Bengaluru, Mumbai, and Pune, driven by strong activity from sectors such as IT, e-commerce, Data Centers, and Global Capability Centers (GCCs).

The demand for office spaces continues to rise, as businesses increasingly turn to India for its cost advantages and skilled workforce. Additionally, the flex space segment is thriving, as more small businesses seek co-working spaces to enhance productivity and flexibility.

While the market faces challenges in terms of lower office completions, resulting in lower vacancies and rising rents, the outlook for commercial real estate remains positive. The return to office and hybrid work models, alongside continued corporate investments and strategic business decisions, ensures that India's commercial real estate market is well-positioned for sustained growth soon.

5.1.3 Roads

Transportation of freight as well as passengers by road is one of the most cost-effective modes. India's road network spans a total of 6.35 million kilometers, facilitating 60% of the country's freight traffic and 87% of its passenger traffic. The Indian road network comprises of National Highways, Expressways, State Highways, Major District Roads, Other District Roads and Village Roads. In the construction of these roads, steel products such as steel rebars, structural steel, and steel wire rods are widely used for reinforcing concrete pavements, bridges, flyovers, and other supporting infrastructure. To get to the country in fast forward mode, development of National Highways has been key focus area, however state highways, district and rural roads continue to be large part of overall road network.

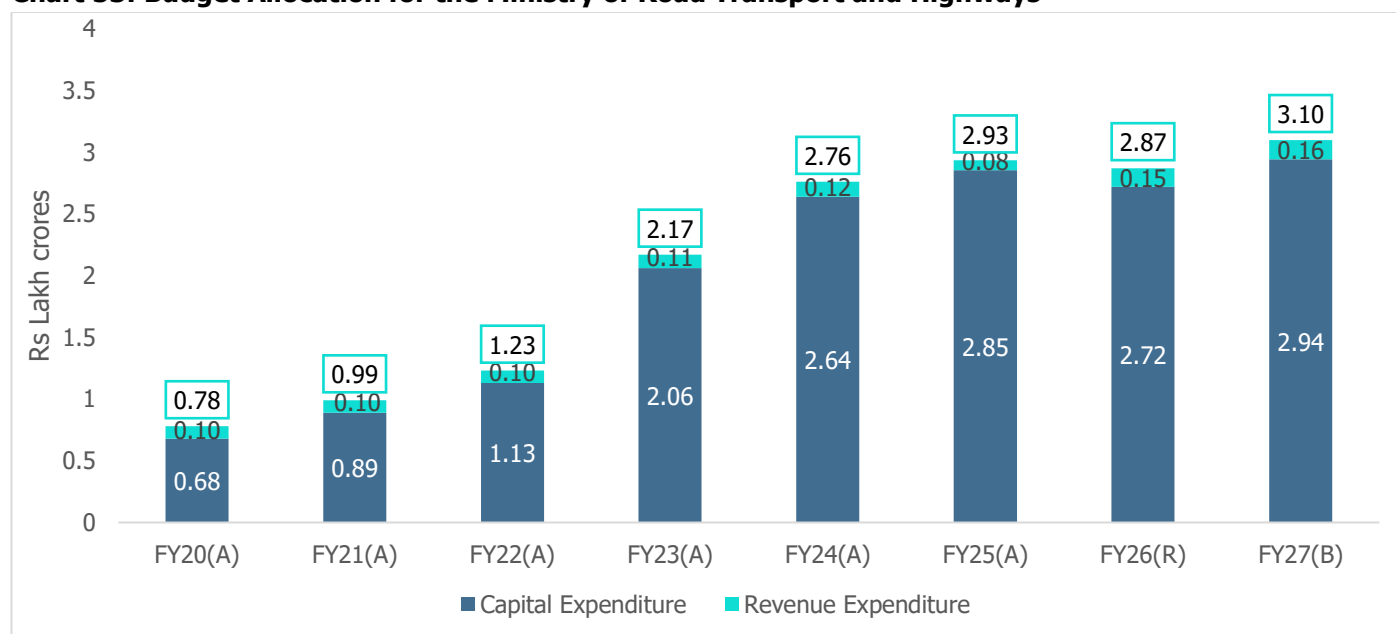
Table 11: Breakup of Road Network

	Million kms	%
National Highways	0.15	2%
State Highways	0.18	3%
Other Roads	6.02	95%
Total	6.35	100%

Source: MoRTH (Annual Report 2024-25) & CareEdge Research

Connectivity has always been the backbone of any economy as it not only reduces the overall cost of logistics but also reduces the overall cost of production. To achieve last mile connectivity, roads and highways pave the way as they are cost effective way of connectivity. Over the years budgetary allocation has increased from Rs 0.61 lakh crore in FY18 to Rs 2.87 lakh crore in FY26 demonstrating the Government's high focus on infrastructure sector. For better connectivity and faster movement of goods, Government is expanding 2 lane highways to 4 lanes and 4 lanes to 6 lanes. Government has also identified border areas for better connectivity and have launched various projects. This sector has higher opportunities as the connectivity of ports and other key locations such as consumption centers, metros, Tier-2 cities and strategic importance is still underdeveloped.

To achieve complete connectivity, private player participation is must and to attract the investment of private players, Government has brought in several Public-Private Partnership (PPP) models which have attracted significant investment over the past decade. Of all the PPP models, Hybrid Annuity Model (HAM) has proven to be successful. It has given favorable conditions for the participation of private players. Government is looking forward to bringing in more projects under HAM followed by Engineering, Procurement, and Construction (EPC). Lower participation for private players has at some point hampered the overall development of roads and highway sectors. Issues of delay in project completion, due to land unavailability have been dealt with by NHAI's decision to allot project, post completion of 90% of land acquisition. Also, to ease the burden of debt and avoid NPAs in books of private players & banks, Government has allowed 100% FDI in the sector and allowed asset monetization for private players post construction is complete.

Chart 53: Budget Allocation for the Ministry of Road Transport and Highways


Source: Budget Documents

Note: A – Actual budget; R- Revised budget; B- Budgeted

5.1.4 Water Infrastructure

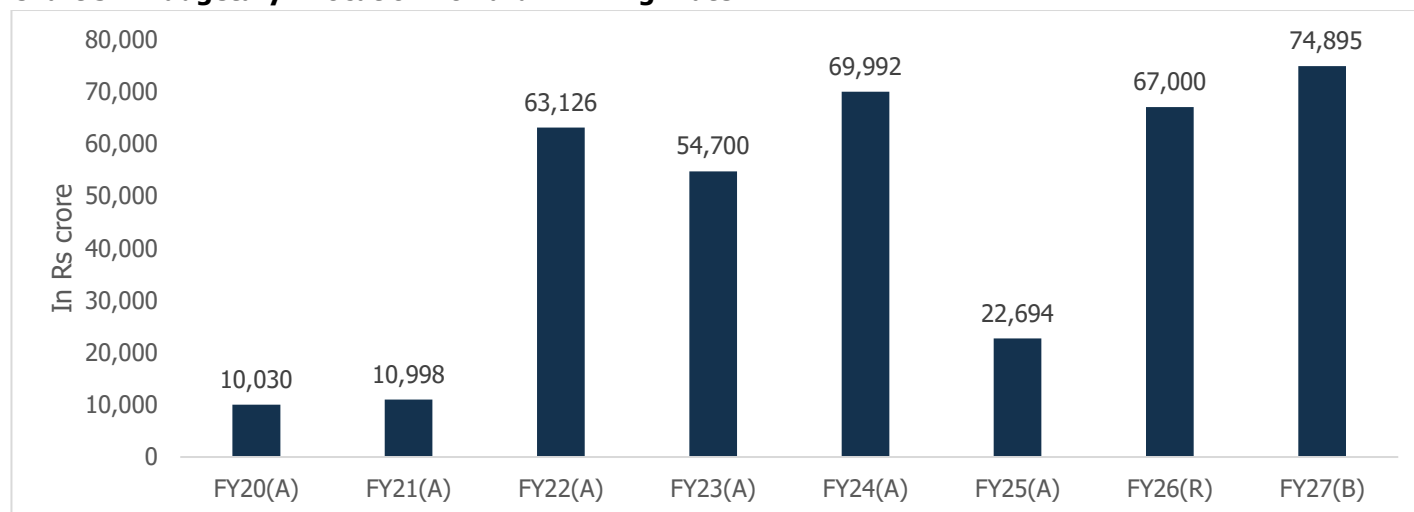
Water infrastructure is another major end-user that uses steel products. In general, water infrastructure comprises drinking water facilities (treatment plants and distribution lines), sewage lines, storage tanks, dams, reservoirs, etc.

Steel pipes are considered the most durable pipes for water supply because of their non-corrosion properties. They can sustain high water pressure and are more readily available in longer lengths than most other pipes. Demand for steel tubes and pipes is increasing, supplemented by the agriculture sector, where steel pipes are used in borewells or irrigation facilities. Moreover, there is a constant demand for improving water infrastructure in both rural and urban cities alongside a focus on enhancing wastewater management. This is expected to augment the demand and push the volumes of galvanized pipes.

However, with growing urbanization, India continues to fall behind in groundwater infrastructure. Water consumption has been growing at an exponential rate on account of rising population, increasing urbanization, and shifting lifestyles. In India, many households have access to water for only a few hours a day. Moreover, water demand in India is expected to exceed available supply by 2030, resulting in severe water scarcity for billions of people. To ensure there is a water supply, which is both affordable and sustainable, the government has launched the 'Atal Bhujal Yojana' (Atal Jal) to upgrade the groundwater management system through community participation. The major objective of this scheme is to improve the management of groundwater resources in select water-stressed areas in identified states namely Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, and Uttar Pradesh.

Further, on 15th August 2019, the 'Jal Jeevan Mission' programme was launched by the government to provide safe and adequate drinking water to all households in rural India by 2028. The functional household tap connections as of March 2026 were about 15.82 crore. This programme will further enhance the water infrastructure and aid in the demand for pipes in the country.

Although, the budgetary allocation trend toward this scheme increased in the latest budget 2025-26, the government's push toward cleanliness and sanitation will boost the water infrastructure in the country.

Chart 54: Budgetary Allocation Toward Drinking Water


Source: Budget Documents

Note: A – Actual budget; R- Revised budget; B- Budgeted

5.1.5 Railways

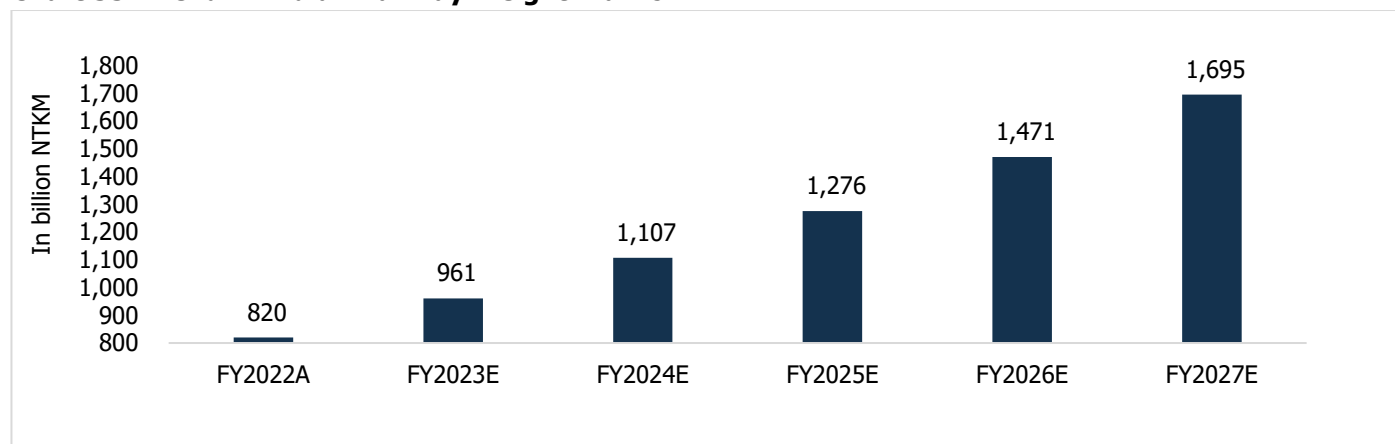
The Indian Railways is among the world's largest rail networks. It is the 4th largest railway system in the world behind the US, Russia, and China with a total track length of 1,26,366 km with 7,337 stations as of FY21. Steel tubes or pipes are used in applications such as rails, wagons, and coaches. The Indian railway sector has seen multiple developments in the last decade such as the introduction of high-speed trains, modernization of railway stations, increase in rolling stock inventories, etc.

Further, the government has been increasing its focus on the augmentation of railways to reduce the cost and time of logistics and to minimize the overall carbon footprint of the country as railways are more environment friendly compared to road transport. The key focus areas have been the decongestion of the overutilized rail network, construction of new lines, doubling, tripling, quadrupling of rail lines, and purchase of rolling stock such as wagons, locomotives, coaches, etc.

The Indian government has announced plans to launch 200 new Vande Bharat Express trains over the next two to three years. These trains will include both sleeper and chair car variants, aimed at enhancing connectivity across the country. Additionally, the government has approved the manufacturing of 100 Amrit Bharat trains and 50 Namo Bharat trains during the same period in the Union Budget 2025-26. Additionally, the construction of a Dedicated Freight Corridor (DFC), which are broad gauge rail network to be utilized exclusively for freight trains, will lead to an increase in the railway's share in domestic freight movement. 96.4% of both the western and eastern DFCs have been commissioned and operational. Also, the Detailed Project Reports (DPRs) of the East Coast Corridor, East-West Corridor, and North-South Corridor are under examination.

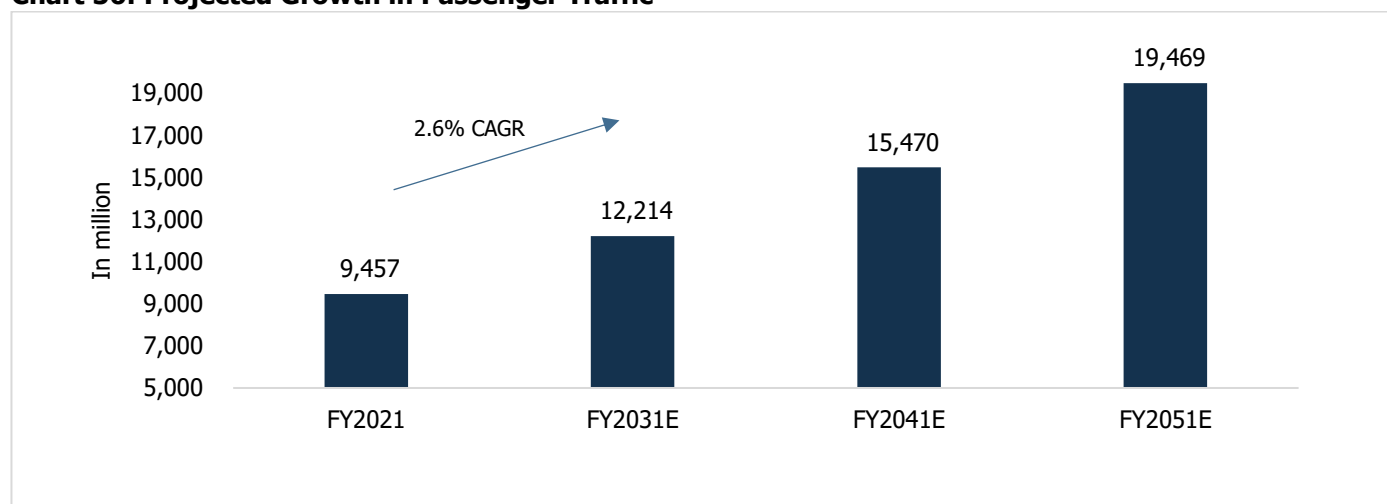
Moreover, the Railways Station Redevelopment Program, which was launched in February 2017 to modernize the infrastructure across the nation, will enhance the experience of the passengers through intelligent building and state-of-the-art facilities. For this, the government has launched the 'Amrit Bharat Station Scheme' where a total of 1,275 railway stations under 32 different states have been identified for development. This will further boost the demand for steel pipes in the economy.

Under the National Rail Plan (NRP), the railway's share in freight transport is expected to increase to 45% by 2030 from the existing 26%. This implies that the total freight transported by Indian Railways will increase to 3,000 million tons by FY2027 and 3,600 million tons by FY2030 from 1,418 million tons in FY2022. Further, railway freight traffic measured in Net Tonne Kilometers (NTKM) is expected to double to 1,695 billion NTKM by FY2027 from 820 billion NTKM in FY2022.

