



The Indian Steel Industry

DIBD – OMII

Own Man In India

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Introduction to the Indian Steel Industry

- Macro level
- Key players in the Indian Steel industry
- Investments in the Indian Steel industry
- Key Indian players
- Nordic and Danish players





Current market situation

- The Indian steel market is one of the fastest growing markets.
- The steel industry in India plays such a significant role that it has its own Ministry of Steel (MoS)
- According to MoS and other recent sources, the Indian steel industry has emerged as the 5th largest in the world
 1. China
 2. Japan
 3. Russia
 4. United States
 - 5. India**
 6. South Korea
- The Indian steel industry is expected to become the 2nd largest steel producing country by 2012 and 2nd largest producer of crude steel by 2015-16
- The Indian steel production grew with 8% in 2009-10 to 56.3 million tones. The Indian steel production is expected to reach 124 million tones by 2012, 8-10% of this will be exported. And the Indian steel production is expected to reach around 275 million tones by 2020.



SWOT Analysis

Strengths

- Availability of iron ore and coal in bulk quantity
- Low cost efficient and abundant labor
- Strong managerial capabilities
- Modern new plants and modernized old plants

Weaknesses

- Dependence on imports for steel manufacturing equipments and technology
- Low R&D investments
- Inadequate infrastructure
- Slow statutory clearance for development of mines

Opportunities

- Unexplored rural markets
- Rapid urbanization
- Growing domestic demand and increased level of exports
- Indian steel producers looking for overseas acquisitions in steel as well as raw materials
- Strong growth in steel heavy industries e.g. the automotive industry and within the infrastructure
- Increasing interest of foreign steel producers in India
- With the improvement in the economic recession in the West, the potential for a growing demand is high

Threats

- Slow growth in infrastructure development
- Market fluctuation and increase in China's export possibilities
- Global economic slow down
- Higher duties and taxes
- CSR related issues: increased focus on the environment and labor conditions



Growth Drivers

The Indian steel industry has the following growth drivers:

- The Indian steel industry is strong because of easy availability of raw material and workforce
- The growth of the construction industry, which is growing at a rate of around 8-9% is one of the major consumers of steel in the country.
- The eleventh five year plan (2007-2012) by the Indian government, has allocated investment of USD\$ 490 billion for the core infrastructure sector, comprising power, roads, railways, ports, airports, which are some of the major consumers of steel.
- The expansions in the Indian automotive industry and the oil and gas sector.





Key government players

Company name	Products Manufactured	Manufacturing locations	Total group turnover in USD \$	Turnover in India in USD\$
Steel Authority of India Limited (SAIL)	Alloy steel, Ferro steel	North India, Madhya Pradesh and Jharkhand East India, West Bengal and Orissa South India, Tamil Nadu and Karnataka	10.87 billion	9.7 billion
Rashtriya Ispat Nigam limited (RINL)	Crude steel	South India , Andhra Pradesh	2.3 billion	2.1 billion
Hindustan Steelworks Constructions Limited	Crude steel, Rolled steel	South India , Andhra Pradesh East India, West Bengal	161 million	140 million
MEOCON Limited	Rolled steel	East India, Orissa	136 million	110 million
Maharashtra Elektros melt Limited (Subsidiary of SAIL)	Crude steel	West India, Maharashtra	86 million	75 million



Key private players

Company name	Products Manufactured	Manufacturing locations	Total group turnover in USD \$	Turnover in India in USD\$
Arcelor Mittal	Stainless steel such as slabs, coils, coated steel	East India, Orissa, North India, Jharkhand	65 billion	690 million
TATA Steel Limited	Crude steel	East India, Jamshedpur and Orissa North India, Jharkhand	23 billion	5.6 billion
JSW Steel Limited	Cold rolling, galvanized steel	South India, Karnataka West India, Maharashtra North India, Madhya Pradesh	4.2 billion	2.8 billion
Essar Steel Limited	Flat steel	West India, Gujarat North India, Madhya Pradesh South India, Andhra Pradesh	2.8 billion	2.2 billion
Ispat Industries Limited	Hot rolled steel	West India, Maharashtra	1.8 billion	1.6 billion
Bhushan Steel Limited	Hot rolled steel	East India, Orissa and West Bengal West India, Maharashtra, North India, Punjab	941 million	770 million



Major steel plants in India



Major steel plants:

