

## REK-66

### Steel sector ^ Just a glance...

**Mega projects with other infra-structure development ~ Steel demand to surge from 4mn tonne to 6mn tonne** *said vice chairman PSRMA*

**Falling steel prices ~ Will companies reduce their price? Probably yes....**

- We believe CRC manufacturers to enjoy good margins based on lower HRC prices prevailing in Int'l market while CRC prices haven't dropped much yet on local ground
- Although local manufacturers believe that government should remove the FTA with china as this was established when Pakistan was not able to cater the local demand, we believe industry needs to grow more in order to be self-sufficient...
- Downtrend in international steel prices will not allow local manufacturers to maintain their price levels ^ we believe they need to adjust with the international market and cannot move in isolation hence we expect price level to adjust in local market...
- Any drop in prices might hit the top-line of businesses but we don't see any big dent over margins due to higher demand ahead along with lower raw material prices

### ***New manufacturers setting up new lines...***

- International industries limited ~ inaugurate its large diameter pipe mill ~ focusing mega pipeline projects in future | competition to rise in large diameter pipes ~ CSAP the huge contender...
- Mughal awarded contracts to supply steel bars to FWO and Baloki power projects | Despite any downward trend of steel prices ~ We believe local players to enjoy good profits

**+ CSAP ~ being strong due to contracts with distribution companies along with mega projects ahead ~ which are on cards**

**+ Amreli Steel ~ Any downward revision in regulatory duty over rebars will force local players to adjust their price**

**+ ISL ~ Expansion to reflect in future ~ margins to improve wrt lower HRC prices**

### Competition Matrix

Amreli Steel	Rebars
Mughal Steel	Rebars/Girders
ISL	CRC
ASL	CRC
CSAP	Spiral Pipes

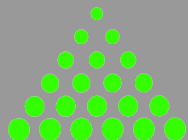
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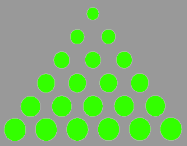
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