Chart 55: Trend in Indian Railway Freight Traffic


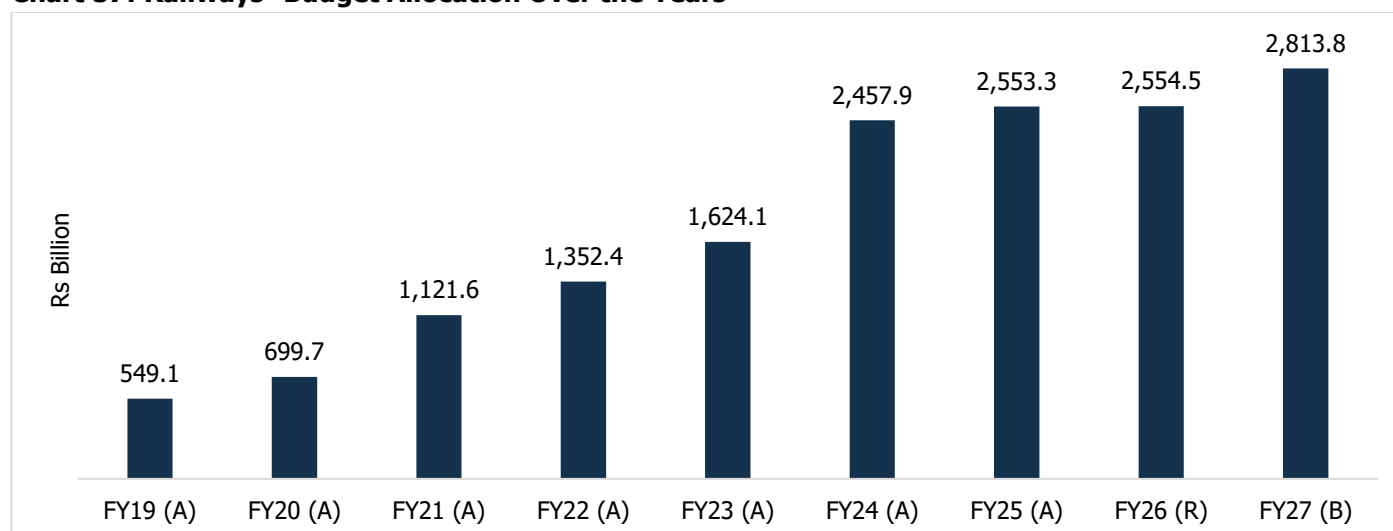
Source: Indian Railways, Report of the Committee on Mission 3000 million Tons

The passenger traffic is expected to grow at a CAGR of 2.6% between 2021 and 2031 driven by population growth and a growing workforce.

Chart 56: Projected Growth in Passenger Traffic


Source: Indian Railways, National Railway Plan

As the infrastructure expenditure to GDP multiplier is estimated to be 2.5-3.5x, the government has identified infrastructure development as a key focus area to become a USD 5 trillion (Rs. 419 trillion) economy by FY26-27. To achieve this objective, the government launched the National Infrastructure Pipeline (NIP) in 2019 which identified a group of social and economic infrastructure projects to be implemented during FY20-25. The expected capex under NIP is Rs. 117 trillion with railways having an allocation of 12%. Railways is one of the key enablers for economic growth and an investment of Rs. 62,910 billion was suggested by the government in the Union Budget FY19-20 to improve the railway infrastructure over CY18 - CY30. The budgetary allocation to Indian Railways has been on a rise.

Chart 57: Railways- Budget Allocation Over the Years


Source: Budget Documents; Note: B – Budgeted, A – Actual, R – Revised and Includes Internal and Extra Budgetary Resources (IEBR)

5.2 Oil and Gas

Oil & gas is the one of the major end-users driving the demand for steel. Refineries, pipelines, gas terminals, storage capacity, gas cylinder bottling plants, retail outlets, etc., require large amounts of steel pipes. Oil and gas are generally transported through steel pipelines. Further, steel tubes and pipes are widely used in this sector for drilling and extraction operations. Additionally, lot of components such as ship propellers, deck components, and storage and process vessels also require stainless steel.

The natural gas industry in India is expected to witness substantial growth over the next decade. The current industry and regulatory environment bode well for achieving a shift toward gas becoming more prominent in the Indian fuel mix. Driven by the increasing usage across various end-user customer segments, the Government of India has come up with multiple reforms to raise the share of natural gas in the primary energy mix to 15% by 2030 from around 6% - 7% currently. Accordingly, the government has been taking a range of measures to expand domestic production, facilitate imports, and encourage demand by expanding National Gas Grid and City Gas Distribution (CGD) network.

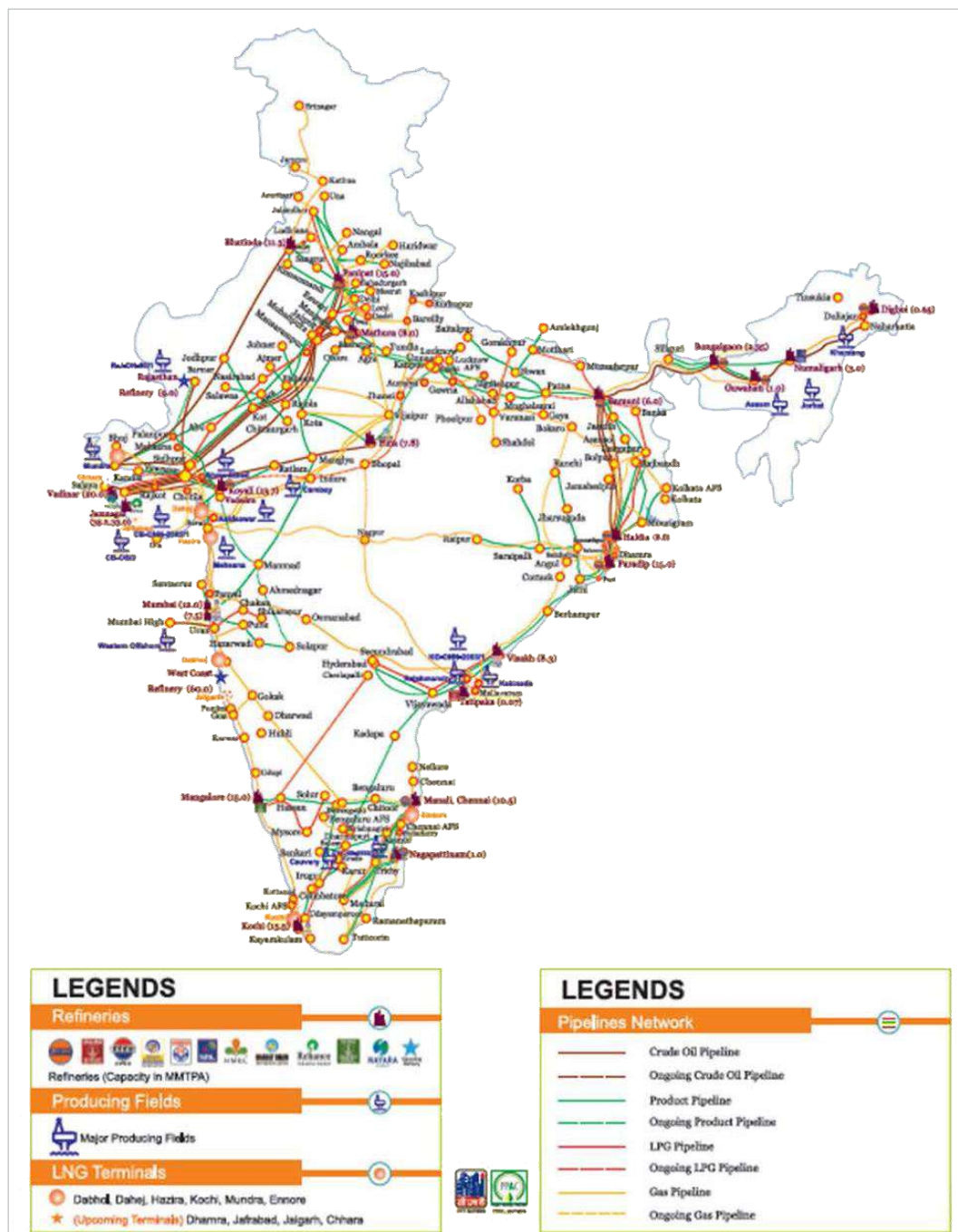
The sector requires significant investments in the coming years to build up terminals and pipelines. India's first floating LNG terminals at Chhara and Jafrabad are set to play a crucial role in the country's energy infrastructure. The Chhara terminal has already commenced operations in February 2025, while the Jafrabad terminal is still under development. Further, the increasing production and exploration activities will drive the requirement of steel pipes in the industry. To facilitate the National Gas Grid (One Nation, One Gas Grid) and increase the availability of natural gas across the country, the Petroleum and Natural Gas Regulatory Board (PNGRB) has authorised approximately 34,233 km of natural gas pipeline network across the country. Around 25,923 km of gas pipelines were operational in India as of September, 2025, while 9,954 km of pipelines were under construction.

Furthermore, there is the government's thrust to enhance the supply and consumption of natural gas. Also, the usage of cleaner sources of energy such as natural gas is being encouraged in line with the growing concern for the environment and climate change. This has received significant impetus from the government's commitment toward clean energy under COP 27. Moreover, the demand for natural gas is expected to increase subsequently in the coming years in anticipation of higher power demand. The demand revival will also be supported by the ease in natural gas prices.

Expansion of India's National Gas Grid and LNG Terminals Drives Surge in Steel Demand

According to the Petroleum Planning and Analysis Cell (PPAC), 10,445 km of crude oil pipeline and 24,130 km of petroleum product pipeline were operational in India as of April 01, 2025. As pipelines are more efficient mode of fuel transportation, the crude and petroleum product pipeline infrastructure are expected to be expanded to cater to the growing domestic demand.

Chart 58: Oil & Gas Map of India



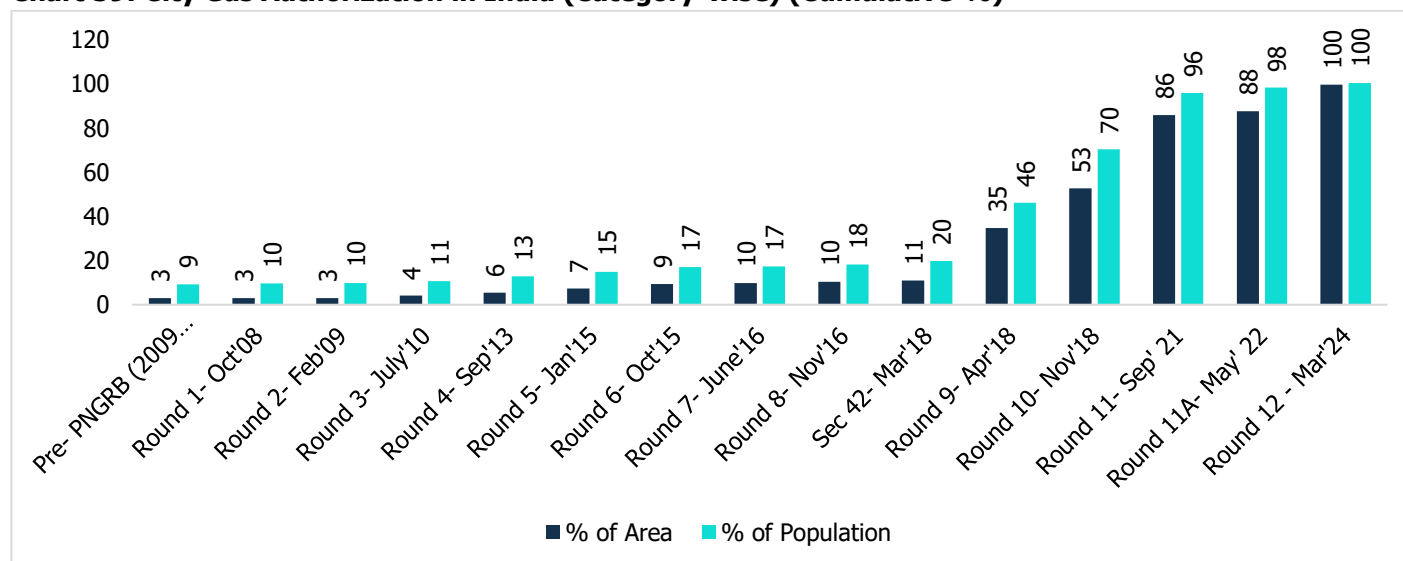
Source: PPAC

Compressed Natural Gas Stations and Domestic Pipelines Surge as CGD Expands Across India

The CGD network in India has expanded significantly in the past decade. Cumulatively up to Round 12 of CGD Bidding, there are 307 GAs authorised by PNGRB covering around 100% of the country's geographical area and 100% of its population. To cover 100% geographical area for the development of the CGD network, the 12th CGD bidding round offers 7 Geographical Areas (GA) covering five North East states viz. Arunachal Pradesh, Meghalaya, Manipur, Nagaland, and Sikkim and UTs of Jammu & Kashmir and Ladakh.

Further, CGD now constitutes around 23% of the total natural gas consumption in India. Over the past few years, the overall consumption of natural gas was driven by the CGD sector, the contribution of which has significantly increased from around 6% to around 24% from 2012-13 to 2024-25 (April-February).

Chart 59: City Gas Authorization in India (Category-wise) (Cumulative %)



Source: PNGRB

As per PPAC, there were 7,720 compressed natural gas (CNG) stations, 1.57 crore domestic piped natural gas (PNG) connections, 44,869 commercial PNG connections, and 20,253 industrial PNG connections as of February 28, 2025 (Provisional).

The following factors will drive the expansion of CGD network going forward:

- Expansion of CGD network to around 307 geographical areas post-Round 12th of CGD bidding.
- Industries using blast furnaces such as steel, oil refineries, long-haul transport, and heating & cooling requirements.
- Continued high requirements from the fertilizer as well as power sector.

5.3 Shipbuilding

India's shipbuilding industry continues to demonstrate resilience and gradual progress amidst shifting global trade dynamics and freight rate volatility. The sector, traditionally order-driven and reliant on steady demand from global commerce, has seen mixed trends in recent years. Crude tanker utilization has declined due to sanctions-related uncertainties and fluctuating oil demand, impacting freight rates and leading to oversupply. Conversely, dry bulk cargo traffic has remained relatively stable, despite subdued charter rates and ongoing demand challenges. Port traffic has

shown modest growth, supported by increased movement of key commodities like fertilizers, coal, and petroleum products.

Shipbuilding giants such as Mazagon Dock, Cochin Shipyard, and Garden Reach have maintained healthy order books, supported by sustained trading activity and emerging environmental regulations necessitating fleet upgrades. Government initiatives under Atmanirbhar Bharat, along with increased budgetary allocations for R&D and shipbuilding assistance, underscore India's commitment to strengthening its maritime sector. As global demand recovers and regulatory shifts push for newer, eco-friendly vessels, India's shipbuilding industry is poised for steady expansion, balancing commercial opportunities with strategic national interests.

Steel is a fundamental material in the shipbuilding industry, integral to constructing various components and structures that ensure the functionality, safety, and efficiency of vessels. It is used in construction of container vessels, where high-strength steel is employed for wide container openings, enhancing load and unload capabilities. Additionally, it is crucial for the construction of bottom plates in crude petroleum tankers, offering corrosion resistance to prevent environmental contamination. Watertight doors, made from mild and cast steel, safeguard compartments from flooding and provide durability during emergencies on passenger ships. Moreover, steel is essential in crafting propellers and rudders, using processed plates coated with protective foam to prevent corrosion, thereby ensuring operational reliability and longevity in maritime environments.

As India continues to prioritize domestic manufacturing and maritime development, its shipbuilding industry is poised for moderate growth driven by rising demand for container ships, defense vessels, and ship repair services, while tanker demand remains subdued.

5.4 Ship recycling

India's ship repair industry is emerging as a strategic segment of the maritime sector, supported by increasing coastal shipping, port modernization, defence fleet maintenance and a growing Indian merchant fleet. According to the Ministry of Ports, Shipping and Waterways, India has over 25 shipyards and repair facilities across major ports and private shipyards, catering to merchant, offshore and naval vessels. Despite its strategic location on major global shipping routes, a significant share of repair work for Indian and foreign vessels continues to be undertaken overseas, highlighting substantial untapped domestic potential. To address this, the Government is promoting dedicated ship repair clusters, improving dry dock infrastructure and enhancing repair capabilities under the Maritime India Vision 2030 and Maritime Amrit Kaal Vision 2047. Ship repair is inherently steel-intensive, requiring large quantities of steel plates, structural sections, pipes, profiles and fabricated components for hull renewal, corrosion replacement, structural strengthening and retrofitting. Consequently, expansion of domestic ship repair capacity is expected to generate sustained demand for flat steel products, plates, structural steel and specialized marine-grade steel, while supporting the broader domestic steel value chain.

5.5 Consumer Durables

The consumer durables industry can be broadly classified into consumer electronics (brown products like TVs, laptops, audio & video systems, personal computers, and other electronic accessories) and consumer appliances (white goods like air conditioners, washing machines, refrigerators, and other appliances). These products, designed for domestic use with extended lifespan, have seen significant growth driven by favourable economic conditions, demographic trends, and technological innovations. India's consumer durables industry continues to witness strong growth, fuelled by several structural and economic drivers such as the expansion of the retail sector, rapid real estate development, increasing disposable incomes, and technological innovations. Alongside robust domestic consumption, the industry is strengthening its global footprint, with India emerging as a key exporter of products like televisions, refrigeration units, air-conditioning components, and automated washing machines. According to the Consumer Electronics and Appliances Manufacturers Association (CEAMA), the sector is poised to double in market value within the next three years, with a long-term vision of reaching Rs 1.48 trillion by 2050. CEAMA also envisions India as a competitive alternative hub for global exports,

leveraging its manufacturing capabilities and favourable policy environment to attract global supply chains. This outlook positions the industry as a vital contributor to India's economic and export growth trajectory.