1. **SAIL**
2. **RINL**
3. **Hindustan Steel Works**
4. **MEOCON**
5. **Maharashtra Elektrosmelt Limited**
6. **Arcelor Mittal**
7. **TATA Steel**
8. **JSW Steel**
9. **Essar Steel**
10. **Ispat Industries Limited**
11. **Bhushan Steel**



Steel clusters



Investments in the Indian steel industry

- SAIL will set up a 12 million tones plant in North India, Jharkhand.
- A joint venture took place in December between Larsen & Toubro and Nuclear Power Corporation of India Limited (NPCIL) with an investment of USD\$ 373.2 million for steel products.
- Varun Industries will set up a stainless steel cum alloy plant in West India investing around USD\$ 171.8 millions.
- JSW will be increasing capacity in one of their plants from 7 million tons per year to 10 million by 2010-11 with an investment of USD\$ 1.6 billion
- JSW Steel plans to expand its annual capacity to 32 million tones by 2020
- JSW Steel and Japan's JFE Steel (worlds no. 5) have made a joint venture to establish a plant in East India, West Bengal of capacity 10 mn tpa.
- Rashtriya Ispat Nigam will increase the production capacity from 2.9 million ton per year to 3.4 million tons per year





Arcelor Mittal



- Mittal Steel Company from India was established in 1976 in Calcutta, India.
- Mittal Steel merged with Arcelor in 2006, with Arcelor being the world's No. 1 steel company, headquartered in Luxembourg.
- Arcelor Mittal has a production of around 77.5 million tones with Baosteel in China coming in second and POSCO ,South Korea on third place.
- Arcelor Mittal operates in more than 60 countries with presence in the Eastern and Northern regions of India and has a production capacity of around 12 million tones per year
- Arcelor Mittal manufactures stainless steel products such as slabs, coils, coated steel and tinplate.
- Arcelor Mittal's revenue in India was around USD\$ 65 billion in 2009 and around USD\$ 690 million.
- Arcelor Mittal will start constructing a new steel plant of around 6 million tones capacity by 2011 in Sout India, Karnataka, with an investment of around USD\$ 6.7 billion .
- Arcelor Mittal is ranked on the 99th position in the fortune 500 company list and the company receives a large amount of media coverage because of their chairman, Lakshmi Mittal - the fifth wealthiest man in the world and heavily involved in British football



TATA Steel



- TATA Steel, headquartered in Mumbai is the seventh largest steel company in the world between Jiangsu Shagang and Ansteel both from China.
- In 2007 TATA Steel acquired the Anglo-Dutch steel company Corus Group. Corus was a merger from 1999 between the former Dutch Koninklijke Hoogovens and the British Steel.
- The acquisition gave TATA Steel access to larger market shares especially within automotive and construction in Europe and globally they account for a more than 20 million tons per year
- In India TATA Steel will be adding three new plants in the North and East of India with an additional capacity of 23 million tons per year from the plants current capacity of 6.8 million tons per year
- TATA Steel is a part of the India's oldest conglomerates, the TATA Group. The TATA Group is among others very famous for their luxury hotels such as their flagship, Taj Mahal Hotel in Mumbai. Furthermore they have pioneers within almost all business areas ranging from India's first airline to FMCGs
- Within the last three years they have received a significant amount of media coverage for among others their acquisition of Jaguar and Land Rover, the launch of the USD 2,500 car, the TATA Nano and lately there are rumors of an electric car being developed together with Norwegian partners

