

# Steel makers to do better in Dec quarter: Experts

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After a challenging September quarter, steel makers are hopeful of better profitability in the October-December quarter on the back of increased demand and lower input costs, analysts said.

"The financial performance of Indian steel companies in the second quarter of the current fiscal has been adversely impacted by falling steel prices on one hand, and high raw material prices, especially coking coal, on the

other. However, their profitability is expected to improve in the third quarter of FY23, given lower coking coal costs, and an expected pick-up in capacity utilisation on the back of better domestic demand," Jayanta Roy, Senior Vice-President & Group Head, Corporate Sector at ICRA said.

## ROUGH PHASE

In the July-September 2022, the top five steel makers — which control about 60 per cent market — have either reported loss or have posted sharp fall in their net profits,

citing adverse market conditions.

According to Kaustubh Chaubal, Senior Vice-President, Corporate Finance at Moody's Investors Service, leading steel makers reported dampened earnings for a seasonally weak July-September period, amid elevated input and other costs and a steep decline in steel prices. "Even so, India remains a bright spot in the region, with a high-single-digit percentage growth in steel consumption over the next 12 months supported by demand for autos and contin-

ued infrastructure spending by the government," Chaubal said.

Suman Chowdhury, Chief Analytical Officer, Acuite Ratings & Research said raw material prices that increased due to supply constraints are set to moderate in the second half of the current fiscal while steel prices are expected to witness a firmness due to a seasonal pickup in demand. "We believe that the profitability scenario in the steel sector will improve moderately over the next two quarters," Chowdhury added.