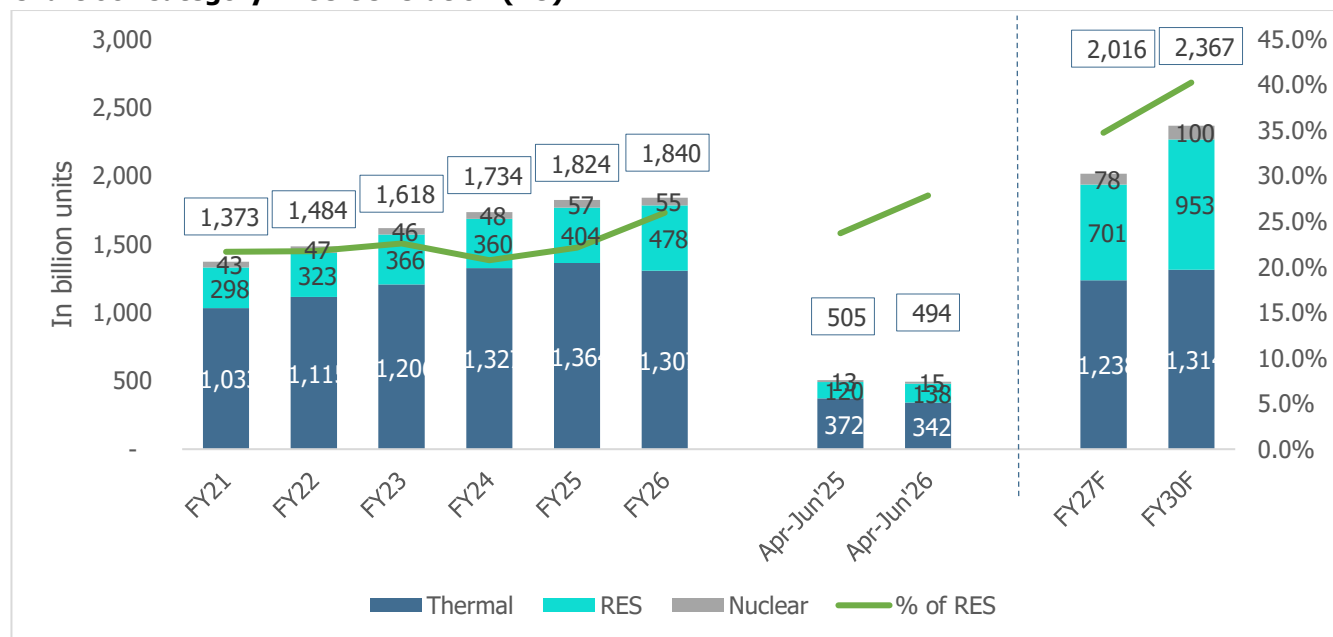
Steel plays a crucial role in various aspects of the consumer durables industry, providing structural support, durability, and functionality to a wide range of products. In consumer electronics, steel is used in the framework and chassis of devices like televisions, laptops, and audio systems, providing robustness and stability. For consumer appliances such as refrigerators, washing machines, and air conditioners, steel is utilized in the outer casings and internal components to ensure strength and longevity. In kitchen appliances like stoves, ovens, and microwaves, stainless steel is preferred for its heat and corrosion resistance, low-maintenance, high strength, and easy cleaning properties. Moreover, steel is integral in the manufacturing of small appliances and accessories, including parts like screws, hinges, and brackets that contribute to the overall durability and reliability of these products. Thus, steel's versatility and strength make it indispensable in enhancing the performance and longevity of consumer durables across various categories.

5.6 Power

India's power sector is characterized by significant growth and evolving dynamics, with the country emerging as the world's third-largest energy producer and second-largest electricity consumer. The generation statistics depicts the increase in units produced and the steady increase in share of renewable energy sources (RES) over the years, the electricity generation in India increased at a compounded annual growth rate (CAGR) of 6.0% from FY21 to FY26.

Thermal power forms the largest source of power in the country with about 71% of the electricity consumed being generated from thermal power plants. There are different types of thermal power plants, out of which coal based thermal power plants account for highest amount of electricity followed by gas and diesel. Renewable Energy Sources (RES) including solar, wind and hydro are quickly increasing their share, and their contribution has increased from 21.7% in FY21 to 25.9% in FY26.

Chart 60: Category Wise Generation (BU)



Source: CEA; Note: RES consists of small hydro power, wind power, bio-power and solar power

Steel is indispensable in the power sector, serving critical roles across various stages of energy production and distribution. It is essential for transformers, where its magnetic properties enable efficient electricity transmission. Steel also forms the core of generators and electric motors, crucial for converting mechanical energy into electrical power. In infrastructure, steel reinforces power distribution pylons and cables, ensuring reliable electricity transmission over long distances. The advantages of steel in this sector are numerous: it contains recycled materials and is fully recyclable, providing sustainability benefits; it offers structural integrity and durability, ensuring long-term reliability; it is strong and cost-efficient compared to alternatives, while its precision and low environmental impact make it an ideal material for maintaining and enhancing energy infrastructure worldwide.

Driven by urbanisation, rural electrification, rising electricity demand, planned capacity additions of renewable and conventional power, and the government's vision for 24X7 reliable and affordable power, the power sector is expected to have a positive outlook. This growth in power demand will drive supply side further driving demand in the steel industry to close the deficit gap between power demand and supply.

5.7 Solar

India has a significant amount of solar energy potential. According to Ministry of New and Renewable Energy (MNRE), approximately 5,000 trillion kWh of energy is incident over India's geographical area each year incident over India's land area with most parts receiving 4-7 kWh per square meter per day. In the development of solar infrastructure, steel structures such as galvanized steel frames, mounting systems, and support poles are crucial for installing and securing solar photovoltaic (PV) panels. Solar PV power can be effectively harnessed, offering huge scalability across the country. It also enables power generation on a distributed basis and allows for rapid capacity addition with short lead times, supported by the durability and strength of steel-based mounting solutions.

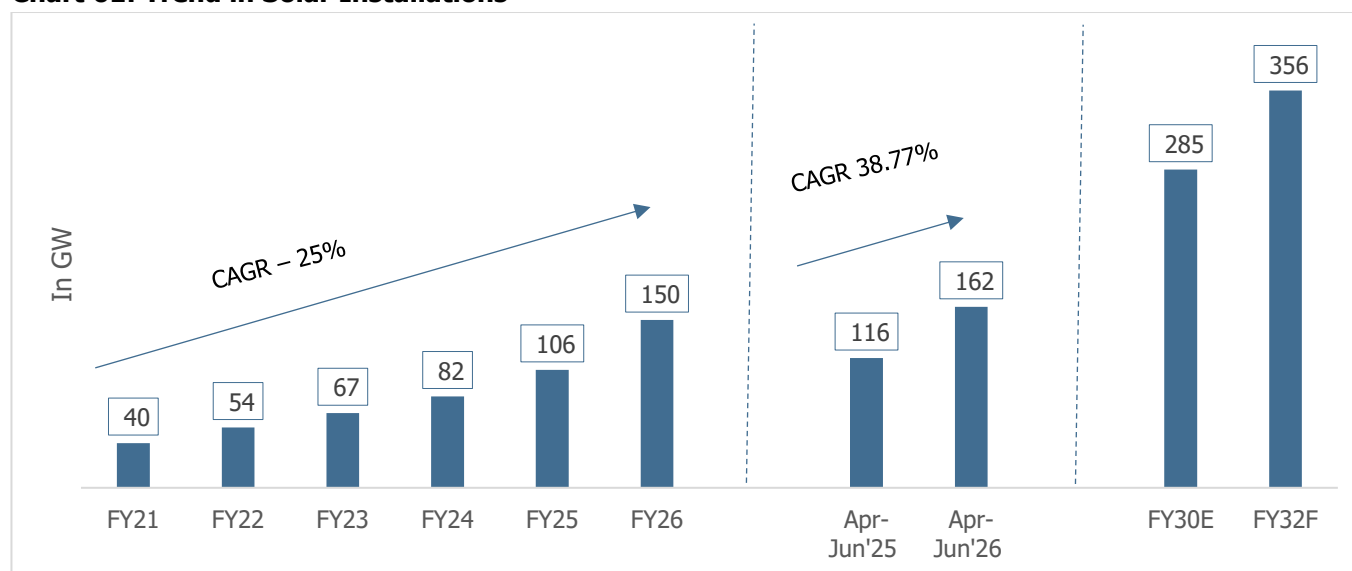
India's solar energy sector has emerged as a key participant in grid-connected power generation capacity over the past decade. It contributes significantly to the government's objective of sustainable growth while emerging as a key anchor in meeting the nation's energy demands and ensuring energy security. Due to its abundant availability, solar energy is the most secure among all sources from an energy security perspective.

According to MNRE, India has a solar potential of 749 GW, if solar PV modules cover 3% of the waste land area. Comparatively, India had an installed capacity of 143.6 GW of as of February 2026.

Capacity Addition Trends:

Solar energy accounted for 68.6% of the renewable energy basket (excluding Large Hydro Power) as of June 2026. Over the previous years, the solar power industry has experienced strong growth. From FY21 to FY26, the segment added around 110 GW of capacity, registering a CAGR of 30.2%. Solar capacity addition contributed to about 85.5% of the total renewable capacity added in the period. The surge was due to the rush to complete projects before the reinstatement of Approved List of Models and Manufacturers (ALMM) from April 1st, 2024, delayed projects getting commissioned and falling module prices.

Solar capacity addition contributed to about 66% of the total renewable capacity added in the period. The surge was due to the rush to complete projects before the reinstatement of Approved List of Models and Manufacturers (ALMM) from April 1st, 2024, delayed projects getting commissioned and falling module prices. The increase in installed capacity is also the result of favorable market conditions and strategic policy interventions and technological innovations.

Chart 61: Trend in Solar Installations


Source: CareEdge Research, CEA

The capacity under construction or in advance stages of development that are likely to be commissioned during 2022-23 to 2026-27 is around 92.6 GW for Solar while the capacity under construction as on December 2024 is around 82,34. Some of the schemes initiated by Government to promote solar power are Jawaharlal Nehru National Solar Mission (JNNSM), The International Solar Alliance (ISA), Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan (PM KUSUM), Rooftop solar power (RTS), Solar Parks program, Solar Cities program, Off-Grid Solar PV Applications Programme Phase III for Solar Street Lights, Solar Study Lamps, and Solar Power Packs etc.

Apart from these, the Cabinet Committee on Economic Affairs ("CCEA") has approved the MNRE's proposal for implementation of the Central PSU (Public Sector Undertaking) Scheme Phase-II for setting up 12,000 MW grid-connected solar PV power projects with VGF support of Rs. 858 million for self-use or use by Government or Government entities, of both Central and State Governments. Under this scheme, around 8.2 GW of projects have been awarded, as on 31st December 2022, out of which around 1.5 GW has been commissioned as on 31.12.2022 and balance are under implementation.

5.8 Automotive

The automotive industry is one of the major drivers of economic growth due to its linkages with multiple industries. Its contribution to the GDP of India stands at around 7%. The growth of this sector benefits the commodity sector as vehicle manufacturing requires steel, aluminium, plastic, etc. It also holds importance for the NBFC/Banks in the form of automobile financing. Moreover, it is a crucial source of demand for the oil & gas industry.

As per Annual Report 2024-25 by Ministry of Heavy Industries:

Automobile sector	Global Ranking of Indian Automobile Industry
Three-wheeler	1
Two-wheeler	2
Passengers Vehicles	4
Commercial Vehicles	5

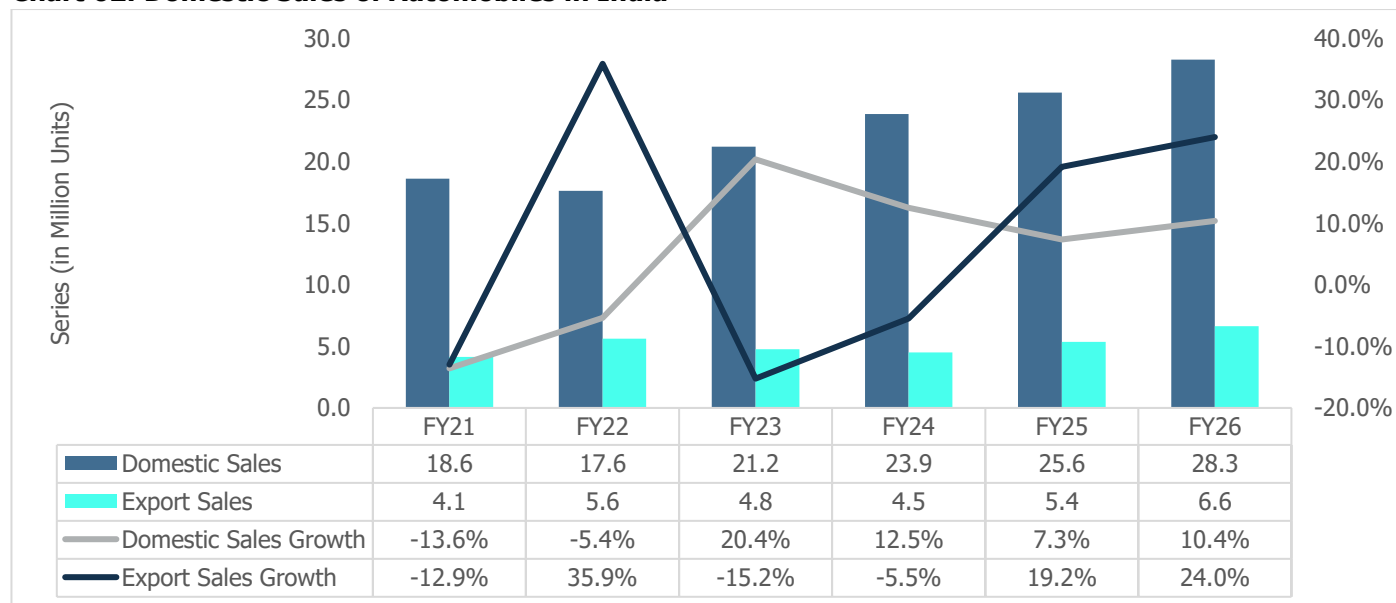
Note: In terms of Production

India is the largest manufacturer of two-wheelers, three-wheelers and tractors. Domestic automobile sales recorded a growth of 10.4% Y-o-Y as of FY26. Although the impact is likely to be gradual and vary across segments, this growth

can be driven by policy support including GST adjustments and manufacturing incentives that provides a backdrop for the sector. All vehicle segments also recorded healthy growth in domestic sales as two-wheeler and passenger vehicle sales increased by 10.7% and 7.9% respectively Y-o-Y in FY26. While three-wheeler volumes increased by 12.8% in FY26, commercial vehicle sales increased by 12.6% in FY26.

Meanwhile, exports increased by 24% in FY26, driven by robust overseas demand across passenger vehicles, two-wheeler, three-wheelers and commercial vehicles. Segment-wise, exports of passenger vehicles, two-wheelers, three-wheelers and commercial vehicles grew by 17.5%, 23.4%, 50.1% and 17.4% respectively. The growth is expected to moderate through FY27 due to geopolitical tensions in West Asia affecting trade routes, leading to logistics disruptions, higher freight costs and extended delivery timelines.

Chart 62: Domestic Sales of Automobiles in India



Source: Society of India Automobile Manufacturers (SIAM)

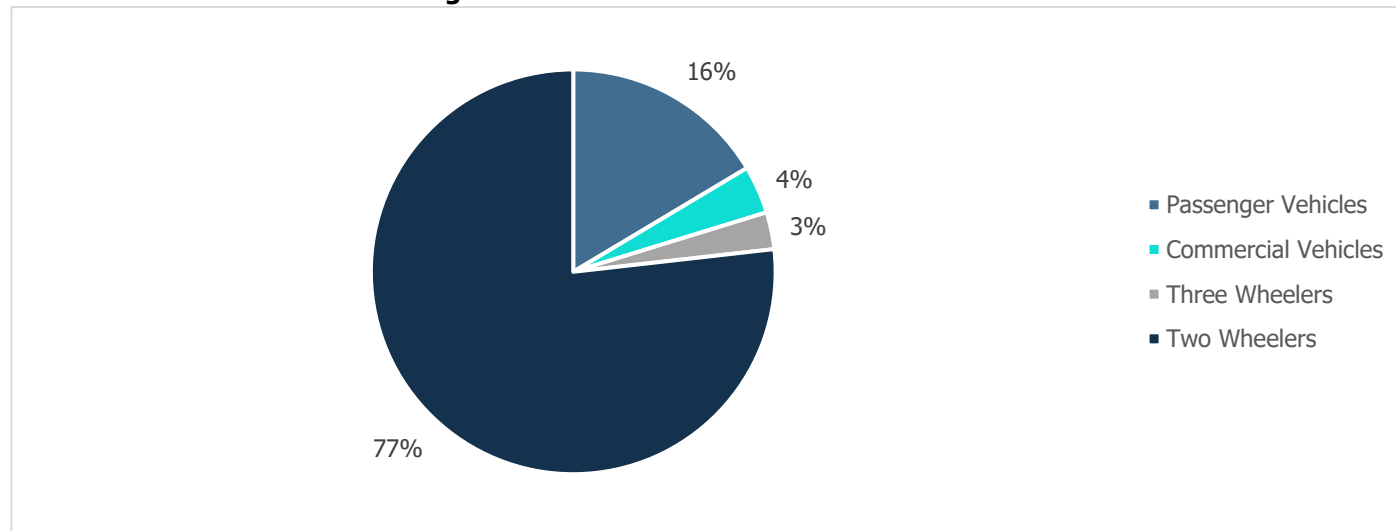
Note: Tractors sales are not included both in domestic and exports graph

All categories saw healthy growth with two-wheelers growing by 10.7%, passenger vehicles grew by 7.9% Y-o-Y in domestic sales. Commercial vehicles on the other hand grew by 12.6% in domestic sales, whereas 3-wheelers sales grew by 12.8%. The automobile exports have grown at a CAGR of 10% from FY21 to FY26. According to SIAM, the growth in export was supported by stable demand across most global markets, with particularly strong performance in regions such as the Middle East and Latin America. Additionally, it has steady market in neighbouring countries such as Bangladesh and Nepal. India's automobile industry has steadily expanded its export footprint over the past decade, with the MENA region emerging as one of the more significant markets for both passenger vehicles and two-wheelers. The ongoing geopolitical tensions in West Asia, however, introduce an element of uncertainty to the otherwise strong export outlook. As a significant portion of India's automobile exports, particularly two-wheelers is directed toward regions such as the Middle East and Africa, any escalation in the region may disrupt trade routes, increase shipping costs due to rerouting via longer corridors, and delay deliveries.