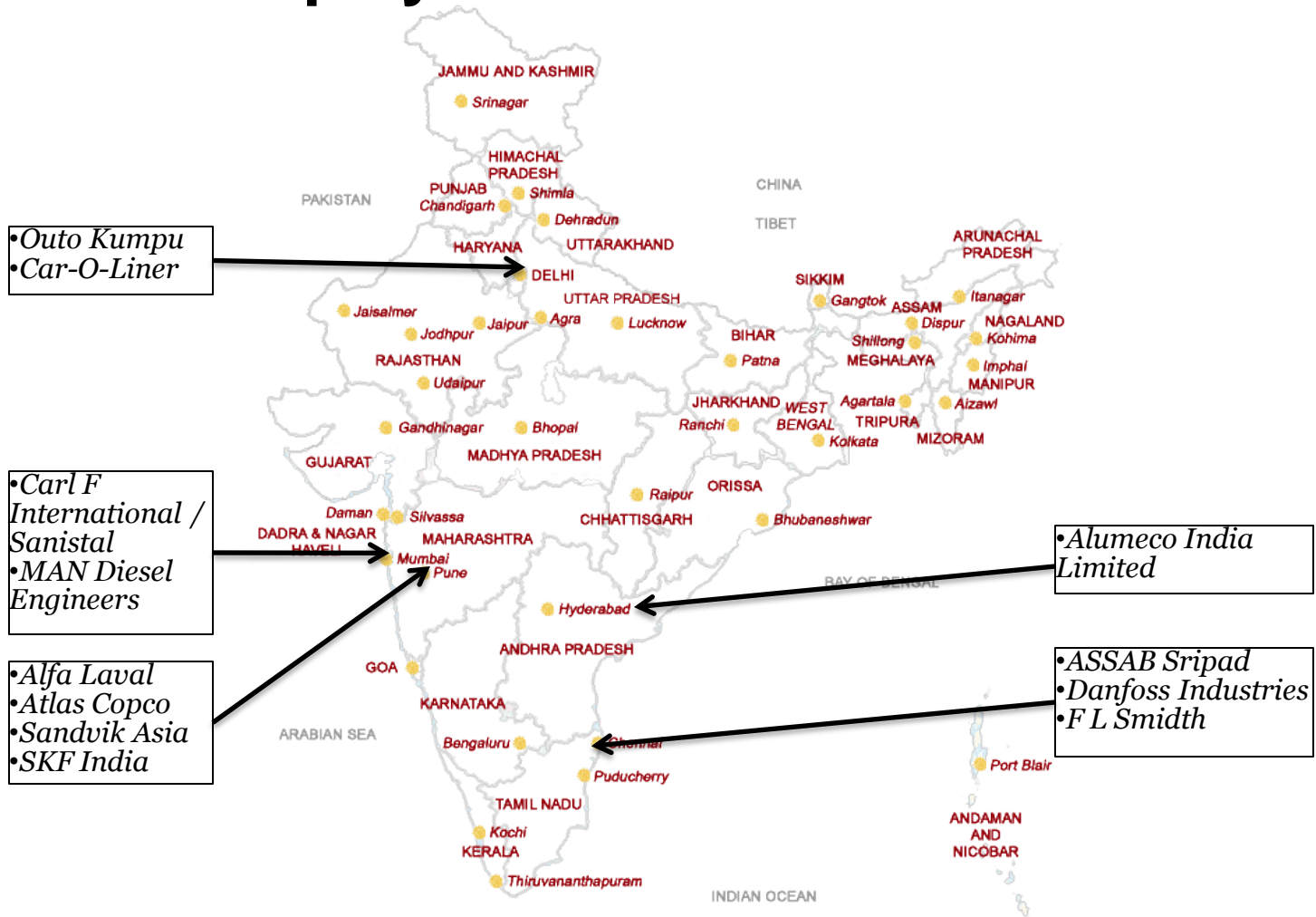


Nordic players in India

Company and country of origin	Segment	City	Turnover in India in USD\$
Alfa Laval India Limited (Sweden)	HVAC	Pune	208 million
Atlas Copco (Sweden)	A/C, Construction and Mining, Industrial tools	Pune	290 million
Sandvik Asia Limited (Sweden)	Engineering components	Pune	421 million
Car-O-Liner AB (Sweden)	Automotive	New Delhi	80 million
SKF India (Sweden)	Automotive	Pune	355 million
Outo Kumpu (Finland)	Automotive	New Delhi	150 million
Alumeco India Extrusion Limited (DK)	Aluminium	Medak	13 million
Carl F International (DK) / Sanistal Group (DK) (Carl F is a subsidiary of Sanistal)	Steel products	Mumbai	75 million
Danfoss Industries Private Limited (DK)	HVAC	Chennai	50 million
F L Smidth Limited (DK)	Building and Construction	Chennai	67 million



Nordic players in India





MAN diesel in India



- MAN is a leading manufacturer of large diesel engines, turbo machinery, reactors, turbo chargers etc for the marine and stationery applications.
- MAN Diesel India has been doing business in India through MAN Group since 1902 but their current setup in Aurangabad , Maharashtra – 400 km from Mumbai was done in 2005
- Manufacturing takes place in Aurangabad with marketing in Mumbai and service centers in Chennai, Tamil Nadu and Vishakhapatnam, Andhra Pradesh
- MAN Diesel India has 219 employees and a revenue of USD\$ 9.8 million in 2009.



Danish contact in India

- If you are interested to hear more about India and the rising steel industry's possibilities do not hesitate to contact:
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