The major growth drivers for automobile industry in India are growing household income, favourable demographics with a large proportion of the young population, expanding R&D hub and government support. Besides growth prospects, India's favourable Foreign Direct Investment (FDI) policy with 100% FDI through automatic route, relatively low cost of manufacturing and adequate manpower pool has attracted several foreign OEMs of the industry to invest in India and set up a manufacturing footprint.

The Indian automobile market can be categorised into four segments namely two-wheelers, three-wheelers, passenger vehicles and commercial vehicles. Two-wheelers and passenger vehicles dominate the domestic Indian auto market. Two-wheelers and passenger cars contributed about 77% and 16% respectively of total automobile sales in FY26. The share of various segments in automobile sales in India in FY26 is depicted below:

Chart 63: Share of different categories in Automobile Domestic Sales H1FY26



Source: SIAM

5.9 Industrial Sheds

Industrial sheds refer to large-span, single or multi-bay structures designed to accommodate manufacturing, assembly, processing, or storage activities. These structures are typically characterised by column-free or low-column interiors, high roof clearances, and flexible layouts that allow installation of machinery, material handling systems, and production lines. In the Indian context, industrial sheds are predominantly constructed using steel-based structural systems, including pre-engineered buildings (PEBs), due to their shorter construction timelines, scalability, and adaptability to different industrial uses. While there is no single standard definition issued across all ministries, government-led industrial infrastructure programmes consistently treat factory buildings, production units, and industrial enclosures within industrial parks and corridors as part of core industrial infrastructure.

From a steel demand perspective, industrial sheds are a foundational asset class within India's industrialisation strategy. The Government of India, through the National Industrial Corridor Development Corporation (NICDC), is implementing integrated industrial corridors to support manufacturing growth. As per official programme details, the corridor development initiative spans 32 projects across 11 industrial corridors, with multiple projects already completed or under advanced stages of implementation. These projects include development of trunk infrastructure, industrial townships, and plug-and-play industrial zones, where industrial sheds form the first layer of built infrastructure for incoming manufacturing units.

The relevance of industrial sheds is further reinforced by the scale and structure of these corridor projects. For instance, the Delhi–Mumbai Industrial Corridor, one of the flagship initiatives, has been developed along a ~1,500 km freight backbone, integrating industrial nodes with logistics connectivity. Such large-scale, infrastructure-led industrialisation creates sustained demand for ready-to-use factory spaces, where steel-intensive shed construction becomes the preferred approach due to its ability to support rapid deployment, modular expansion, and cost efficiency over large footprints.

Industrial sheds are also central to India's push toward plug-and-play manufacturing ecosystems. Government-backed industrial parks increasingly offer pre-built or quickly deployable shed infrastructure to reduce the entry barrier for

manufacturers. This model reduces project gestation periods and aligns with policy objectives of improving ease of doing business and attracting investments in sectors such as electronics, automotive, textiles, and pharmaceuticals. In practical terms, this shifts construction preference toward standardised steel structures that can be erected and modified with minimal lead time.

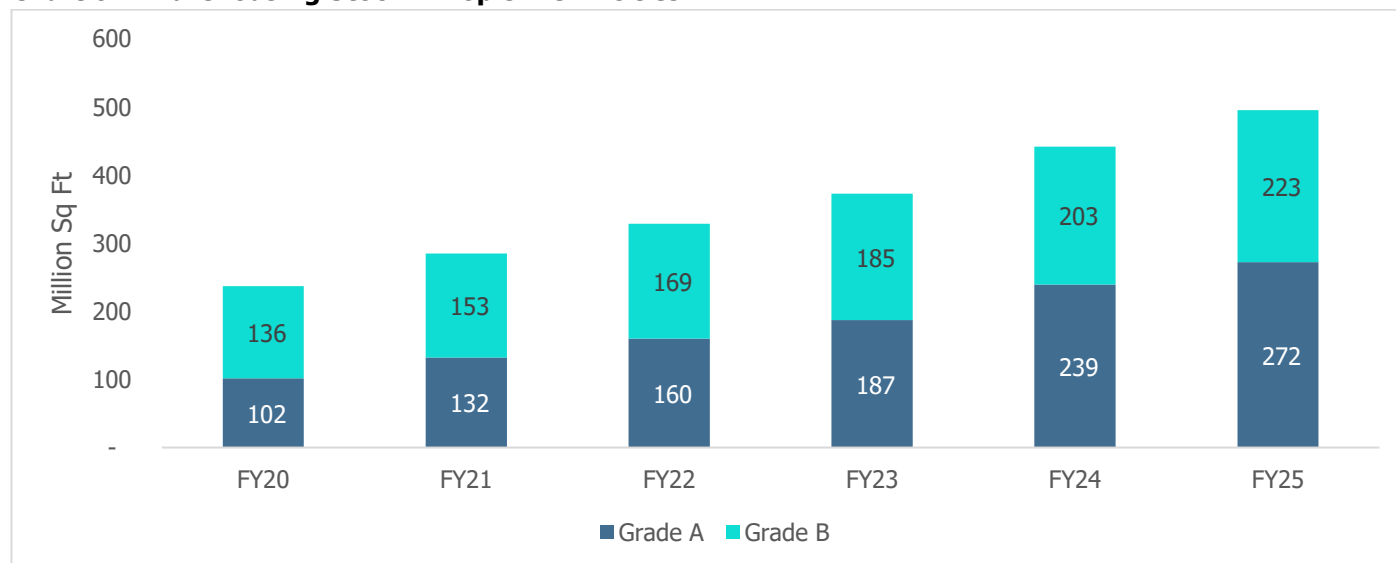
From an infrastructure pipeline standpoint, as of 2024, multiple industrial node projects have been approved with trunk infrastructure investments exceeding Rs 28,000 crore, indicating continued expansion of industrial zones where such sheds will be deployed. This pipeline provides visibility on sustained demand for industrial construction, and by extension, steel consumption in structural applications.

Overall, industrial sheds are not merely physical enclosures but critical enablers of industrial capacity creation in India. Their strong linkage with corridor-led development, manufacturing expansion, and logistics integration makes them a structurally important and recurring end-use segment for steel, particularly in structural and pre-engineered applications.

5.10 Warehouses

Warehousing is one of the most important steel-consuming end uses because it is a core logistics function, not just a storage activity. India's warehousing sector is evolving rapidly, driven by policy initiatives and infrastructure development. Free Trade and Warehousing Zones (FTWZs) promote trade by allowing transactions in free currency, functioning as specialized SEZs for trading and storage. The development of Multi-Modal Logistics Parks (MMLPs) under MoRTH and NHAI is another key reform, enabling seamless freight movement through mechanized warehouses, cold storage, and intermodal terminals, ultimately reducing logistics costs. Growth in FDI, e-commerce, and government support for cold storage and warehouse modernization, alongside initiatives like Make in India and Digital India, are fuelling sectoral growth. Additionally, deregulation of port tariffs and royalties under the new Tariff Guidelines 2021 support competitive logistics operations and enhance private sector participation. Also, government reduced royalty payable for trans-shipment cargo from 1.5 times to 1 time and for costal cargo, the concessionaire uses to pay 60% royalty for foreign cargo which has been reduced to 40%.

Chart 64: Warehousing Stock in Top 8 Tier 1 cities



Source: Industry Reports, CareEdge Research

Warehousing stock has grown from 210.5 million sq. ft. in FY19 to 441.9 million sq. ft. in FY24 and is expected to reach 495.7 million sq. ft. by FY25. This growth has been supported by increasing demand from third-party logistics providers, rising cold storage requirements, and the rapid emergence of dark stores to support last-mile and quick commerce

delivery. The sector has also seen growing participation from industries such as auto and engineering, FMCG, and other emerging categories, indicating broad-based demand.

Grade A warehousing has expanded, from 86.2 million sq. ft. in FY19 to 239.4 million sq. ft. in FY24, with an expected increase to 272.4 million sq. ft. in FY25. The preference for Grade A facilities is being driven by the need for modern, compliant infrastructure that supports automation, temperature control, and operational efficiency, especially in urban consumption hubs.

Warehousing Spaces Continue to Expand:

This growth is reflected in warehouse registrations, which rebounded sharply after the pandemic-induced slowdown, rising from 337 warehouses in FY21 to a record 1,522 in FY23, followed by sustained activity with 2,184 registrations in FY24 and 1,681 in FY25; registrations remain robust in FY26, with 1,170 warehouses registered till October 2025, indicating continued momentum.

Demand over the past few years has become more diversified and resilient, shifting away from e-commerce-led concentration to being increasingly driven by manufacturing, FMCG, pharmaceuticals and 3PL players, which helped offset moderation in e-commerce demand post FY22. The sector has also witnessed heightened institutional interest, with large global investors and PE platforms expanding their logistics portfolios. Structurally, nearly 50% of organized warehousing stock remains concentrated in Tier-1 markets such as Delhi-NCR, Mumbai and Bengaluru, though Tier-2 and peripheral locations are gaining traction due to land availability, infrastructure upgrades and cost advantages. Importantly, demand has increasingly tilted towards Grade-A warehousing, with industry data indicating that around 65–70% of net absorption in recent years has been Grade-A, driven by higher compliance standards, automation, ESG requirements and post-COVID emphasis on safety and efficiency. Supported by stable domestic consumption, manufacturing-led logistics demand, rural market expansion and continued government focus on infrastructure and multimodal connectivity, the outlook for the warehousing sector remains structurally positive over the medium term.

Table 12: No. of Registered Warehouses

Sr. No.	Year	Warehouses Registered (Nos.)
1	FY20	1,005
2	FY21	337
3	FY22	610
4	FY23	1,522
5	FY24	2,184
6	FY25	1,681
7	FY26 (Till Oct 25)	1170

Source: WRDA

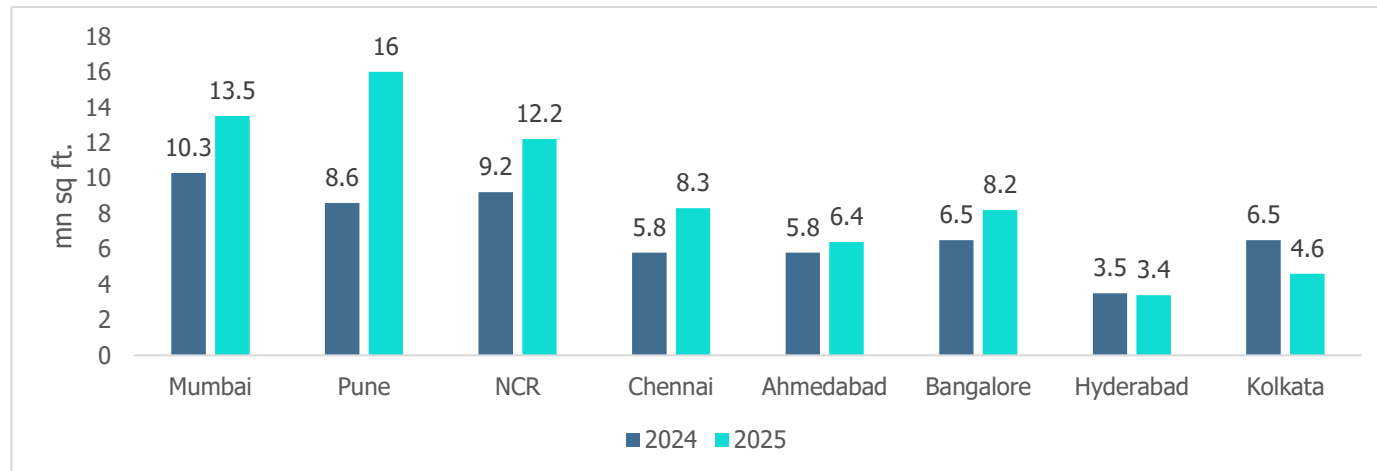
Transaction Volumes

The cumulative performance across the eight primary markets reached 6.74 million sq m (72.5 million sq ft), with 2025 characterised by pronounced regional disparities and a shift in market leadership. Pune emerged as the key growth driver, recording 1.49 million sq m (16.0 million sq ft) in transactions, reflecting a sharp 86% year-on-year increase and capturing a leading 22% share of the national total. Mumbai and NCR continued to act as major anchors of the sector, sustaining overall momentum during the year.

Mumbai recorded 1.25 million sq m (13.5 million sq ft), growing by 31% and maintaining a 19% market share, while NCR followed closely with 1.13 million sq m (12.2 million sq ft), marking a 32% year-on-year rise. Southern markets also demonstrated strong performance, particularly Chennai, which saw a 42% increase to 0.77 million sq m (8.3 million sq ft), and Bengaluru, which grew by 24% to 0.76 million sq m (8.2 million sq ft). However, growth was not uniform across

all regions, as Kolkata and Hyderabad recorded declines. Kolkata's transaction volumes fell by 30% year-on-year to 0.42 million sq m (4.6 million sq ft), while Hyderabad experienced a marginal 3% drop to 0.32 million sq m (3.4 million sq ft). Overall, the 2025 landscape reflects a maturing market, with manufacturing-led hubs such as Pune playing a central role in driving industrial and warehousing activity.

Chart 65: Warehouse Transaction Volumes



Source: Industry Reports, CareEdge Research

6 Outlook on the Steel Industry

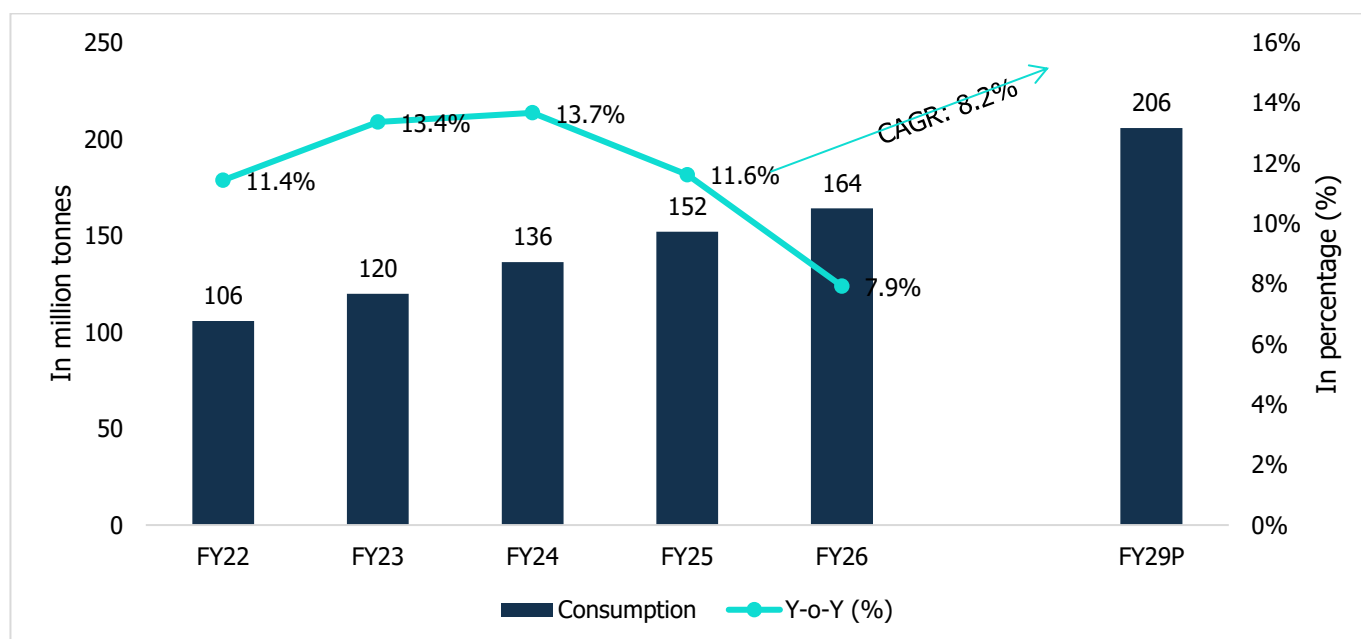
The outlook for the Indian steel industry remains strong, supported by robust domestic demand and policy support, although global uncertainties pose near-term risks. Government assessments indicate that steel demand in India continues to grow faster than most major economies, driven by infrastructure spending, urbanisation, and industrial expansion. This positions India as the fastest-growing major steel market globally, with sustained consumption growth expected in the medium term.

However, trade-related measures such as safeguard duties and potential tariff hikes are likely to play a critical role in shaping the industry. The government has actively used tariffs to protect domestic producers from cheap imports, particularly from surplus-producing countries. Such measures support capacity utilisation, improve profitability, and encourage investments in value-added steel, though they may also keep domestic prices elevated in the short term.

Geopolitical tensions, particularly the Iran–Israel conflict, have introduced new challenges. The war has disrupted energy supplies, especially LNG and LPG, which are critical for steel production, leading to cost pressures and even production cuts for smaller players. Rising oil and freight costs have further increased input costs for coal, scrap, and iron ore, affecting margins across the value chain. Additionally, global steel demand growth has been revised downward due to reduced activity in conflict-affected regions, which could impact export opportunities.

Overall, while the Indian steel industry is expected to maintain a positive growth trajectory driven by strong domestic fundamentals, its outlook will depend on managing input cost volatility, navigating geopolitical risks, and balancing trade protection with global competitiveness.

Chart 66: Finished Steel Demand Forecast in India



Source: Industry sources, CareEdge Research

7 Ship-recycling Industry in India

7.1 Overview of Ship Building Industry in India

Ships are large vessels that travel on seas and oceans and transport people and goods. The Shipbuilding industry is critical to India's strategic and economic interests and is characterized by high growth potential. Shipbuilding has spin offs to other industries, including steel, engineering equipment, port infrastructure, trade and shipping services. The indirect potential of shipbuilding industry in employment generation and contribution to GDP is therefore tremendous.

India's location with water bodies on three sides makes it a perfect destination for a robust shipbuilding industry. However, the industry is currently in a nascent stage in the country, with potential for exponential growth in the coming years. Shipbuilding is a part of the maritime industry that deals in the construction, maintenance, and repair of ships/vessels used for trade, defense, and transportation. Since it caters to different sectors, the ships or vessels range from small boats to even warships.

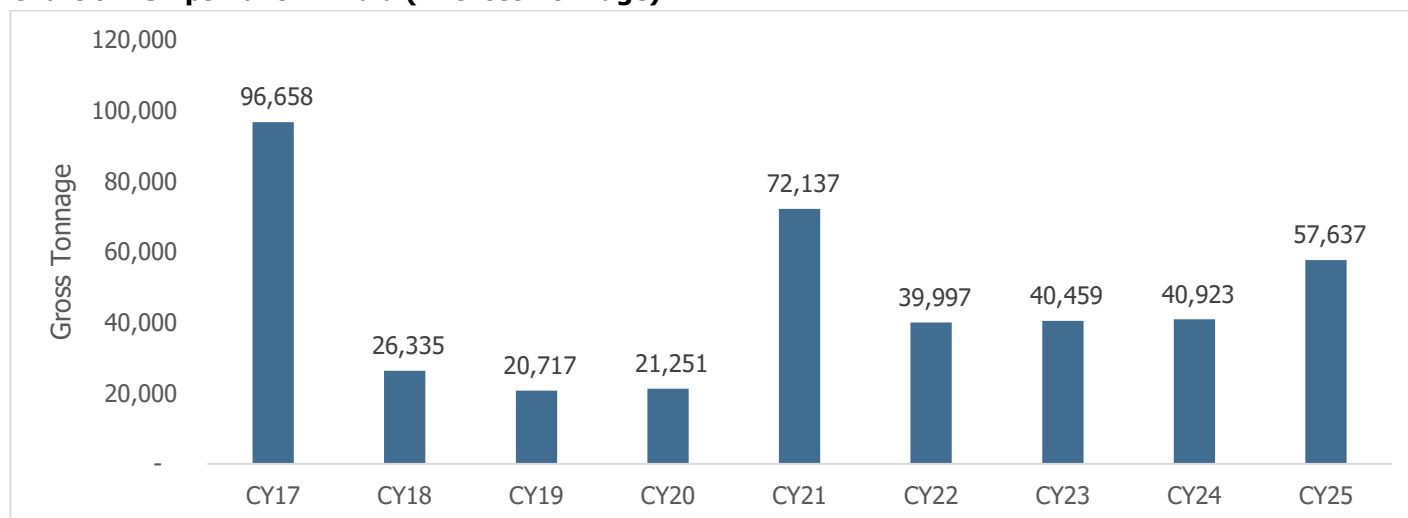
To ensure safety of our vast coastline, naval requirement of sophisticated and modern vessels is growing rapidly. The Indian Ship-Building Industry can broadly be categorized into following three categories

- 1) Large ocean-going vessels catering to overseas as well as coastal trade
- 2) Medium size specialized vessels like Port Crafts, Fishing Trawlers, Offshore vessels, Inland and other smaller crafts and
- 3) Defence /Naval crafts and Coast Guard Vessels etc

The industry's emphasis on technological advancements, adoption of modern building processes and adherence to international standards have enabled Indian shipbuilders to compete internationally and expand their footprint in the commercial shipping arena. Moreover, the Indian government plays an important role in supporting the ports sector and has allowed Foreign Direct Investment (FDI) of up to 100% under the automatic route for port and harbour construction as well as maintenance projects. The shipbuilding industry in India is poised to play a pivotal role in industrial development and maritime goals as the country continues to prioritize initiatives promoting domestic manufacturing

Indian shipbuilding Industry has less than 1% of global share at present. The Indian ports and shipping industry play a vital role in sustaining growth in the country's trade and commerce. Coastal and overseas cargo movement is affected by ocean-going vessels. The industry has seen massive growth contributing to the nation's economic development with a coastline offering abundant resources and a skilled workforce.

Chart 67: Ships Built in India (in Gross Tonnage)



Source: United Nations Conference on Trade and Development (UNCTAD)

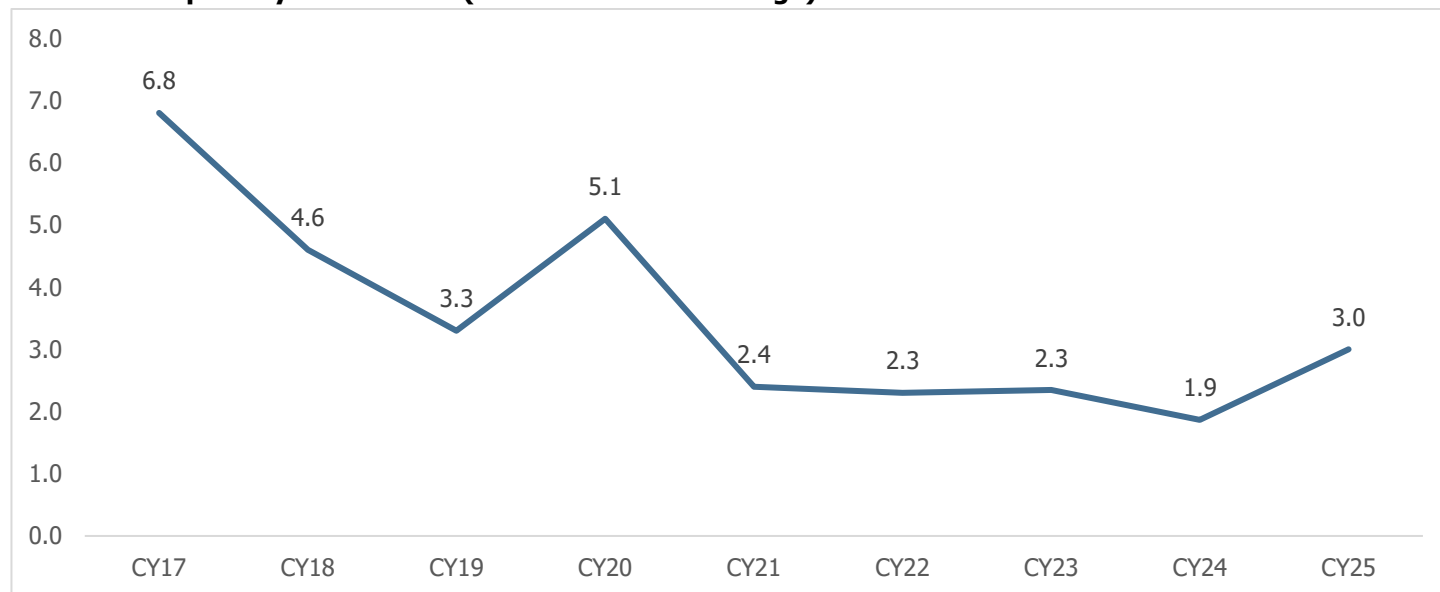
The shipbuilding industry is also dependent on the defence requirements. The Indian Defence industry is primarily controlled by the government and its agencies. India's Defence budget for FY24-25 was Rs. 7.85 lakh crore. While the public sector shipyards are the frontrunners in the defence shipbuilding space, private shipyards are also undertaking specific measures to enhance competence and modify their existing shipbuilding infrastructure to suit the needs of the Indian Armed Forces. Defence shipbuilding in India is also emerging both among the public and private sector companies. The defence shipbuilding order book is expected to grow by 8-9% over the coming years which is expected to boost the Indian shipbuilding industry

7.2 Overview of Ship-recycling Industry in India

India's ship-recycling industry is a crucial part of the global maritime sector. The top four countries including Bangladesh, India, Pakistan, and Turkey dominate the ship-recycling industry, dismantling over 90% of the global ship-recycling volume. India and Bangladesh consistently led the industry, while contributions from other countries were variable and generally lower.

India stands as the world's second-largest player in the ship-recycling industry, only behind Bangladesh. The focal point of India's ship-recycling prowess is Alang in Gujarat, a coastal stretch in the Bhavnagar district spanning more than 10 kilometres. Alang-Sosiya Ship Recycling Yard continues to account for nearly 98% of India's ship recycling activity. India emerged as the world's largest ship recycling nation in 2025, with its share of global ship recycling increasing to 35.4% from 30.1% in 2024, according to UNCTAD. The Alang-Sosiya yard has 128 operational plots with an annual recycling capacity of 4.5 million LDT and remains the backbone of India's ship recycling ecosystem. The ship-recycling activities in India are also conducted in a limited manner at the Kidderpore Docks, Syama Prasad Mookerjee Port, Kolkata, the Mumbai Port, and by the Steel Industries Kerala Limited. According to the Baltic and International Maritime Council (BIMCO), more than 16,000 vessels are expected to be recycled globally over the next decade. With a current market share of 35.4%, India is well-positioned to recycle approximately 500 to 600 vessels annually while continuing to expand its ship recycling capacity.

Chart 68: Ships Recycled in India (in million Gross Tonnage)



Source: UNCTAD

India's ship recycling volume witnessed a declining trend from 6.8 million GT in CY17 to 2.3 million GT in CY22 and remained broadly stable at 2.3 million GT in CY23, before declining further to 1.9 million GT in CY24 amid lower global vessel availability and favourable freight market conditions. The sector rebounded sharply in CY25, with ship recycling increasing to 3.0 million GT, representing nearly 60% growth over CY24. India's share in global ship recycling increased from 30.1% in CY24 to 35.4% in CY25, making India the world's largest ship recycling nation ahead of the Maritime India

Vision 2030 target. The recovery was driven by policy reforms, increasing compliance with the Hong Kong Convention, and modernization of recycling facilities, particularly at the Alang-Sosiya ship recycling yard, which accounts for nearly 98% of India's ship recycling activity. India's ship-recycling industry is influenced by several factors including global ship-recycling trends, balance between addition of shipping capacity and ship-recycling activity, fluctuations in Baltic Dry Index (BDI) and trends in Bhavnagar heavy melting scrap prices. Understanding these elements is essential for predicting future direction of ship-recycling industry

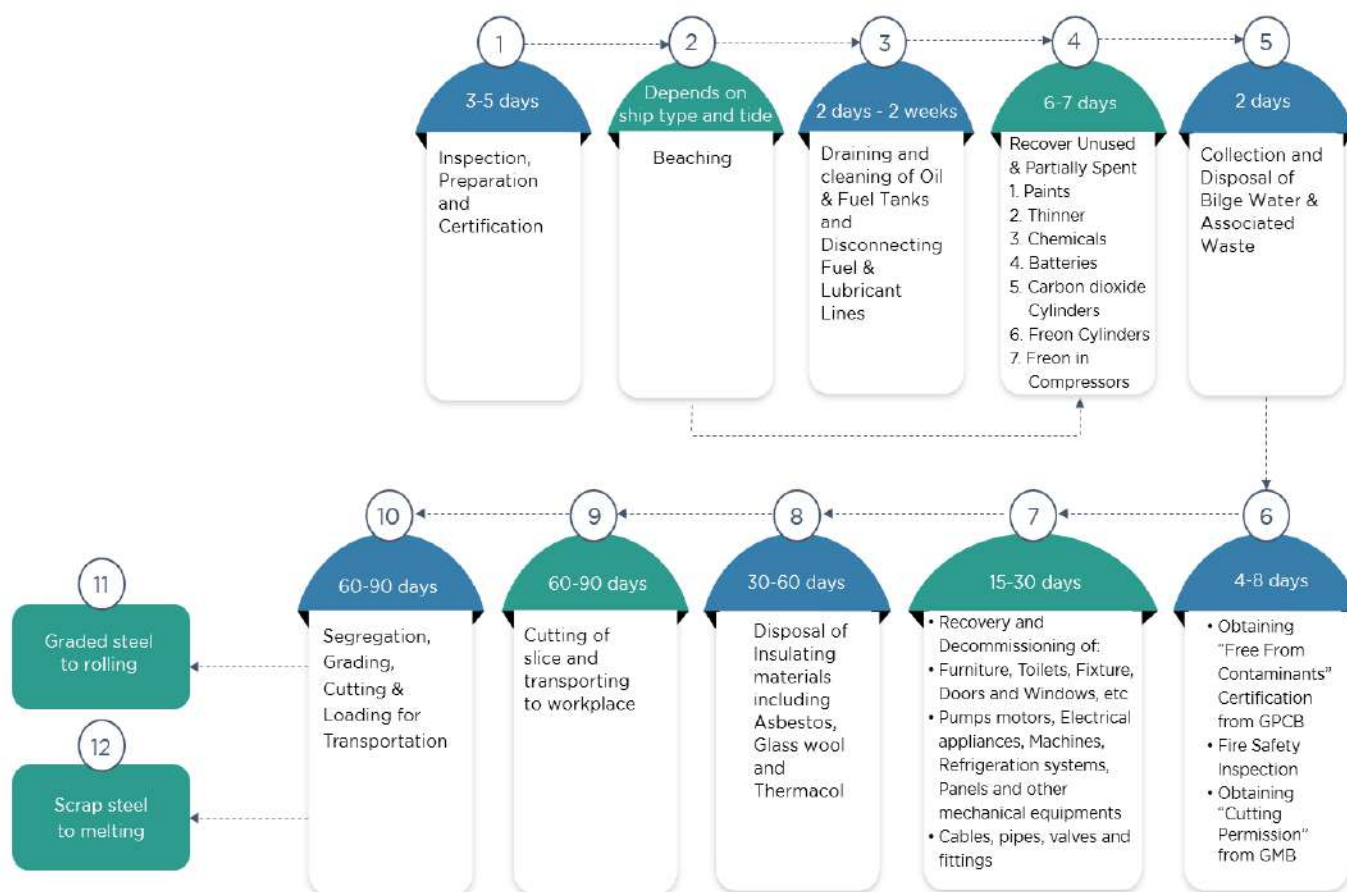
7.3 Overview of Ship-recycling Procedure

Shiprecycling is a long-standing practice for dealing with ships at the end of their operational life. The process encompasses several stages, including document review, material management, ship dismantling, decontamination, and other essential steps

To ensure the process adheres to international guidelines, ship recycling is divided into distinct stages. Both ships and shipyards must comply with shipbreaking regulations to meet specified standards. Prior to dismantling, ships undergo thorough assessment and cleaning through decontamination to eliminate hazardous materials.

The Ship-recycling Plan (SRP) provides a blueprint for the entire process and for recycling a ship in a safe and environmentally sound manner. After the ship inspections and clearance, the ship is dismantled using various gas-cutting technologies. The recovered material is segregated and sent to the re-rolling mills. Ship Recycling Facilities (SRFs) are subsequently cleaned, and the entire process is meticulously documented, culminating in a baseline report. The chart below provides an overview of the ship recycling process..

Figure 1: Ship Recycling Process



Source: National Maritime Foundation

The duration for entire ship recycling process varies, ranging from 3.5 to 9 months, contingent upon factors such as the vessel's size and type. Despite the specific recycling plans and procedures of each yard, a common and time-tested tacit know-how prevails in Alang. This standardized approach ensures economic, procedural, environmental, and work-safety advantages, with each work activity's duration and input-output meticulously outlined for efficient execution.

Green ship-recycling brought a paradigm shift in the maritime industry as it involves towing a ship to a dock for dismantling, instead of breaking it down on the beach. This way the toxins released during shipbreaking were prevented from flowing into the ocean and impacting the marine animals.

7.4 Trend in Beaching of Ship in India

Beaching is an emergency measure wherein a ship is intentionally taken to shallow waters and grounded. Beaching of a ship is done in areas with sand or soft mud so that the vessel's hull, propeller, and rudder are not damaged.

Alang-Sosiya, where most of the India's ship breaking and ship-recycling industry is concentrated, is located approximately 30 km from Bhavnagar in the Gulf of Khambhat. The yard has 128 currently operational plots having recycling capacity of 4.5 million LDT per annum. Since the inception, more than 8,900 ships aggregating more than 71 million LDT have been recycled at Alang yard.

Ship breaking in Alang commenced in the 1980s and, since then, over 8000 ships have been successfully beached, representing more than 70 million tonnes of Light Displacement Tonnage (LDT), with the industry continuing to grow rapidly.

Table 13: Year – Wise Beaching Data for Alang

Year	Number of Ships	Light Displacement Tonnage (MT)
2019-20	202	1,62,280.2
2020-21	187	17,60,641.3
2021-22	209	14,56,655.1
2022-23	131	11,47,480.5
2023-24	125	9,44,069
2024-25	113	10,06,199
2025-26	119	10,87,447

Source: National Maritime Foundation, Media Source, CareEdge Research

The data on ship beaching shows a fluctuating trend in both the number of ships and their Light Displacement Tonnage (LDT) over the years. This data indicates variability in ship beaching activities, with notable peaks and troughs in both the number of ships and their tonnage. A plan has been prepared by the Government of Gujarat to expand the capacity of the Alang-Sosiya Ship Recycling Yard from 4.5 million LDT to 9 million LDT per annum through phased development.

7.5 Importance of Ship Scrappage in Steel Economy

The demand for ship scrap in India is primarily driven by the country's robust construction activities. The structural steel of ships constitutes the majority of their weight, providing a significant quantity of scrap steel for steel mills. The recovered metal not only reduces energy consumption but is also repurposed into new products, lowering manufacturing costs. Ship-recycling supplies reusable components for new ships, such as bars, ingots, pipes, and plates, offering both economic and environmental advantages. Ship-recycling practices in India are technically organized, labour intensive, and consist of experience-based management. The shipbreaking industry provides 10-15% of the demand for steel in India.

Ships sent for dismantling are a treasure house of metal scrap and other recyclable material. Most of the total materials recovered from the ships are recyclable. Of the total recoverable material over majority part is steel, followed by other valuable metals and then by furniture and other fixtures. The steel is sold to the re-rolling mills, which is the main source of revenue. The material recovery from the ship dismantling in India is summarized in the table below:

Table 14: Material Recovery From the Ship Dismantling in India

Material Recovered	General Cargo	Bulk Carriers	Oil Tankers
Re-Rollable Ferrous Sheets	56-70%	61-75%	72-81%
Wooden Furniture and Fittings / Fixtures	~5%	1-5%	1.5-2%
Non-ferrous Metals	0.5-1%	0.5%	0.5-2%
Meltable Ferrous Scrap	~10%	8-10%	5-7%
Cast Iron Scrap	1.5-5%	1.5-2.5%	1.5-3%
Weight Loss	9-15%	10-16%	10-12%
Machinery	4-8%	1-6%	0.5-2%

Source: Industry Sources

The table illustrates the percentage of various materials recovered from different types of ships. Re-Rollable Ferrous Sheets have the highest recovery rates across all ship types, while Non-ferrous Metals and Wooden Furniture have the lowest.

Metals recovered from ships leave a smaller environmental impact than mining and extracting metals from ore. The range of benefits of aging ships for the metal recycling industry is mentioned as follows:

- Creates jobs and stimulates economic growth.
- Reduces the amount of waste that ends up in landfills.
- Keeps metals out of landfills, where the toxins within them pose serious risks to the soil and water.
- Helpful in saving the energy used to produce recovered metal from raw materials.
- Reduces greenhouse gas emissions and uses less energy than producing metal from mineral ore

The ship-recycling industry is a significant source of revenue for Gujarat as it generates substantial quantities of re-rollable steel — thus providing an alternative to the non-renewable source of iron ore required for steel-making —accounting for significant per cent of the country's total steel output. This industry is also a valuable source of supply for second-hand goods viz. onboard machinery, equipment, pumps, pipes, bars, valves, furniture, fittings and fixtures, other scrap material, etc.

7.6 Resources Requirements for Producing Steel

When a ship reaches this stage, it becomes necessary to discontinue operating the ship and recover and recycle the materials used in its construction. By recycling the construction materials and components, the demand for natural resources for producing the same materials is drastically reduced with consequent reduction in pollution and savings in energy consumption. Below Table gives the comparison of resource requirements between producing 4 million tons of steel by conventional route and that by the ship-recycling route

Table 15: Resource Requirements for Producing 4 Mt Steel by Conventional Route and By Ship-Recycling Route

Resource	Conventional Route	Ship-recycling Route (including Re-rolling)	Saving in Ship-recycling
Iron Ore (t)	7,000,000	Nil	7,000,000
Refractory materials / additives (t)	2,800,000	Nil	2,800,000
Coal (t)	6,200,000	Nil	6,200,000
Process Chemicals (t)	160,000	Nil	160,000

Oxygen (Nm ³)	260 x 10 ⁶	72 x 10 ⁶	188 x 10 ⁶
Water (Million m ³)	100 – 240	0.80	99.2 – 239.2
Fuel Oil (t)	120,000	220,000	-100,000
LPG (t)	Nil	16,000	-16,000
Energy (as fuel and electricity) (J)	80,000 x 10 ¹² *	80,000 x 10 ¹²	0

Source: National Maritime Foundation

t – tonnes

Nm³ – Normal cubic meters. The 'Normal' refers to normal conditions of 0 degrees Celsius and 1 atm (standard atmosphere = 101.325 kPa) – for particle purposes this is rounded to 1 bar

J – Joules

*Does not include energy required for transport of raw materials to plant site

7.7 Key Growth Drivers

The ship-recycling industry in India is poised for significant growth, driven by several key factors:

- **Growing Fleet Age Profile:** A sizeable portion of the global merchant fleet is over 20 years old, increasing the likelihood of vessel retirement as operators replace ageing ships with more fuel-efficient and environmentally compliant vessels. The implementation of stricter IMO decarbonisation regulations is expected to accelerate scrapping of older, less efficient vessels.
- **Favourable Scrap Steel Demand:** Stable domestic demand for recycled steel and scrap continues to support the economics of ship recycling. Ship-recycled steel remains an important raw material for secondary steel producers, while stable scrap prices provide greater visibility for recycling yards.
- **India Emerged as the World's Largest Ship Recycling Nation:** According to the Ministry of Ports, Shipping & Waterways citing UNCTAD, India's share of global ship recycling increased from 30.1% in CY24 to 35.4% in CY25, making India the world's largest ship recycling country. This reflects increasing competitiveness of Indian recycling yards and higher compliance with international environmental standards.
- **Adoption of Green Ship Recycling Practices:** India has significantly strengthened environmentally sustainable ship recycling through compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC). As of July 2026, 115 recycling yards at Alang are HKC-compliant, enhancing India's attractiveness to global ship owners seeking responsible recycling facilities.
- **Modernisation of Alang Ship Recycling Yard:** Alang-Sosiya, which accounts for around 98% of India's ship recycling activity, currently has 128 operational recycling plots with an annual recycling capacity of 4.5 million Light Displacement Tonnage (LDT). Continuous investments in mechanisation, waste management, worker safety and environmental infrastructure are strengthening India's position as a global ship recycling hub.
- **Maritime India Vision 2030:** Under Maritime India Vision 2030, the Government aims to attract over Rs.20,000 crore of investment in the ship recycling ecosystem and generate around 1 lakh additional employment opportunities through infrastructure upgrades, enhanced environmental compliance, and capacity expansion.

7.8 Challenges faced by Ship-recycling industry in India

The ship-recycling industry in India faces several significant challenges:

Challenges	Details
Environmental Concerns	Dismantling ships often involves hazardous materials like asbestos, heavy metals, and oil residues, leading to environmental pollution if not properly managed.

Worker Safety	Hazardous working conditions expose workers to dangerous materials and risks such as injuries from heavy machinery and falling debris.
Regulatory Compliance	Adhering to international environmental laws, such as the Hong Kong Convention, requires substantial investment in infrastructure and training.
Economic Pressures	Fluctuations in scrap metal prices and competition from countries with lower operational costs affect profitability.
Infrastructure Limitations	Facilities like Alang, though large, require modernization and expansion to handle the increasing volume of ships being recycled.
Foreign Competition	Countries like Bangladesh and Pakistan, with lower labour costs, attract business away from India's ship-recycling industry.

7.9 Regulatory Policies

Ship-recycling Industry is regulated by Ministry of Environment, Forest and Climate Change (MoEF&CC) and the Ministry of Ports, Shipping and Waterways (MoPSW) in New Delhi. Below are the some of the policies that the companies need to comply with:

Regulatory Policies the Ship Breaking Code (Revised) 2013 (Code)

- i. The Shipbreaking Code (Revised), 2013 in India is a comprehensive set of guidelines aimed at regulating the ship recycling industry to ensure safety and environmental protection. Here are some key points for Ship Recycling:
- ii. The ship recycling plan should have two components i.e. Ship Specific Recycling Plan, and Recycling Facility's Management Plan. The size of the plots should be such that while cutting the ship, both the sides of the beached ship should have space for free movement of labour, with sufficient width of at least 5 metres freely available on each side or as per direction of the Port Authority/State Maritime Board concerned
- iii. For ships other than petroleum tankers and petroleum slops, Directorate of Industrial Safety and Health (DISH) shall conduct the inspection for issuing gas-free-fit-for-hot-work certificate, else it may be obtained from Department of Explosives
- iv. The State Maritime Board (SMB)/Port Authority allots the plots to the ship recyclers for the purpose of ship recycling. The plot should be of sufficient dimensions to allow for safe and environmentally sound ship recycling. The concerned SMB/Port Authority shall approve the Ship Recycling Facility Management Plan (SRFMP) if the plan satisfies the following requirements: -
 - a) Availability of requisite and valid documents
 - b) Provisions of shelter/rest room and lunch room and canteen as per Sections 46 and 47 of the Factories Act, 1948
 - c) Storage Godown with adequate safety precautions for Temporary Storage for Hazardous/Non Hazardous Waste Materials
 - d) Temporary asbestos handling and removing and storage facility or appropriate mobile asbestos handling facility
 - e) Storage Godown for Liquefied Petroleum Gas (LPG) Cylinders as per Explosives Act
 - f) Sanitation and 'Rest Room' facilities for a minimum 50 workers, as per the Factories Act, 1948
 - g) Workers Change Room, Firefighting facility and Emergency Response System including oil spill Combat system, Certified Material Handling Equipment and Personal Protection Equipment of BIS Standard or equivalent
 - h) List of the trained and certified labours of all disciplines (lightening, gas cutting, waste handling; working in confined spaces, using various gadgets like oxygen and other gas detectors, crane and material handling systems etc.).
 - i) Hazardous area classification of the facility in accordance with Petroleum Rules-2002 for providing safe electrical fittings

- v. If any of the components of the Ship Recycling Facility Management Plan of the Plot are found to be inoperative and not in place during the inspection by any of the concerned authorities, the SMB/Port Authority may cancel the permission of the Ship Recycling Facility Management Plan and the ship recycler would not be permitted to beach any ship till the required components under the, Ship Recycling Facility Management Plan are made operative as per the requirements
- vi. The companies should also comply to the Ship Specific Recycling Plan (SSRP) which gives Details about the ship, and in particular, a fair assessment of hazardous wastes and hazardous materials

- **The Recycling of Ships Bill, 2019**

- i. The Recycling of Ships Act, 2019 restricts and prohibits the use or installation of hazardous materials, which applies irrespective of whether a ship is meant for recycling or not. For new ships, such restriction or prohibition on use of hazardous materials will be immediate, that is, from the date the legislation comes into force, while existing ships shall have a period of five years for compliance. Restriction or prohibition on use of hazardous materials would not be applied to warships and non-commercial ships operated by Government. Ships shall be surveyed and certified on the inventory of hazardous materials used in ships
- ii. Under this Act, ship recycling facilities are required to be authorized, and ships shall be recycled only in such authorized ship recycling facilities. This Act also provides that ships shall be recycled in accordance with a ship-specific recycling plan. Ships to be recycled in India shall be required to obtain a Ready for Recycling Certificate in accordance with the Hong Kong Convention
- iii. The Act imposes a statutory duty on ship recyclers to ensure safe and environmentally sound removal and management of hazardous wastes from ships. Appropriate penal provisions have been introduced in the Act to deter any violation of statutory provisions

7.10 Government Initiatives

The Centre and state government are “diligently formulating strategies” and “implementing measures” to ensure the yard’s sustainability and ongoing operation. The central government has chalked out a plan to double the capacity of Alang from 4.5 million LDT to 9 million LDT in the next few years to become India’s biggest vehicle recycling hub. It aims to revitalize the yard, effectively navigate the challenges posed by the industry slowdown, and address the competitive landscape, ensuring its long-term viability. Below are key initiatives taken by the government.

- **The Shipbreaking Credit Note Scheme (SbCN)**

The Shipbreaking Credit Note Scheme (SbCN), introduced under the Shipbuilding Financial Assistance Policy (SBFAP) 2.0, is the world's first incentive mechanism linking green ship recycling with domestic shipbuilding. Under the scheme, shipowners who recycle eligible vessels at Hong Kong Convention (HKC)-compliant Indian ship recycling yards receive a tradable credit note equivalent to 40% of the vessel's fair scrap value. The credit note can be redeemed for up to 5% of the contract value (or fair price) of a new vessel built at an Indian shipyard, thereby encouraging environmentally sustainable ship recycling while boosting demand for indigenous shipbuilding. The credit note is valid for three years, transferable, and processed digitally through the Directorate General of Shipping, creating a circular economy within India's maritime sector.

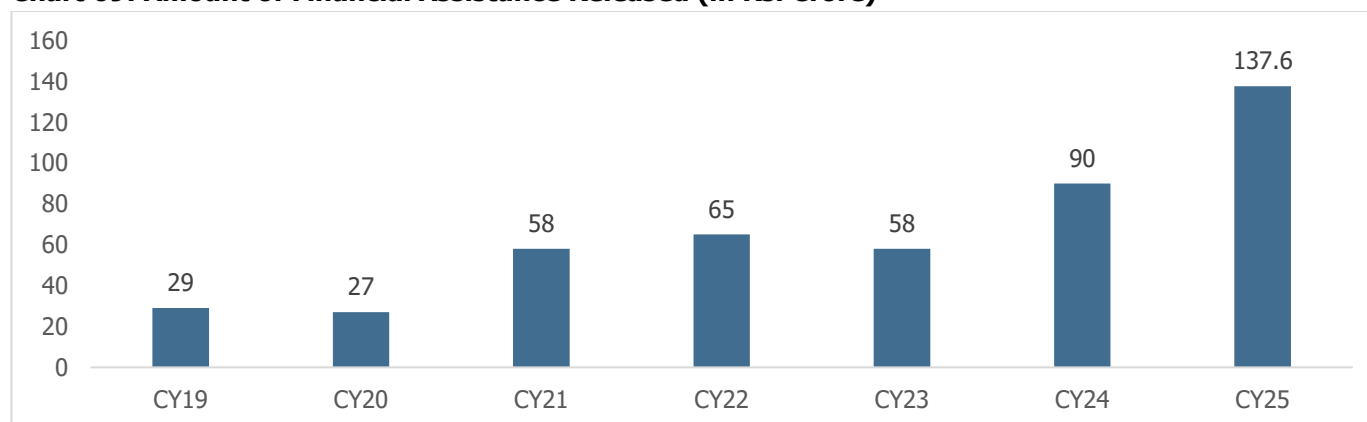
• Ferrous Scrap Development Fund (FSDF)

The Ferrous Scrap Development Fund (FSDF) is a dedicated fund administered by the Ministry of Ports, Shipping and Waterways to promote safe, environmentally sustainable, and globally compliant ship recycling in India. The fund provides financial assistance to ship recycling yards for upgrading infrastructure, improving worker safety, strengthening environmental protection measures, and achieving compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC). As of FY2026–27, the Government has released Rs. 53.5 crore under the FSDF to Indian ship recycling yards, benefiting 109 yards and supporting India's transition towards green ship recycling practices. Additionally, from 2025 onwards, the FSDF provides Rs. 5 lakh in financial assistance to the families of deceased workers in ship recycling yards, supplementing the compensation paid by plot holders. These initiatives have strengthened India's ship recycling ecosystem and contributed to the country emerging as the world's largest ship recycling nation.

• Shipbuilding Financial Assistance Policy (SBFAP)

In order to encourage domestic shipbuilding and to provide a level playing field vis a vis foreign shipyard, the Union Cabinet approved the Shipbuilding Financial Assistance Policy for Indian Shipyards on December 09, 2015 for 10 years for shipbuilding contracts secured between 01.04.2016 and 31.03.2026.

Chart 69: Amount of Financial Assistance Released (in Rs. Crore)



Source: Statistics of India Ship Building and Ship Repairing Industry

Financial assistance is granted to Indian Shipyards equal to 20% of the lower of "Contract Price" or the "Fair Price" or "actual payments received", whichever is least, for a period of at least 10 years commencing 2016-17. This rate of 20% will be reduced by 3% every three years. Budget of Rs 4,000 crore has been approved by the Government of India. The Directorate General of Shipping (DGS) is the implementing authority for release of Shipbuilding Financial Assistance Policy. The applications for release of financial assistance are processed through an online portal to speed up release of financial assistance to Indian shipyards.

In the SBFAP scheme, a total of 313 vessel orders encompassing both domestic and export orders have been procured by 39 shipyards since the inception of the scheme, with a total value of approximately Rs. 10,500 crore. These shipyards have received financial assistance totalling Rs. 337 crore for delivering 135 vessels to the domestic and international ship owners. The details of the Government initiatives to encourage domestic shipbuilding in the country are as under:

- i. To increase indigenous shipbuilding with regard to modern technologies and machinery, the Ministry has amended the SBFAP guidelines to include:

- a) Wind farm installation vessels and construction of sophisticated dredgers as specialized vessels which are eligible to get higher financial assistance, over and above Rs 40 Crore which is upper limit for non-specialized vessels.
 - b) Financial assistance of 30% for vessels where main propulsion is achieved by means of green fuels such as Methanol/ Ammonia / Hydrogen fuel cells,
 - c) Financial assistance of 20% for vessels with electric means of propulsion or vessels fitted with hybrid propulsion system.
- ii. To promote indigenous shipbuilding, the Government entities dealing with ship building and ship-owning are advised to ensure local content as per the Government of India Public Procurement (Preference to Make in India) Order, 2017. As per this Order, procurement of ships of less than Rs 200 crore is required to be from Indian shipyards.
 - iii. Government of India vide Gazette Notification No. 112 dated April 13, 2016 has provided infrastructure status to Shipyards. The "Shipyards" have been defined therein as a floating or land-based facility having requisite facilities for carrying on shipbuilding/repair/breaking activities. Infrastructure status would enable Indian shipyards to avail cheaper long-term source of capital and would enable the shipyards to reduce their cost disadvantage and invest in capacity expansion thereby giving a boost to the Indian shipbuilding industry.
 - iv. The Government, in November, 2021, has released Standard Tug Designs of five variants for use by Major Ports for procurement of tugs to be built in Indian Shipyards.
 - v. Government has issued guidelines on 19.05.2016 for evaluating and awarding tenders for new shipbuilding orders floated by government departments or agencies including public sector undertakings for acquisition of any type of vessel(s) used by them for Governmental purposes or for their own use. Whenever acquisition of a vessel(s) is undertaken through tendering route, the qualified Indian Shipyards will have a "Right of First Refusal" to enable them to match the evaluated lowest price offered by the foreign shipyard which is aimed at increasing ship building activities in Indian shipyards.
 - vi. To promote indigenous shipbuilding, the Ministry of Ports, Shipping and Waterways on 20.09.2023 has revised the hierarchy of Right of First Refusal (RoFR) to be followed for all kind of tender. The revised hierarchy of RoFR is:
 - a. Indian built, Indian flagged and Indian owned
 - b. Indian built, Indian flagged and Indian IFSCA owned
 - c. Foreign built, Indian flagged and Indian owned
 - d. Foreign built, Indian flagged and Indian IFSCA owned
 - e. Indian built, foreign flagged and foreign owned

• Maritime India Vision 2030 (MIV 2030)

To develop global standard ports in India, Maritime India Vision (MIV) 2030 has identified initiatives such as developing world-class Mega Ports, transshipment hubs and infrastructure modernization of ports. It estimates the investments to the tune of Rs 1,00,000–1,25,000 crore for capacity augmentation and development of world-class infrastructure at Indian Ports. The upcoming ports at Vizhinjam (Kerala) and Vadhavan (Maharashtra) have natural drafts more than 18m that would enable ultra large container and cargo vessels to call on the ports thereby boosting the efforts to make India the world's factory by improving the container and cargo throughput.

As part of Vision 2030, key targets have been defined to promote domestic ship building, repair and recycling.

i. Relaxation in BIS (steel scrap standards):

Current BIS regulations limit usage of recycled steel scrap in manufacturing re-rollable bars driving lower prices in India. Share of recycled ship steel scrap usage for re-rollable steel has dropped from 70-80% to 40-50% post imposition of Quality Control Order. However, The Government of India, vide MIV 2030, has proposed two modifications to the BIS regulations on the requirement of metallurgical history of steel scrap from ship recycling

- a. Exemption to steel scrap from ship recycling for use in re-rollable bar manufacturing
- b. Use of quality and strength tests in lieu of metallurgical history for determining its end use

ii. **Redevelopment of plots at Alang and creation of a ship repair cluster on the east coast to capture market share:**

Along with restart of operations at Sachana, it is recommended to focus on redevelopment of plots at Alang through infrastructure development and compliance with environmental challenges as below.

Infrastructure Development: Key initiatives include the development of a Ship Recycling Park at the back of the ship recycling yard at Alang, with possibilities to develop similar facilities along other coastal areas. Alang is to be treated as a major port with a 14 km stretch, ensuring 2 km from the seashore is under the port area, sealed with walls and gates. All re-rolling and melting mills will be housed inside this port, with only end products like steel bars, ingots, furniture, and wastes outside the gates. Additionally, small yards will be merged to create larger yards, each with a width of over 120 meters and a plot length of about 200 meters. There will also be the development and establishment of an ISO17025 accredited lab for testing hazardous waste.

Compliance with Environmental Challenges: All yards will be converted into dry docks to prevent attacks from international NGOs. A zero-residue model of ship recycling will be adopted at all plots. Furthermore, there will be an underground wastewater/oily water collection system from all yards to a waste treatment plant, ensuring zero leakage of liquid waste into the sea.

In addition to this, an additional ship-recycling cluster to be established on the East coast with following benefits:

- 1) Capture Market share from Bangladesh - Limited facilities in the East, leads to increased tonnage for Bangladesh; With price realization equal across 2 countries, ship owning countries on East (Korea, Japan etc.) prefer Bangladesh over India
- 2) Smaller vessels and fishing ships - Great potential to capture the domestic market of smaller vessels and fishing ships on the east coast
- 3) Potential locations have been identified to develop ship-recycling cluster on the East coast - Odisha, Andhra Pradesh and West Bengal
- 4) Setup ship-recycling facilitation centre to promote ship-recycling activities and enhance marketability of ship by-products through trade fairs at ship breaking yards involving stakeholders across shipowners to downstream industries

The mission aims an investment of Rs 20,000 crore with 1,00,000 additional jobs in ship-recycling industry.

- **Maritime Amrit Kaal Vision 2047**

The MoPSW released the Maritime Amrit Kaal Vision 2047 in October 2023, after extensive consultations with stakeholders across central ministries, state government departments, private sector, financial institutions, and academia. The 2047 Vision intends to implement the following:

- i. Reduction in tax/ duties, i.e., import duty (2.5 per cent), and GST (18 per cent), in line with the imported baled scrap
- ii. Short-, medium-, and long-term goals for ASSRY expansion, by relaxing annual charges for plots, allotting new plots and obtaining Coastal Regulation Zone (CRZ) clearance and initiating the widening of the current two-lane road to a four-lane one
- iii. Re-rolled steel, generated from the process of ship recycling is of good quality. Thus far, however, BIS has not been permitting this steel to be used in large construction projects due to lack of metallurgical history or traceability. The effort is now to permit steel generated from ship recycling to be used for large construction projects based on mechanical tests and stringent quality checks rather than metallurgical history. This will not only increase the demand of re-rolled steel but also raise the competition for domestic virgin steel.

8 Key Demand Drivers

• Continued Thrust on Construction and Infrastructure

One of the major growth drivers of the steel industry is the infrastructure investment thrust by the Government of India. The budgetary allocation toward infrastructure grown between FY22 to FY27. In the Union Budget 2026-27, the government continued its focus on infrastructure development with the allocation of Rs 12.2 lakh crore toward public capital expenditure.

The government has expanded the National Infrastructure Policy (NIP) to over 9,000 projects from 6,835 projects and announced plans for the National Monetization Pipeline (NMP) and the Development Finance Institution (DFI) to improve the financing of infrastructure projects. The NIP covering rural and urban infrastructure, entails investments to the tune of Rs. 111 lakh crores, which is being undertaken by the central government, state governments, and the private sector during FY20-25. Moreover, the alignment of PM Gati Shakti National Master Plan and National Infrastructure Policy (NIP) will aid in debottlenecking hurdles for faster execution of projects.

• Development of the Natural Gas Sector

With the government's focus on increasing natural gas consumption, massive investments are expected in developing the natural gas infrastructure. Many infrastructural developments are in progress including expansion of LNG import capacity, addition of new gas pipelines, and development of city gas distribution networks. As of December 2025, the total operational length of the national gas pipeline network is 27,427 km whereas 8,489 km are under construction. The government's favorable policies will help drive the gas demand growth over the next decade, and this, in turn, will boost the demand for steel.

The natural gas sector, with the announcement of the 'One Nation One Gas Grid' initiative, will attract new investments. It is expected that the gas pipeline network which has already crossed 23,300 km as of December 2023 will reach 35,000 km in the coming 4-5 years. Accordingly, the increasing length of natural gas pipelines by 2024-2025 is expected to contribute toward the expansion of steel pipe production. The efforts to move towards a gas-based economy and the implementation of city gas distribution networks are expected to augment the demand for pipes going forward. Besides, the increasing number of CNG stations (8,687 as of January 2026 (Provisional)), bio-refineries, bio plants, etc., will support the infrastructure for gas.

• Stable Growth in the Automotive Industry

Steel products are used in the main structure of the vehicle known as the chassis. They are also used in other automotive components such as control shaft tube stack pipes, shock absorbers, exhaust pipes, sway bars, other vehicle accessories (side railings, bumpers, and grill guards), etc.

The automotive industry is a key driver of the Indian steel industry due to its extensive backward linkages with sectors such as steel, aluminium, plastics, and rubber, and its contribution of around 7% to India's GDP. India's strong global standing ranking 1st in three-wheelers, 2nd in two-wheelers, 4th in passenger vehicles, and 5th in commercial vehicles by production supports sustained steel demand. Although domestic automobile sales declined 5.1% y-o-y in Q1FY26, largely led by the two-wheeler segment due to high base effects, rising prices, and the implementation of OBD II-B emission norms, the medium-term outlook remains stable. Domestic sales recovered steadily from FY22 to FY25, indicating improving demand conditions. Importantly, automobile exports rose sharply by 22.2% in Q1FY26, supported by strong performance in two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles. With exports growing at a CAGR of 8.3% between FY21 and FY25, the automotive sector continues to provide durable demand support for the Indian steel industry.

- **Growing Infrastructure for Railways**

As the infrastructure expenditure to GDP multiplier is estimated to be 2.5-3.5x, the government has identified infrastructure development as a key focus area to become a USD 5 trillion economy by 2026-27. To achieve this objective, the government launched the National Infrastructure Pipeline (NIP) in 2020, which identified a group of social and economic infrastructure projects to be implemented during FY20-25. The expected Capex under NIP is USD 1.4 trillion with railways having an allocation of 12%. Railways are one of the key enablers for economic growth and an investment of USD 750 billion was suggested by the government in the Union Budget 2019-20 to improve the railway infrastructure over 2018-2030.

- **Expansion of Metro Rail**

As of August 2024, about 945 Km of metro lines have been operationalized across 21 cities. The metro network, including regional rapid transit systems (RRTS) is proposed, to be expanded to 1,700 Km across 27 cities by 2025 and subsequently to 50 cities. The government is also proposing Metro Lite and Metro Neo lines which are suitable for smaller cities with lower peak traffic. Currently, approximately 2,500 coaches have been deployed in the operational metro lines roughly costing INR 325 Billion. As the operational metro lines are expected to increase by more than 2x over the next 4-5 years, domestic demand for metro rail rolling stock is expected to witness significant increase.

- **Growing Real Estate Absorption led by Increased Urbanization and Purchasing Power**

Rising Urbanization

Rapid urbanization bodes well for the sector. India is the second-largest urban system in the world. Indian cities are home to about 11% of the total global urban population.

According to the Ministry of Health and Family Welfare (MoHFW), 2019, urban growth is expected to contribute to around 73% of the total population increase by 2036. Further, as per the Census of India 2011, India has an urbanization level of 31.1%, which has only increased over the years. Earlier estimations indicate that about 416 million people will be added as urban dwellers in India between 2018 and 2050, according to a United Nations study dated 2018. Moreover, India will be 50% urban by 2050, according to UN-Habitat, 2017.

Therefore, the growing urbanization will lead to increased demand for tubular steel structures as it involves usage in the construction of buildings, pipes for water supply, improved drainage systems, waste treatment plants, elevators, etc.

Growing Purchasing Power

The rising disposable income, which has grown at a CAGR of 11.3% between the period FY14 to FY25, is expected to lead to increased demand for residential real estate in India as more people are able to afford real estate purchases. This will lead to more consumption of steel in the country and help the steel manufacturers to produce more steel, thus improving the demand in the steel industry.

- **Others**

The growth in demand for steel products will also be supported by transportation, capital goods (construction, electrical equipment, machine tools, industrial machinery, plant equipment, etc.), aircraft components, mining activities, and renewable energy projects. Further, it will also be driven by the export market, which has seen a steady increase in the past few years and contributes to the overall production in the industry discussed earlier in the 2nd chapter.

9 Challenges Faced by the Industry

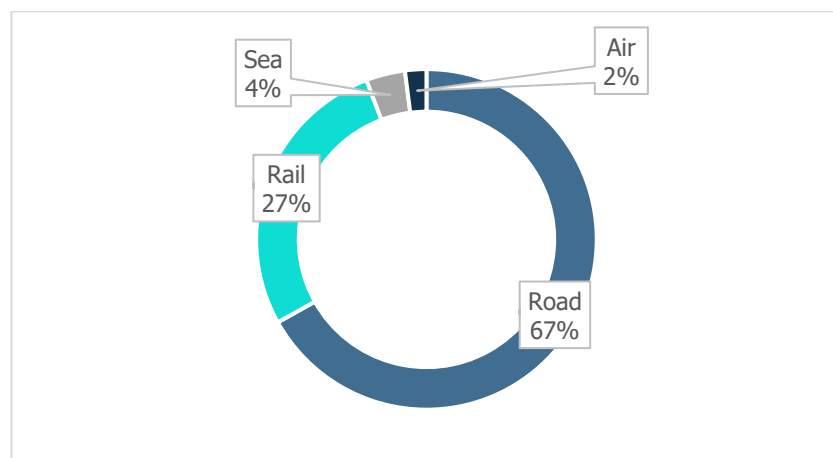
• Volatility in Prices of Raw Materials and Finished goods

Raw materials such as iron ore, coal, steel scrap, etc., are used in making TMT bars. The prices of steel have been volatile due to geopolitical tensions, weak international demand, and fluctuation in raw material costs, such as coking coal as discussed in earlier sections.

Further, volatility in steel prices could impact the input cost of steel tubes and pipe manufacturers. In case of a sharp correction in steel prices, players need to sell high-cost inventory at lower prices which temporarily impacts their margin. Further, if the prices remain high over a long period, the procurement from industries such as water infra, irrigation, etc., gets postponed, thereby impacting the demand.

- **Inter-Modal Mix is Skewed toward Road Transport:** The capacity of Indian railways is constrained and there are various challenges like rake availability and delays in rake placements. Road transport is preferred compared to railways despite it being a cheaper alternative. Road transport currently has a share of about 64% of the freight movement in the country.

Chart 70: Inter-modal Mix for Freight Movement in India as of FY22



Source: Industry Sources, CareEdge Research

- **Inefficient Transport Vehicles:** India has a fleet of small and inefficient trucks. The highest capacity of trucks in India is between 16 tons and 32 tons. Whereas in countries like China, the trucks have 26-40T capacity.
- **Road Infrastructure Constraints:** Underdeveloped road infrastructure leads to inefficient movement of freight. Additionally, there is a lack of 4/6 lane roads, which further results in congestion across the key routes leading to an increase in costs.

The high cost of logistics adversely affects the global competitiveness of Indian steel products.

• Decarbonisation and Environmental Concerns

The Indian steel industry is responsible for roughly 12% of India's carbon dioxide (CO₂) emissions, surpassing the global average of 7-9%¹. The emission intensity in the Indian steel industry stands at 2.55 T/TCS², while the global average emission intensity is 1.91 T/TCS.

¹World Steel Association

² Tonne of CO₂ equivalent per tonne of crude steel

India has committed to decrease the emissions intensity of its Gross Domestic Product (GDP) by 45% by 2030, compared to 2005 levels and achieve net zero by 2070. To support this target, the Ministry of Steel has committed to achieving Net Zero by 2070 and has achieved a medium-term target to reduce the intensity of the steel sector to 2.4 T/TCS by 2030.

A significant initiative in this direction is the adoption of green hydrogen in steel manufacturing. Under the National Green Hydrogen Mission, launched in January 2023 with an outlay of Rs. 19,744 crores, the Ministry of Steel has been allocated Rs. 455 crores for implementing pilot projects in the steel sector until FY30. These projects explore three approaches: producing Direct Reduced Iron (DRI) using 100% hydrogen in vertical shafts, injecting hydrogen into existing blast furnaces to reduce coal/coke consumption, and partially substituting natural gas with hydrogen in vertical shaft-based DRI units. These initiatives aim to demonstrate the technical feasibility and economic viability of green hydrogen-based steel production, contributing to the sector's decarbonization goals.

Additionally, one of the ongoing challenges in reducing emissions is the handling and disposal of steel slags. Improper slag management not only contributes to environmental degradation but also limits opportunities for recycling and reuse in construction or cement production. Efficient slag handling requires investment in advanced processing technologies and infrastructure, which remains a hurdle for many domestic players, especially smaller manufacturers.

Further, emission reduction is vital for industry to maintain its competitiveness in export markets since they are becoming increasingly environment conscious. The recent implementation of the Carbon Border Adjustment Mechanism (CBAM) – a tariff on carbon-intensive imports, aimed at preventing carbon leakage commenced in October 2023 by the European Union (EU), is likely to impact the competitiveness in the global trade market. The first phase of CBAM will cover the iron & steel, cement, aluminum, fertilizer, electricity, and hydrogen sectors and the first reporting period for importers was 31st January 2024. This phase, running until the end of 2025, requires importers to report the embedded greenhouse gas (GHG) emissions of certain carbon-intensive goods without incurring any financial adjustments. The aim is to provide a learning period for all stakeholders and to refine the methodology for the definitive phase starting in 2026.

10 SWOT Analysis of Steel Industry India

Strength	Weakness
- India's steel consumption is driven by infrastructure projects like Bharatmala, Sagarmala, and the National Infrastructure Pipeline (NIP). - Healthy demand from end-user segments such as real estate, water infrastructure, automobiles, railways, capital goods, etc. - Rich reserves of iron ore and coal support domestic steel production. - Availability of skilled labor in manufacturing and engineering. - Partially self-sufficient sector as far as power is concerned, as major industry players use captive power for production.	- Challenges in logistics and transportation infrastructure, including high logistics cost. - High energy consumption in steel production and rising environmental concerns over its significant carbon emissions. - Limited adoption of advanced technologies and automation. - Dependency on imports of raw materials especially iron scrap.
Opportunity	Threat
- Increasing global demand presents export opportunities for Indian steel. - Continued investments in infrastructure projects drive steel demand. - Focus on research and development for process improvements. - Government focuses on expanding the natural gas infrastructure. - Growing global emphasis on sustainability presents strong export potential for India's emerging green steel industry. - Expansion of water infrastructure in India as the majority of household's lack access to safe water daily. - Significant capacity additions in power generation are expected over the next 7-8 years, including renewable resources. - Initiatives like Production-Linked Incentive (PLI) schemes to boost manufacturing and export competitiveness. - Government initiatives such as 'One Nation, One Gas Grid', 'Jal Jeevan Mission' and 'Pradhan Mantri Awas Yojana'.	- Competition from global steel producers with lower costs and subsidies. - Fluctuations in global iron ore, coal, steel scrap and steel prices could affect the profitability of the business. - Compliance with stringent environmental regulations. - Volatility in U.S. trade policies and tariffs may pose risk to Indian steel exports and global market access. - Recession fears and weak global demand may have an impact on export growth.

In conclusion, India's steel industry exhibits significant strengths in abundant resources, growing domestic demand fueled by infrastructure projects, and government support through initiatives like Production-Linked Incentives (PLI) and the National Steel Policy. However, challenges such as infrastructure bottlenecks, environmental impact, and global competition remain pertinent. With a current crude steel production of approximately 149.6 million tons from Jan 2024 to Dec 2024 and government targets to increase per capita steel consumption from 74 kg to 160 kg by 2030. India's steel sector is poised for growth. Future emphasizes infrastructure investments, technology upgrades, and fostering innovation to sustain this momentum.

11 Threats and Challenges for the Issuer Company and its Products

- **Exposure to Raw Material Price Volatility**

Sai Infinium's core products TMT bars, billets, and structural steel sections are highly sensitive to fluctuations in scrap and sponge iron prices. Credit rating documents highlight that volatility in raw material prices can materially affect margins, especially in a cyclical steel market where price pass-through is often delayed or incomplete.

- **Cyclical and Intense Competition in the Steel Industry**

The company operates in a highly competitive and cyclical steel sector, dominated by large integrated players and numerous regional re-rolling mills in Gujarat and Alang. Intense competition limits pricing power and exposes the company to demand downturns during construction slowdowns or macroeconomic shocks.

- **High Capital Intensity and Project Execution Risk**

Sai Infinium is undertaking capacity expansion into MS angles, channels, and squares, which involves large debt-funded capital expenditure. Rating agencies flag project implementation and ramp-up risks, including cost overruns, delays, and initial pressure on cash flows and leverage metrics.

- **Regulatory and Environmental Compliance Risks**

The company's linkage with ship recycling and steel manufacturing exposes it to stringent environmental, safety, and pollution-control regulations. Any tightening of norms or non-compliance could result in operational disruptions, penalties, or higher compliance costs, particularly given Alang's regulatory scrutiny.

- **Dependence on Infrastructure and Construction Demand**

Demand for Sai Infinium's products is closely tied to infrastructure, real estate, and construction activity. Any slowdown in government capex, housing demand, or private construction could adversely impact volumes and capacity utilisation, given the limited diversification beyond construction-linked steel products.

- **Moderate Credit Profile and Leverage Sensitivity**

Although the company has demonstrated strong revenue growth, its credit ratings remain in the BB/BBB range, indicating vulnerability to adverse movements in earnings, working capital cycles, or debt levels. A sustained decline in profitability could strain liquidity and debt coverage ratios.

12 Competitive Benchmarking

12.1 Brief Profile of Company and its Peers

Sai Infinium

Sai Infinium Limited, formerly known as Sai Bandhan Infinium Limited, is a part of the Bandhan Group and is engaged in the manufacturing of iron and steel products, with a strong focus on TMT rebars for infrastructure and construction applications. The company is headquartered in Bhavnagar, Gujarat, and operates with an emphasis on quality, durability, and advanced manufacturing processes. Its flagship products, marketed under the Bandhan brand, are designed to be earthquake-resistant and corrosion-proof, making them suitable for modern infrastructure and urban development projects.

The company follows semi-integrated manufacturing operations, encompassing steel melting and rolling facilities, which enable flexibility in product mix and optimisation of margins. Sai Infinium leverages the promoters' decades of experience in steel and ship-recycling businesses, translating operational expertise into its steel manufacturing operations.

MSP Steel & Power Limited

Incorporated on 18 November 1968 and based in Kolkata, MSP Steel & Power Limited is a public limited company. The company's product range includes sponge iron, mild steel billets, construction bars, industrial oxygen, and ferro alloys. Additionally, MSP operates a 32 MW power plant in Raigarh.

Gallantt Ispat Limited

Gallantt Ispat Limited, formerly Gallantt Metal Limited post amalgamation, operates from plants located in Uttar Pradesh's Purvanchal region and Gujarat's Kutch district. The company employs around 3,500 individuals, both directly and indirectly. The company's future includes expanding the Integrated Steel Plant in Gorakhpur to achieve an annual steel production capacity of 5.28 lakh MT. They will also install a new Cement manufacturing Plant with an annual capacity of 3,96,000 MT, increase captive power production to 78 MW, and integrate backwards with a Pelletisation plant of 8 lakh MT capacity annually.

VMS TMT Limited

VM Steel Products Limited (VMSTMT) is a Gujarat-based manufacturer specializing in Thermo Mechanically Treated (TMT) Bars used primarily in the construction industry. Established in 2008, the company operates a manufacturing facility in Bhayla Village near Ahmedabad. It derives over 96% of its revenue from Gujarat, catering to both retail and institutional clients. VMSTMT also markets its products under the Kamdhenu brand through a licensing agreement, enhancing its brand outreach.

Vraj Iron and Steel Limited

Vraj Iron and Steel Limited is an integrated steel manufacturer engaged in the production of sponge iron, MS billets and TMT bars, catering primarily to the construction and infrastructure sectors. The company operates manufacturing facilities in Chhattisgarh with captive power generation, enabling operational integration and improved cost efficiency. Its products are marketed under the VRAJ brand through an established dealer network across multiple states, serving residential, commercial and infrastructure projects.

Rudra Global Infra Products Limited

Rudra Global Infra Products Limited is a steel manufacturing company engaged in the production of TMT bars, billets and steel wires under the Rudra TMX brand. The company has evolved from a steel re-rolling business established in 1991 into an integrated steel manufacturer with businesses spanning induction furnaces, re-rolling mills, oxygen plants and ship recycling. With an annual steel production capacity exceeding 0.2 million tonnes, the company primarily caters to the construction and infrastructure sectors across India.

VMS Industries Limited

VMS Industries Limited is an integrated logistics and marine services company primarily engaged in ship recycling, offshore support services and trading activities. The company operates ship-breaking facilities at Alang, Gujarat one of the world's largest ship recycling hubs and provides offshore vessels and marine logistics services to the oil and gas industry. Over the years, VMS Industries has diversified its operations across marine engineering, offshore support and metal recovery, leveraging its strategic presence in India's maritime sector.

12.2 Competitive Benchmarking

12.2.1 Operational Parameter Benchmarking

Table 16: Operational Parameter Benchmarking

Name of Company	Product Sold	TMT Bar Production Capacity	Type and Capacity of Power Plant	Plant Location
SAI INFINIUM	• TMT BARS	1.08 Lakh MTPA (MS Billets) 1.08 Lakh MTPA (TMT bars) 1.08 Lakh MTPA (Structural)	-	Gujarat
	• MS BILLETS			
	• STRUCTURAL STEEL PRODUCTS			
MSP STEEL & POWER LTD.	• PREMIUM TMT BARS	4.8 Lakh MTPA*	Captive Power Plant (76 MW): Waste Heat Recovery Plant (24 MW) and Thermal Power Plant (52 MW))	Chhattisgarh
	• TMT BARS			
	• STRUCTURAL STEEL			
	• PIPES			
GALLANTT ISPAT LTD.	• MS BILLETS	10 Lakh MTPA	Captive Power Plant using Waste Heat Recovery (129 MW)	Uttar Pradesh, Gujarat, Gorakhpur
	• TMT BARS			
	• IRON ORE PELLET			
VMS TMT Limited	• TMT BARS	2 Lakh MTPA	Captive Solar Power Plant (15 MW)	Gujarat
	• BILLETS			
Vraj Iron and Steel Limited	• TMT BARS	36,300 MTPA	Captive Solar Power Plant (20 MW)	Chhattisgarh
	• MS BILLETS			
	• SPONGE IRON			
Rudra Global Infra Products Limited	• TMT BARS	2.4 Lakh MTPA	3.3 MW Wind Power Project	Gujarat
	• BILLETS			
	• Ship recycling			

VMS Industries Ltd	Ship Recycling	acquired 37 ships to date		Gujarat
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Source: Company Website and Annual Reports

Note: *Number as of Environmental Clearance document dated November 2022

It is still in planning stage

12.2.2 Financial Parameter

Table 17: Financial Parameter for Sai Infinium Ltd

	Sai Infinium Ltd		
In Crores	FY24	FY25	FY26
Revenue from Operations	451.75	528.67	689.16
EBITDA	36.92	53.79	128.19
PAT	9.44	43.50	82.58
EBITDA Margin	8.20%	10.20%	18.60%
PAT Margin	2.10%	7.90%	11.90%
Debt Equity	0.71	0.27	0.82
Return on Equity	5%	17%	19.90%
Return on Capital Employed	8%	21%	15.60%

Source: Company Annual Report

Table 18: Financial Parameter Benchmarking

	VMS Industries Ltd			VMS TMT Limited			MSP Steel & Power Limited		
In Crores	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Revenue from Operations	266.37	288.56	157.43	872.96	770.19	838.56	2873.85	2905.25	2842.96
EBITDA	6.07	7.91	-0.31	40.87	45.52	60.68	125.37	133.86	177.65
PAT	6.32	6.80	1.46	13.20	15.42	21.03	14.35	-28.36	33.77
EBITDA Margin	2.30%	2.70%	NA	4.70%	5.90%	7.20%	4.40%	4.60%	6.25%
PAT Margin	2.30%	2.30%	0.90%	1.50%	2.00%	2.50%	0.50%	NA	1.20%
Debt Equity	0.35	0.15	0.30	4.25	3.77	1.00	1.34	0.27	0.30
Return on Equity	9.90%	7.10%	1.50%	28.40%	21.10%	9.20%	2.50%	-2.90%	3.30%
Return on Capital Employed	8.30%	7.30%	-1%	23.50%	18.80%	17.30%	6.60%	8.00%	11.70%

Source: Company Annual Report

	Rudra Global Infra Products Limited			Vraj Iron and Steel Limited			Gallantt Ispat Ltd		
In Crores	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Revenue from Operations	555.97	560.79	622.83	419.86	475.03	587.92	4227.12	4292.73	4418.92
EBITDA	41.43	37.59	36.92	76.48	62.22	56.73	448.20	694.43	716.44
PAT	20.76	11.39	13.52	57.41	44.09	32.01	225.34	400.74	484.27
EBITDA Margin	7.50%	6.70%	5.90%	18.20%	13.10%	9.60%	10.60%	16.20%	16.20%
PAT Margin	3.70%	2.00%	2.20%	13.50%	9.20%	5.40%	5.30%	9.30%	10.80%

Debt Equity	1.15	1.31	0.97	0.31	0.00	0.10	0.19	0.10	0.20
Return on Equity	18.30%	9.10%	9.70%	28.70%	11.10%	7.40%	9.20%	14.10%	14.60%
Return on Capital Employed	23.80%	24.00%	18.90%	27.50%	13.40%	7.10%	12.50%	18.30%	16.30%

Source: Company Annual Report

Sai Infinium Limited reported revenue from operations of Rs.689.16 crore in FY26, compared with Rs.528.67 crore in FY25 and Rs.451.75 crore in FY24, reflecting a consistent increase over the three-year period. Among the selected peers, the Company's FY26 revenue was higher than VMS Industries Limited (Rs.157.43 crore), Vraj Iron and Steel Limited (Rs.587.92 crore) and Rudra Global Infra Products Limited (Rs.622.83 crore), while remaining lower than VMS TMT Limited (Rs.838.56 crore), MSP Steel & Power Limited (Rs.2,842.96 crore) and Gallantt Ispat Limited (Rs.4,418.92 crore).

The Company's EBITDA increased from Rs.36.92 crore in FY24 to Rs.53.79 crore in FY25 and Rs.128.19 crore in FY26. The EBITDA margin improved from 8.20% in FY24 to 10.20% in FY25 and further to 18.60% in FY26. Among the peer companies, Sai Infinium reported the highest EBITDA margin in FY26, compared with 16.20% for Gallantt Ispat Limited, 9.60% for Vraj Iron and Steel Limited, 7.20% for VMS TMT Limited, 6.25% for MSP Steel & Power Limited, 5.90% for Rudra Global Infra Products Limited, while VMS Industries Limited reported a negative EBITDA in FY26.

Profit after tax increased from Rs.9.44 crore in FY24 to Rs.43.50 crore in FY25 and Rs.82.58 crore in FY26. Correspondingly, the PAT margin improved from 2.10% in FY24 to 7.90% in FY25 and 11.90% in FY26. In FY26, the Company's PAT margin was the highest among the selected peer companies, compared with 10.80% for Gallantt Ispat Limited, 5.40% for Vraj Iron and Steel Limited, 2.50% for VMS TMT Limited, 2.20% for Rudra Global Infra Products Limited, 1.20% for MSP Steel & Power Limited and 0.90% for VMS Industries Limited.

The Company's debt-to-equity ratio stood at 0.82x in FY26, compared with 0.27x in FY25 and 0.71x in FY24. Among the peer companies, the FY26 debt-to-equity ratio was lower than Rudra Global Infra Products Limited (0.97x) and VMS TMT Limited (1.00x), but higher than VMS Industries Limited (0.30x), MSP Steel & Power Limited (0.30x), Gallantt Ispat Limited (0.20x) and Vraj Iron and Steel Limited (0.10x).

Return on Equity (RoE) improved from 5.0% in FY24 to 17.0% in FY25 and 19.9% in FY26. In FY26, the Company's RoE was higher than all the selected peer companies, including Gallantt Ispat Limited (14.6%), Rudra Global Infra Products Limited (9.7%), VMS TMT Limited (9.2%), Vraj Iron and Steel Limited (7.4%), MSP Steel & Power Limited (3.3%), and VMS Industries Limited (1.5%).

The Company's Return on Capital Employed (RoCE) was 15.6% in FY26, compared with 21.0% in FY25 and 8.0% in FY24. In FY26, the Company's RoCE was higher than MSP Steel & Power Limited (11.7%), Vraj Iron and Steel Limited (7.1%) and VMS Industries Limited (-1.0%), but lower than Gallantt Ispat Limited (16.3%), VMS TMT Limited (17.3%) and Rudra Global Infra Products Limited (18.9%).

Overall, based on the financial parameters presented above, Sai Infinium Limited demonstrated an improvement across revenue, profitability and return metrics during FY24–FY26. In FY26, the Company reported the highest EBITDA margin, PAT margin and Return on Equity among the selected peer companies, while its revenue remained at a mid-scale level relative to larger integrated steel manufacturers included in the peer set. The Company's debt-equity ratio was moderate relative to the peer group, and its Return on Capital Employed was lower than certain peers despite a significant improvement over FY24.

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